

J. Scheidt

HEARING
BEFORE THE
UNITED STATES
COMMISSION ON CIVIL RIGHTS



HEARING HELD
IN
BALTIMORE, MARYLAND
August 17-19, 1970

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Members of the Commission

THE REVEREND THEODORE M. HESBURGH, C.S.C., *Chairman*

STEPHEN HORN, *Vice Chairman*

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JOHN H. POWELL, JR., *General Counsel*

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UNITED STATES COMMISSION ON CIVIL RIGHTS

MONDAY, AUGUST 17, 1970

The U.S. Commission on Civil Rights met at 9 a.m. in the Auditorium, Social Security Building, Security Boulevard, Baltimore, Maryland, Rev. Theodore M. Hesburgh, C.S.C., Chairman of the Commission, presiding.

PRESENT: Stephen Horn, Vice Chairman; Frankie M. Freeman, Commissioner; Maurice B. Mitchell, Commissioner; Robert S. Rankin, Commissioner. Also present: Howard A. Glickstein, Staff Director; John H. Powell Jr., General Counsel; and Peter W. Gross, Assistant General Counsel.

PROCEEDINGS

CHAIRMAN HESBURGH. This hearing of the United States Commission on Civil Rights will come to order.

(Mr. Lewis R. Weinschel was sworn in as Reporter. Mr. John W. Coyne and Mr. Frederick Sagan were sworn in as Clerks.)

CHAIRMAN HESBURGH. Ladies and gentlemen, I am Theodore M. Hesburgh of South Bend, Indiana, and I am Chairman of this Commission.

On behalf of the Commission I welcome you to this hearing and take this occasion to introduce the other Commission members, and members of our staff.

To my left is Dr. Stephen Horn, Vice Chairman of the Commission and President of California State College, Long Beach, California. Immediately to my right is Howard A. Glickstein, Staff Director of the Commission. Next to Mr. Glickstein is our General Counsel, John H. Powell, Jr., and next to Mr. Powell is Peter W. Gross, Assistant General Counsel.

Below me, beginning at my right, are three other members of the Commission: Dr. Maurice B. Mitchell, Chancellor of the University of Denver, Denver, Colorado; Dr. Robert S. Rankin, Professor Emeritus at Duke University, Durham, North Carolina; and Mrs. Frankie M. Freeman, an attorney of St. Louis, Missouri. The sixth member of the Commission, Mr. Manuel Ruiz, Jr., attorney, Los Angeles, California, is unable for reasons of health to attend the hearing.

In selecting the auditorium of the Social Security Administra-

tion as the site for this hearing, the Commission has been consciously aware that its location makes it particularly appropriate for the subject matter that will command our attention for the next 3 days. Situated as it is in Baltimore County, but with close ties to Baltimore City, this facility is symbolic of the suburban-urban relationship that we will be exploring in depth today, Tuesday, and Wednesday.

The hearing is being held under the authority of the Civil Rights Act of 1957, as amended. As required by law, notice of the hearing was published in the Federal Register on July 15, 1970. A copy of this notice will be introduced into the record as Exhibit No. 1.

(Whereupon, the document referred to was marked Exhibit No. 1 and received in evidence.)

The Commission on Civil Rights is an independent, bipartisan agency of the United States Government established by Congress in 1957. Its duties are the following:

1. To investigate sworn allegations that citizens are being deprived of their right to vote by reason of their race, color, religion, or national origin;

2. To study and collect information regarding legal developments which constitute a denial of equal protection of the laws under the Constitution in such fields as voting, education, housing, employment, the use of public facilities, transportation, and the administration of justice;

3. To appraise Federal laws and policies with respect to the equal protection of the laws;

4. To serve as a national clearinghouse for information with respect to denial of equal protection of the laws because of race, color, religion, or national origin; and finally,

5. To investigate sworn allegations of vote fraud in Federal elections.

Under the law, the Commission is required to submit findings and reports to the President and the Congress which contain its findings and recommendations for corrective legislation or executive action. To enable the Commission to fulfill its duties, the Congress has empowered the Commission to hold hearings and to issue subpoenas for the attendance of witnesses and for the production of documents.

I can most clearly explain the functions and limitations of this Commission by quoting from a decision of the United States Supreme Court early in the Commission's history: "The Commis-

sion does not adjudicate; it does not hold trials or determine anyone's civil or criminal liability. It does not issue orders. Nor does it indict, punish, or impose any legal sanctions. It does not make determinations depriving anyone of his life, liberty, or property.

"In short, the Commission does not and cannot take any affirmative action which will affect an individual's legal rights. The only purpose of its existence is to find facts which may subsequently be used as the basis for legal or executive action."

In carrying out its legislative mandate, the Commission has made detailed studies in the fields of voting, public education, housing, employment, and the administration of justice. To augment our studies in these areas, we have held hearings in Alabama, Arizona, California, the District of Columbia, Georgia, Illinois, Indiana, Louisiana, Michigan, Mississippi, Ohio, New Jersey, New York, Tennessee, and Texas.

The Commission's most recent hearing was held in St. Louis, Missouri, in January of this year and marked the beginning of a national study into the racial implications of suburban development as they relate to housing and employment for members of minority races. The hearing that we open today in Baltimore County is a continuation of that study and should be so regarded.

As with other subject areas the Commission has explored through similar hearings, our goal is the compilation of a solid body of knowledge which will be subjected to a thoroughgoing study and analysis to develop recommendations for actions that will help assure equality of opportunities for all Americans. Much of the civil rights legislation enacted in the past decade, several Presidential orders, and administrative decisions of some Federal departments reflect the acceptance of the findings and recommendations resulting from Commission studies and reports.

Our purpose in coming to Baltimore County is not to embarrass any one State, any one city or county, or any individual, but to collect information on a subject that we believe is of vital concern to all Americans. At this hearing, as at all other hearings, the Commission will seek to explore in one locale civil rights problems that are representative of problems elsewhere. Let me emphasize that, as a bipartisan agency, this Commission sits as a nonpolitical body interested only in obtaining information on which future actions can be based.

Baltimore County is not unique, and since it is not, the information that we obtain here will be useful in formulating recommendations that can be applied on a nationwide basis. We also hope

that our hearing will stimulate discussion and action on the local level.

This hearing is the culmination of several months of intensive work on the part of Commission staff members who have conducted field investigations in the Baltimore area and talked to hundreds of individuals representing all segments of the communities they have visited. The work of the staff has been reviewed by the Commission and Commission and staff have given careful consideration in determining what witnesses to subpoena and what witnesses should testify.

Time will not permit us to hear every person the staff has interviewed or every person who may want to share his knowledge or experience with the Commission. For those individuals who have not been subpoenaed and who may want to submit relevant statements for the record, we will be happy to have them interviewed by one of our attorneys or they may file any statements or documents they wish.

Primary attention will be paid during the hearing to the extent of racial and metropolitan polarization and to possible remedies for this problem. The policies of employers will be considered insofar as they relate to the problem of access to suburban jobs and housing opportunities by minority people.

Our experiences in studying the impact of suburbanization on minority groups already have clearly demonstrated that the problems are, indeed, complex; but their very complexity argues compellingly that answers must soon be found lest they grow even more complex and that they become much more difficult of solution.

Since World War II, America has been a Nation on the move—out from the city to the suburbs. Most of the new housing has been built in suburbia and most of the new and attractive employment opportunities are likewise located there. Black Americans, for the most part, have not been able to participate equitably in these growing housing and employment opportunities. This is a hard fact that brings, much closer than many of us may realize, the frightening possibility that we may be well along the road to the two separate societies—one white and the other black—that the Kerner Commission warned about.

A soon to be released study commissioned by the Committee for Economic Development reports that since 1964 some 800,000 blacks have moved into the suburbs as compared to 14 million whites who made the same move during the same period. Black suburban population on a nationwide basis is an estimated 5 per-

cent as compared to a 21 percent black population in the central cities.

In more graphic terms, an invisible wall has been erected to divide the city and the suburbs. On one side, in the central city, people compete for a declining supply of housing and jobs, and on the other, opportunity proliferates. On each side distrust and suspicion grow deeper as contrasts become more and more apparent.

We can begin to demolish this wall by first obtaining the facts. While securing information is a major purpose of Commission hearings, they frequently have an important collateral effect. In many cases the Commission's hearings have stimulated discussion and increased understanding of civil rights problems among responsible community leaders at the local level and have encouraged the correcting of injustice at the State and local levels. It is our hope that this hearing will serve this creative purpose as well.

The history of the Commission has been that it has always attempted to be scrupulously honest and objective in all its presentations despite the emotion inherent in the areas in which we operate. The same will hold true for this hearing. Federal law affords protection to all witnesses subpoenaed to appear before this Commission.

This morning's session will recess for lunch at 12:45 and resume at 2 p.m. We will conclude today at 6 p.m. Testimony at today's hearing will deal primarily with housing.

The Tuesday, August 18th session will begin at 12 noon and recess for dinner at 5:30 p.m. We will resume hearing testimony at 7 p.m. and continue to 10 p.m. Housing and the role of governmental institutions will be examined on Tuesday.

The final day's session on Wednesday, August 19th will begin at 9 a.m. and recess for lunch at 1 p.m. Returning at 2:15 p.m. we will conclude the hearing at 6 p.m. The principal subject will once again be housing.

Permission for the use of this comfortable and commodious auditorium was granted by Commissioner Robert M. Ball of the Social Security Administration and the Commission extends its thanks to him for this courtesy. The staff of this facility and particularly Mr. E. W. Iosbaker, Building Maintenance Technician Supervisor; Mr. Charles E. Potter, Director, Division of Operating Facilities; and Mr. Benjamin Longnecker, Communications Specialist, are also to be commended for the outstanding cooperation they have provided in making the arrangements for this hearing.

We wish also to thank the Federal, State, and local officials and the many private citizens and organizations who have cooperated with and assisted the staff of the Commission during the preparatory stages of this hearing.

And now, Commissioner Freeman will explain the rules for the hearing.

COMMISSIONER FREEMAN. Thank you very much, Chairman Hesburgh.

As the Chairman has indicated, this hearing will be held for 3 days in this auditorium. This morning's session will end at 12:45 p.m. and will reconvene promptly at 2 p.m. and continue until 6:15 p.m.

Tomorrow, Tuesday, we will begin this hearing at 12 noon and will continue until approximately 5:45 p.m. We will also hold an evening session on Tuesday, which will begin promptly at 7:15 p.m. and end at approximately 10 p.m.

On Wednesday, we will start at 9 a.m., break for lunch at 1 p.m., reconvene promptly at 2:15 p.m., and will complete this hearing at about 6 p.m.

I should like to emphasize that the observations which I am about to make on the Commission's rules constitute nothing more than brief summaries of the significant provisions of the rules. The rules themselves should be consulted for a fuller understanding. Commission staff members will be available during the course of this hearing to answer any questions which may arise.

All of the persons scheduled to appear to testify who live or work in the Baltimore area have been subpoenaed by the Commission. All of the testimony which the Commission will receive at these public sessions will be under oath and will be transcribed verbatim by the official reporter. Everyone who testifies or submits data or evidence is entitled to obtain a copy of the transcript on payment of cost. In addition, within 60 days after the close of the hearing, a person may ask to correct errors in the transcript of the hearing or in his testimony. Such requests will be granted only to make the transcript conform to testimony as presented in the hearing.

All witnesses are entitled to be accompanied and advised by counsel. Counsel may subject his client to reasonable examination. He may also make objections on the record and argue briefly the basis for such objections. If the Commission determines that any witness' testimony tends to defame, degrade, or incriminate any person, that person or his counsel may submit written questions

which, in the discretion of the Commission, may be put to the witness.

Persons subpoenaed to the public session may request that witnesses be subpoenaed in their behalf. All requests for subpoenas must be in writing and must be supported by a showing of the general relevance and materiality of the evidence sought. In addition, all witnesses have a right to submit statements prepared by themselves or others for inclusion in the record, provided they are submitted within the time required by the rules.

Witnesses at Commission hearings are protected by the provisions of Title 18 U.S.C. Section 1505 which make it a crime to threaten, intimidate, or injure witnesses on account of their attendance at Government proceedings.

Copies of the rules which govern these hearings may be secured during recess from a member of the Commission's staff. Persons who have been subpoenaed have already been given copies of the rules.

Finally, I would like to point out that these rules were drafted with the intent of insuring that Commission hearings be conducted in a fair and impartial manner. In many cases, the Commission has gone significantly beyond congressional requirements in providing safeguards for witnesses and other persons. We have done this in the belief that useful facts can be developed best in an atmosphere of calm and objectivity. We hope that such an atmosphere will prevail at these hearings.

Thank you very much, Mr. Chairman.

CHAIRMAN HESBURGH. Thank you, Mrs. Freeman. We now have a statement by—excuse me, before I go to that statement, I would like to begin this hearing by reading a letter from the Governor. This is just addressed to the Chairman of the U.S. Commission on Civil Rights.

“Dear Mr. Hesburgh: Thank you very much for inviting me to address the U.S. Commission on Civil Rights at the Commission's planned public hearing on August 17-19, 1970 in Baltimore County, Maryland.

“I regret my schedule will not permit me to address the Commission at the hearing. However, if I can be of any other assistance to the Commission, please don't hesitate to contact my office. Sincerely, Marvin Mandel, Governor.”

(Whereupon, this document was marked Exhibit No. 2 and received in evidence.)

Now we will hear a statement from Mr. Herbert L. Fedder, Chairman of the Maryland State Advisory Committee.

I would like to say that this Commission has 50 such Committees throughout all of these States in the U.S., plus one additional in the District of Columbia. We are very grateful for the work that these Advisory Committees do throughout the country and we are very happy to welcome you here this morning to speak on behalf of the Maryland State Advisory Committee.

STATEMENT OF MR. HERBERT L. FEDDER, CHAIRMAN, MARYLAND STATE ADVISORY COMMITTEE TO THE U.S. COMMISSION ON CIVIL RIGHTS

MR. FEDDER. Mr. Chairman and members of the Commission: On behalf of the Maryland State Advisory Committee to the United States Commission on Civil Rights, I am pleased to welcome you to Baltimore and to Maryland. We are delighted that you are holding this hearing in the Baltimore area as part of the Commission's investigations of the impact of suburban development on minorities.

As you no doubt already know, the black population of Baltimore City has increased sharply from 24 percent in 1950 to an estimated 46 percent in 1970. And this increase took place while the total population was declining.

Yet in Baltimore County where there has been a dramatic growth in the total population—more than doubling from 270,000 in 1950 to 615,000 today—the black population has declined from 6.7 percent in 1950 to approximately 3 percent.

Something is wrong somewhere. If the suburbs are so attractive to whites, they should attract some blacks too. We hope that the next 3 days will shed some light and explain why this pattern has occurred.

I would like to take this opportunity to introduce to you the members of your Maryland Advisory Committee. Certainly yours is no easy task—to keep abreast of 51 Advisory Committees, and I understand that there are also members of the D.C. Advisory Committee here today. In fact, last May they looked into the problem of the movement of Federal agencies to the suburbs—a subject related to the one before us now.

Getting back to our Committee, it is composed of 14 members who serve without compensation and at some personal sacrifice, but, aside from occasional frustrations, we are honored to be a part of a Federal agency that "tells it like it is".

Getting back to the introductions:

I am Herbert L. Fedder and am Director of the Baltimore Association for Retarded Children. I have served as Chairman for the past 3½ years.

Our Vice Chairman is Rev. Wofford K. Smith, Episcopal Chaplain at the University of Maryland and previously Episcopal Chaplain at the University of Mississippi and a member of the Mississippi State Advisory Committee before coming to Maryland.

Serving as Secretary is John H. Murphy, III, a native of Baltimore and the publisher of the Baltimore Afro-American.

The members of the Committee include:

Mrs. Lane Berk of Lutherville who is also a member of the Maryland Commission on Human Relations and the Baltimore County Community Action Agency.

Mr. Walter Black, Jr. of Easton, Board Director of Pinkett, Brown, Black Associates, Inc., a consultant and research firm and formerly Executive Secretary of the Maryland State NAACP.

Mrs. Ann Brown of Garrett Park, State Agency Coordinator for Title I at the University of Maryland and former chairman of the Montgomery County Commission on Human Relations and this Committee.

Mr. Richard Fairley of Silver Spring, Chief of the Career Opportunities Branch of the U.S. Office of Education and member of the Urban League's National Education Committee.

Mr. Barry E. Greenstein, another native of Baltimore, who is the Equal Employment Opportunity Officer at Edgewood Arsenal and a former staff member of the Commission.

Rev. Charles H. Mack of Salisbury, a minister and vice chairman of the Wicomico County Housing Authority and member of the Wicomico County Bi-Racial Committee.

Mr. Douglas B. Sands of Woodbine, president of Phoenix Systems, Inc., a consulting firm, chairman of the Howard County Human Relations Commission, and another former staff member of the Commission.

Mrs. Marjorie Smith of Baltimore, former special assistant to the first chairman of the Equal Employment Opportunity Commission, Franklin D. Roosevelt, Jr., and board member of the Maryland Committee of the Day Care of Children.

Rev. Perry A. Smith, III of Greenbelt, a minister and former president of the Prince George's County NAACP.

Honorable Robert B. Watts of Baltimore, Associate Judge of the municipal court of Baltimore and former substitute police court magistrate and traffic court judge of Baltimore City.

And, finally, Mrs. Mary D. Wood of Centreville who has played a key role in our followup efforts to our Eastern Shore open meeting on housing. A member of the NAACP, she has also been involved in a variety of civic activity in the Centreville area.

Now that you know who we are, I would like to summarize briefly for you some of the things we have done:

Within the past year, your Maryland Advisory Committee has devoted its energies to the housing problems of minority and low- and moderate-income families on the Upper Eastern Shore.

It was a little less than a year ago that this decision was made, and a survey of housing conditions was subsequently undertaken. We were shocked to learn that one-fifth to one-third of all the housing units in the area were substandard. But we were more shocked at the unconcern of the local public officials.

At our open meeting last December in Easton, black residents described the dilapidated housing, the poor plumbing and heating facilities and the absence of housing codes to deal with this problem. Town, county, and even State officials simply look the other way.

And, of course, white officials insisted there was no housing discrimination, but we found little evidence of housing integration in Talbot, Kent, or Queen Anne's Counties. In fact, a black doctor, unable to purchase a home in the "white" section of town, ended up building a house in the ghetto.

But I would like to call your attention to one specific point made at our meeting by the former Chairman of this Advisory Committee, who is now the chairman of the State Commission on Human Relations. Mr. William H. Adkins was speaking of the mentality of Easton, but it can be applied to Baltimore County as well:

It is a nuisance to have poor people around. . . . They bother our consciences to some degree. They get in the way. They don't look pretty. They should have the poor somewhere else.

It, therefore, follows that this kind of mentality will serve to block the construction of low-income housing.

As Bill Adkins further pointed out:

They want to preserve the character of the community as being a community of single family, individually owned homes in a very low density arrangement. But then there is another aspect which is also going to be preserved—slums and substandard housing; because that is the other side of the coin.

After two days of testimony, your Committee reviewed the information it had obtained and undertook a series of meetings with local, State, and Federal officials, and these meetings are still underway.

In January we met with the speaker of the Maryland House of Delegates and the director of the housing section of the Maryland Health Department to apprise them of our findings and to urge that appropriate action be taken by the State agencies and the legislature.

For the past several months we have been meeting with community leaders and have attempted to bring them together with HUD officials. We believe, as a result of our efforts, public housing construction has finally begun in St. Michaels after 4 years of delay, and a local housing authority has been formed in Easton despite the resistance that Bill Adkins referred to.

A meeting was held last week with officials of Queen Anne's County and the week before with the secretary of health and mental hygiene for the State of Maryland dealing with the unbelievable living conditions of the black oyster and clam shuckers and their families at Kent Narrows. We will keep bringing these horrible conditions to public attention until something is done about them.

Another area of concern of your Committee was the need for the massive construction of low- and moderate-income housing in the entire Baltimore area. The approach we developed was to promote a conference of business and labor leaders, builders, bankers, and elected officials to discuss the utilization of the National Corporation for Housing Partnerships for this purpose. Last September a meeting was held with representatives of the NCHP, Baltimore Neighbors, Incorporated, and the Greater Baltimore Committee. The conference idea was proposed and it was determined that the Greater Baltimore Committee and its Community Development Subcommittee would be the proper vehicle for developing it. Following this decision, the Baltimore Urban Coalition was brought into the picture. We are now in the background, but still very much interested.

Though we do not feel we are equipped to respond to "emergencies", your Committee has been involved in two issues in Prince Georges County which have national implications: an extremely strained relationship between the community—specifically the black community—and the police; and continued *de facto* school segregation and hostility between black and white high school students. In both cases, we have worked with community groups and public officials in order to obtain and disseminate information.

Finally, I would like to point out that over the years we have been investigating the patterns of employment and educational

opportunities for minorities in Maryland and have shared with you our findings and recommendations. We are proud of the light we have shed which we believe has been instrumental in correcting some inequities. But we are convinced much more must be done.

We agree with you that America is at a crossroads and that we must deal with the institutional racism within our society, and the pernicious evil of subordinating a person because of his color. This is what we believe your hearing will attempt to do.

But it must go beyond another airing of the problem. It must lead to achievable remedies for the racial exclusion which takes place; and for the hypocrisy of communities taking Federal funds to benefit the affluent whites, but decry as socialism assistance to the poor of whatever color.

This hearing must not end on August 19 for Baltimore. As a result of your being here, hopes will be raised. The communities of the Baltimore metropolitan area will have to come to grips with the facts that will have been brought out and whether it is the Maryland State Advisory Committee to the U.S. Commission on Civil Rights, or other groups that serve as the conscience of Baltimore does not matter.

What matters is that we act on what we learn, and that we must be mindful of Dr. Kenneth B. Clark's prediction to the Kerner Commission: "... the same analysis, the same recommendations, and the same inaction."

CHAIRMAN HESBURGH. Thank you very much and thanks to all the members of your Committee who operated so well in their areas.

I would like the staff members to present the staff background paper on city and county, Baltimore City and Baltimore County.

(Whereupon, Mr. Conrad P. Smith was sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. CONRAD P. SMITH, STAFF ATTORNEY,
U.S. COMMISSION ON CIVIL RIGHTS**

MR. POWELL. I have a report entitled Demographic, Economic, Social, and Political Characteristics for Baltimore City and Baltimore County. Did you prepare this report?

MR. SMITH. Yes.

MR. POWELL. Would you summarize it?

MR. SMITH. Yes. The Commission's staff review of the demographic and economic characteristics of Baltimore City and Baltimore County indicates that the area is a racially divided community beset with a wide range of substantial problems.

The Baltimore Standard Metropolitan Statistical Area consists of Anne Arundel, Baltimore, Carroll, Howard, and Harford Counties as well as the city of Baltimore. The city of Baltimore is an independent city, separate and distinct from Baltimore County. As this chart shows, Baltimore City is virtually encircled by Baltimore County.

In 1950, Baltimore County had a total population of about 270,000 with a black population of approximately 18,000, or 6 percent. By 1964, the county's total population had grown to about 541,000, but the black population had dropped to about 16,580, or approximately 3 percent of the total.

In contrast to the rapid growth of the white population in Baltimore County, the city of Baltimore has experienced a substantial loss in its total population and a steady rise in its black population. In the past two decades, the city has lost over 55,000 residents, but the city's black population has grown from 226,052 in 1950 to an estimated 410,000 in 1970.

The staff report also indicates that black people in the Baltimore area have substantial problems with respect to earning adequate incomes, obtaining employment, and securing decent housing. In 1967, in the predominantly black neighborhoods of Mt. Royal, Central Business District, and West Baltimore, the median family income was \$6,300, \$5,200, and \$5,100 respectively. By contrast, in Baltimore County in the predominantly white neighborhoods of Towson and Pikesville, median family incomes were \$12,000 and \$10,500 respectively.

In 1960, the United States Census reported that in the Baltimore SMSA three times as many black men worked in blue-collar jobs as in white-collar jobs and, among these black workers, over 50 percent were laborers.

One of the factors affecting blacks in the Baltimore inner-city has been the movement of industry from the city to suburban areas. During the decade from 1955 to 1965, 82 firms left the city of Baltimore for the surrounding counties. Sixty-five of these firms, employing over 4,000 persons, relocated in Baltimore County. Only six firms, employing only 248 persons, moved from Baltimore County to Baltimore City.

The movement of these firms, together with the failure of job growth in the city to match that of the county, contributes to the high unemployment rates in the city among black workers. In some predominantly black census tracts in the city, for example, unemployment rates range as high as 27 percent.

While black workers encounter serious unemployment problems in the city, employment opportunities in the counties surrounding the city have been expanding at a rapid rate. Between 1948 and 1968, jobs in the city increased by 11 percent, but during the same period jobs in the counties surrounding the city increased by 245 percent. In Baltimore County, jobs increased by 182 percent.

Residents of the city of Baltimore also face serious housing problems. In 1970, slightly over half, 53.5 percent, of the housing units in the city were estimated to be above minimal code standards. The remaining housing was classified as deficient, deteriorating, or dilapidated. In Baltimore County, however, about 95 percent of the housing units were found to be in sound condition.

In addition, there has been virtually no construction of new single family units in the city. In 1967, for example, only 47 building permits were issued for the construction of single family structures in the city; but in Baltimore County over 2,600 permits were issued.

Contrasting Baltimore City economically with the suburban jurisdictions finds the city with a tax rate of \$5.34 per hundred compared with Baltimore County's rate of \$3.56. Additionally, Baltimore City has the highest level of expenditures in the region and in the State.

This concludes my statement.

CHAIRMAN HESBURGH. Thank you very much, Mr. Smith.

MR. POWELL. I request permission to have this report entered into the record.

CHAIRMAN HESBURGH. We are willing to do so.

(Whereupon, the document referred to was marked Exhibit No. 3 and received in evidence.)

CHAIRMAN HESBURGH. We next have a panel which will address itself to the general subject which is before us of the inequity of resources and racial isolation in the relations between Baltimore City and Baltimore County.

Our first Overview Panel on the Condition of Baltimore City is made up of four persons: Miss Janet L. Hoffman, fiscal advisor to Baltimore City Council; Mr. Samuel T. Daniels, member of the city school board; Mr. Alexander Stark, member of the city council; Judge Joseph Howard, supreme bench of Baltimore.

I would like to ask these four people come forward to the witness stand to be sworn.

(Whereupon, Miss Janet L. Hoffman, Mr. Samuel T. Daniels, Mr. Alexander Stark, and Judge Joseph Howard were sworn by the Chairman and testified as follows:)

TESTIMONY OF MISS JANET L. HOFFMAN, FISCAL ADVISOR TO BALTIMORE CITY COUNCIL; MR. SAMUEL T. DANIELS, MEMBER OF THE CITY SCHOOL BOARD; MR. ALEXANDER STARK, MEMBER OF THE CITY COUNCIL; JUDGE JOSEPH HOWARD, SUPREME BENCH OF BALTIMORE, BALTIMORE, MARYLAND

MR. POWELL. Will each witness please state name and address and position with the Baltimore City government?

MISS HOFFMAN. I am Janet L. Hoffman, fiscal advisor to the City Council of Baltimore and my address is 321 City Hall, Baltimore 21202.

MR. POWELL. Mr. Daniels?

MR. DANIELS. Sam T. Daniels, member of the Baltimore City Board of School Commissioners.

MR. POWELL. Mr. Stark?

MR. STARK. Al Stark, member of the Baltimore City Council.

JUDGE HOWARD. Joseph Howard, associate judge, supreme bench of Baltimore City.

MR. POWELL. Miss Hoffman, our background staff paper just summarized indicates that Baltimore City has the highest property tax rate in the State, and the highest level of expenditure.

At these rates, is Baltimore City able to provide the economic resources necessary to revitalize the city?

MISS HOFFMAN. With the present rates, we have been making, as you can see, a disproportionate effort and perhaps having good results with that effort.

The problem is those resources are not growing as fast as the problems we face grow, and the prospects for success given our existing responsibilities and our existing resources are not too promising.

I think that there has got to be something done either in terms of relieving us of responsibilities or giving us more resources if we are to have a good result for the prospective future.

MR. POWELL. Does the fact that the city has a concentration of poor black residents who require social services aggravate this problem?

MISS HOFFMAN. Yes. It aggravates it in two ways.

First of all, it increases the cost of government, because poverty, which is in our society associated with blackness, adds to governmental costs. Poverty creates all kinds of problems which cost money to deal with.

We are talking about housing, we are talking about sanitation, we are talking about education, policing, the whole range of services and the existence of poverty and the problems associated with it cause the wealth of the community to leave when it can and to

the extent it can so that it escapes the responsibility for financing the services that are necessary for what remains behind.

MR. POWELL. Miss Hoffman, how many people live outside the city, but commute to and work in the city?

MISS HOFFMAN. I hate to give a precise figure since the census is so imminent, but the best statistic that we have suggests there are about 111,000 people who cross the county line daily to come to work in Baltimore City. Some of them, incidentally, may be residents of counties other than Baltimore County, but the great majority would be Baltimore County.

MR. POWELL. Miss Hoffman, do these people contribute to the city's earning tax?

MISS HOFFMAN. No. The city has no ability to tap the earnings of those persons directly. The only contribution they might make would be an indirect contribution by adding to the business within the community but if you look at the volume of sales that takes place—retail sales—that takes place within Baltimore City, it is hardly more than the volume of resident population of the city. For example, we have about 43 percent of the population of the region and about 46 percent of the retail sales in the region, so we really don't think that we are gaining very much in the way of commerce directly that would add to the wealth of the community by virtue of these commuters and we know, of course, that it costs a good deal of money to provide some of the services that are necessary for the commuters.

Their presence does occasion increases in the assessable basis as a result of the erection of office buildings, various kinds of manufacturing and commercial plants, but there is no contribution directly and possibly an indirect expense resulting from their presence in the city.

MR. POWELL. Miss Hoffman, you mentioned that there is a great concentration of poor people in Baltimore City.

Were there as great a provision of housing in the county for these people, do you feel that would relieve to some extent the financial problems of the city?

MISS HOFFMAN. Well, if you are suggesting that housing available for poor people would result in more heterogeneity of city residents so that we would not be so overwhelmingly poor and that the county would resemble us more in terms of composition of the population, the answer is yes.

MR. POWELL. Thank you, Miss Hoffman.

I have here statistics comparing the relative financial situation

of the city and the county. Mr. Clerk, would you show these to the witness?

MISS HOFFMAN. Are those the documents you provided the Commission?

MISS HOFFMAN. Yes, they are.

MR. POWELL. Mr. Chairman, I ask permission to have these documents entered into the record.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the documents referred to were marked Exhibit No. 4 and received in evidence.)

MR. POWELL. Mr. Daniels, what effect has the lack of funds had upon the school system? What is the present condition of the Baltimore City School System?

MR. DANIELS. Well, this I think the Commission ought to understand really is my impression, that over a period of better than two decades, as a single member of the board—and I have not been on the board more than a year and a half—I would charge that there has been flagrant neglect of the schools in Baltimore City. The number of schools that failed to meet code requirements is fairly high.

This information, I think, would be made available. I don't have it, but basically they are inner-city schools.

I hasten to point out here that in the last 10 years we have seen an addition of some 30 new schools to the school facility of Baltimore City. I submit this is certainly a great deal less than what certainly is needed, but it does represent a forward movement in the last decade as opposed to two decades previous to that.

Now, as to the effect of the city's financial situation on the schools of Baltimore, I think there is a very direct relationship. The department of education receives from the city a substantial part of the income of the city, of the tax dollar. I would suspect it is about 65 percent.

If the city does not realize the revenue it needs to provide these governmental services, certainly it has a direct bearing relationship on the operation of the department of education.

MR. POWELL. Mr. Daniels, are there sufficient funds to achieve the necessary vitalization? In your opinion?

MR. DANIELS. I can only share with the Commission information which has been given to us time and time again. Perhaps Councilman Stark or Miss Hoffman might speak to this. But we have been told that there are not sufficient funds to provide full services and to meet the needs of the department.

MR. POWELL. What is the racial makeup of the city school system, Mr. Daniels?

MR. DANIELS. I have information here that has been made available by the department as of September 1969. It is the most recent information. I will submit this to the Commission if it does not have it.

It is as follows: We have a total school population of 193,081 students. The racial breakdown is as follows: In the elementary schools, 81,096 nonwhites. That constitutes about 70 percent of the elementary enrollment. 37,653 white, which represents in round figures 30 percent.

In the secondary and vocational schools, we have 46,676 nonwhites constituting about 63 percent of the total enrollment. 27,656 white, giving roughly about 37 percent.

So that the total figures read 127,772 nonwhite in both elementary and secondary vocational making up about 66 percent of the total enrollment, and 65,309 white students in all schools representing about 34 percent of total enrollment.

MR. POWELL. Mr. Daniels, would you say that Baltimore City acting on its own without going to any regional metropolitan basis could achieve in any meaningful way a desegregated school system?

MR. DANIELS. I would doubt that seriously.

MR. POWELL. Mr. Stark, you are a member of the city council and chairman of its education committee. To your knowledge, has the city proposed a pupil exchange with suburban counties?

MR. STARK. Yes, sir. About 2 years ago.

I specifically introduced a resolution to the Baltimore City Council which the city council passed pointing out that we had historically and by custom always had a number of county students in our school system to take advantage of specialized facilities such as vocational high schools, technical high schools, and kindergartens. The county didn't furnish any kindergartens until quite recently.

It had come to my attention that there were two things the resolution sought to correct. One, the least important, that the tuition charge we were making was not accurate, but, more importantly, the resolution enunciated the principle that we ought not really charge any tuition at all but we ought to have reciprocal exchanges with the surrounding counties.

A couple of us had learned, to our dismay, of the fact that Baltimore County policy had become not to let any city child in a county school, though we had always freely let county children for many decades into Baltimore City schools, because at one time we had

the only highly developed educational system in the State of Maryland.

The resolution passed the city council. The school board acted upon it by directing the superintendent of education, originally—Dr. Goedeke was acting, and then Dr. Sheldon, who was newly appointed—to contact his colleagues in the various county systems.

The education departments or school boards or county commissioners as the case may be in Carroll County, Howard County, Harford County, Anne Arundel County, all acquiesced with the theory of reciprocity that they would at least admit Baltimore City school children to the degree or to the numbers that they had children of theirs in the Baltimore City schools. In fact, my recollection is Dr. Goedeke's letter said they weren't making any point of absolute numbers for Howard County.

Baltimore County refused to entertain the proposal.

I think I have supplied the Commission with a photocopy of the newspaper clips and the editorial transcript from one of the TV stations of the events of that time.

To continue with the narrative: The Baltimore County Superintendent of Instruction, Mr. Sittorious, superintendent of public education, declined to entertain a proposal. There was some further discussion about it in the press by correspondents and so forth.

The school board of Baltimore County affirmatively rejected the idea, first professing not to understand.

Dr. Sheldon, our superintendent of education, had a series of conversations and kept putting in writing ideas, asking them to do it their way.

There had been comments publicized in the press that they were really scared of "inner-city children" flooding their school system.

Dr. Sheldon said we would confine ourselves to a one to one basis. We agreed a Baltimore City child would not go into a school other than in a district from which the Baltimore County child originated.

We later offered a proposition of not dealing in absolute numbers, but in categories.

We were hard pressed with services for the handicapped children, the mentally and physically handicapped, because of superior educational and medical facilities here. I think we have a disproportionate number present. We said if they would help us in this area, we didn't care about numbers.

Well, they refused to do this. Under no circumstances, with or without money for the handicapped, for no reason would Baltimore County let a single Baltimore City child in the system.

The school board therefore voted with some regret to terminate the ability of Baltimore County children to attend the Baltimore City public schools.

The representation was made that we had some numbers in our high schools at the time and it would be unkind to these children to cut them off and make them transfer to another school.

I think the comment at the school board meeting at that time which I attended, and which I think was well put, was that we at least were more humane than Baltimore County, and we would not cut any child off who was in the process of education so at this point we still have 101 Baltimore County school children in our school system paying us tuition because our school board—I think we mainly adopted the policy we wouldn't make any child suffer for the overall governmental policy.

MR. POWELL. Mr. Stark, do you have an opinion as to why Baltimore County turned down the proposal?

MR. STARK. Well, from the newspaper accounts at the time there evidently was some fear because of the racial composition, because of the black children in our school system. I think the code word used was "inner-city children" or code phrase.

MR. POWELL. Miss Hoffman, does Baltimore City support regional services benefiting any persons who don't pay city taxes?

MISS HOFFMAN. Yes. Baltimore City has many services financed by the taxpayers of the city which are of benefit to the region and which are used by the region. This is kind of an historic function of older central cities and we didn't escape it.

For example, we have a hospital in Baltimore City, very well developed general hospital, whose accident room—it is entitled Baltimore City Hospital—whose accident room is one of the busiest in the State. This is the largest general hospital in the State, I might add, and whose accident room is used extensively by the people who suffer accidents in Baltimore County, the Eastern sector, where there is no hospital either voluntary or public with such facilities.

We have a stadium. You have heard, we hope, of our Orioles. That is a municipal enterprise, that stadium, and is not money-making.

We have a civic center, which has many programs, conventions to a certain extent, but mostly programs which are attended by people from all over this region.

We have the only zoo in the State.

We have the art museums, excellent art museums and the only ones in the region.

We give extensive subsidy to many cultural and educational facilities which are utilized by the people of the region. For example, Center Stage, the Maryland Ballet, the Baltimore Symphony. Only the latter does Baltimore County make a contribution to, but nowhere in the order of magnitude of the use by its residents of the facilities of the symphony.

We have many functions, and some of them are not direct functions, but they result from the kind of tax exemption positions that many facilities enjoy. There are health, charitable, religious, cultural, historical facilities which are tax exempt, and Baltimore City, being the older developed area, tended to have these from the very beginning.

We have the cathedrals and the old established facilities. To look at the tax exemption in terms of what the assessable basis of those facilities is recorded at is to understate the matter, because 100 years ago a facility being given the status of tax exempt—there has never been any reason to reassess that property.

But we do have a disproportionate amount of tax exempt property which, of course, is a subsidy by the city of Baltimore to the people who use the facilities.

There are innumerable other examples. Friendship Airport is an example that we are about to terminate, one hopes. Baltimore City residents have developed a fine international airport with a net investment of about \$23 million over the period of its use. At the very moment it has become self-supporting, it has been turned into a combined State-city authority and, hopefully, we will not continue to have to put money into Friendship Airport in the future. But that is only illustrative and there aren't many cases where the State or the people of the State are taking over some of our obligations.

Incidentally, since your staff members visited me some weeks ago, they had me thinking a little bit in this direction and a couple of weeks ago I saw an item in the Sunday paper: "What is going on in Baltimore for free?" I thought this would be an interesting thing just to check through.

In the material Mr. Powell introduced into the record a little while ago is a list of all of the facilities shown on this page. This is not an exhaustive list, you understand, but shown on that is which of the facilities are owned by Baltimore City and you will note that many of them are located in the counties. Not only Baltimore County, but Anne Arundel County, also.

Most of those located in the city are tax exempt. Many of them are subsidized, even though not owned by the city. There is no

case—maybe one, but very disproportionately low—indication of any subsidy by the county of any facility shown on this page where located outside of the city. Generally we are talking about Federal or State property not financed by the city.

MR. POWELL. May we have that for inclusion in the record?

MISS HOFFMAN. You certainly may.

MR. POWELL. I request permission to enter this piece of paper in the record.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 5 and received in evidence.)

MR. POWELL. Mr. Stark, would you care to add anything on the question of regional facilities maintained?

MR. STARK. I think all of us in the locality know it but for you gentlemen on the Commission, the city of Baltimore maintains an extensive first-class water and sewage system which serves the whole metropolitan area.

Indeed, we are obligated by legislative act of 1918 to furnish water to Baltimore County at cost. We are forbidden to make any profit on it.

We furnish water to Howard and Anne Arundel to a small degree at a small profit, like a public utility. That is one example.

Until recently, I would say 8, 10 years ago, we had the only efficient crime lab in the area in the Baltimore City Police Department. Its services were free to the surrounding areas. They have their own now. The Baltimore County Police maintain a firing range on city-owned land at the Loch Raven Watershed, which is a reservoir we maintain and you could just multiply examples.

MR. POWELL. Judge Howard, what is your opinion of the view that now that black people are inheriting the cities they will be able to exert real political power?

JUDGE HOWARD. Let me say to begin with, that I believe the struggle in the seventies will be a struggle for power. That is a struggle in our cities. That is a struggle for the power of black people to participate in their own destiny.

Inasmuch as the information that I have received, and I am sure you gentlemen have, is that black people will be a majority in the city of Baltimore by the end of 1970, or shortly thereafter—this has been known, I believe, by the broad community for some time, and I think that they have prepared our cities for absentee ownership.

A part of that absentee ownership is preparing this city so even though we, as blacks, constitute a majority in the city, we will

not have real power to exert. I think this is demonstrated in a number of ways. Let me give you just a couple of examples of preparing the city for absentee ownership, and not permitting black people to participate in their destiny.

In 1968 it was proven that black people could elect a citywide official—I was elected to the supreme bench of Baltimore City. That was in November.

I think it was in the month of January or February of 1969 in the legislature, legislation was introduced to take the selection of judges from the electorate, the people of the city, and put it into the hands of the Governor. This is one example.

I think there is another example of removing the power from the city in the program of our Governor to set up 11 Secretariats under the guise of better government. But as government improves on a State level, black people are denied the right to participate on a local level.

I think the 1970 census and the redistricting that must follow from that will find another reducing of power from these people in the city

So I would have to say that black people, even though they may constitute a majority of this city by 1971 or 1972, will probably be unable to execute this power because of the preparation of the city by the broad community to see that they don't participate in their destiny.

I think this is one reason for the conflagrations and the conflict and the confrontation that has existed in the late sixties and I think will continue in the seventies.

MR. POWELL. Then you would say that if blacks are able to obtain political control of the city, the power of the city and its residents diminishes?

JUDGE HOWARD. I am sorry, I didn't get that.

MR. POWELL. Then you would say that if blacks are able to obtain political control of the cities, the power of the city and its residents diminishes?

JUDGE HOWARD. Yes.

MR. POWELL. We have heard testimony that for many years the city maintained an airport and that the airport was not self-sustaining.

Would you say that now that the airport, now that there is a net profit from the airport—would you say that the fact that now there is a net profit from the airport and it is going to be taken over by State authority is an example of loss of city power?

JUDGE HOWARD. Well, I think it is.

Let me give another analogy that I think might go along with that. Not too long ago certain information was passed out indicating that the beaches that have been owned by the city of Baltimore since time immemorial are now going to be turned over to the State on a cooperative basis, much like your airport.

It was interesting to note that no significant improvements have been made on these beaches since 1958. I would suggest that is approximately the date when black people in this city were permitted to use these facilities not a single improvement has been made.

Now it seems to me that the interest in this particular area—for example, these beaches, the failure to improve them and to maintain them has put them in a position now where they can't be of too much value or the city can't afford to keep them up.

Now the city is asking to turn this over to the State. But I think that there is a racial connection with respect to that. With respect to the airport, it is difficult to say. I think that it is clearly evident of the fact that the city is losing power over a possible and potential piece of income. Whether it is justified or not, I simply can't say with respect to the city's ability to pay for it.

MR. POWELL. Judge Howard, would you say that suburbia has to be made accessible to blacks and poor people in order for Baltimore City to survive and perhaps be revitalized?

JUDGE HOWARD. Definitely.

MR. POWELL. Judge Howard, what happens to a city if its inhabitants can't have confidence in the institutions which govern it?

JUDGE HOWARD. I think they rebel. I think they attempt to satisfy their needs in whatever ways and by whatever means they can find.

I think the inability of blacks to significantly be able to participate in their destiny in the city has caused the problems that we have in the city and I think until the broad community prepares itself to let these people participate on all levels and in all phases of government, it will continue.

MR. POWELL. I have no further questions of these witnesses at this time.

CHAIRMAN HESBURGH. Thank you, Mr. General Counsel.

I would like to ask Vice Chairman Dr. Stephen Horn if he would like to begin the questioning on the part of the Commissioners.

VICE CHAIRMAN HORN. Let me ask this question of both Judge Howard and Mr. Daniels, perhaps because you are black.

We have heard here the problem of the differences in the assess-

ment base and growth of city and county—we heard here of the differences in assessment between city and county. We heard of growth from the central city to the suburbs and the problems of blacks being concentrated in the so-called inner-city.

Now, one obvious way, and it has been alluded to several times by counsel and yourself, to solve this problem is to have a larger governmental jurisdiction.

We heard the problem here, as blacks slowly come into the control of political institutions and cities.

Let me ask you both, gentlemen, if you have a choice between, say, one metropolitan regional area that includes county and city and it can draw on the richer economic base of the suburbs to help meet the problems of everybody here so you are no longer quibbling over water, airports, beaches, zoos, etcetera, versus the possibility of sometimes in the seventies having black political control of Baltimore City, which side of that choice do you take?

It seems to me those are the basic raw alternatives to solve some of these urban problems.

MR. DANIELS. Well, it would appear that there is an obvious answer, I suppose, depending on how you look at the circumstances.

My personal position is that, despite the advantages inherent in a metropolitan form of government, a structure which could certainly tap more fully the resources of the metropolitan area, until there is a demonstration of commitment, of sincerity on the part of the inhabitants and, indeed, the public officials of the political subdivisions ringing the city of Baltimore, I would rather see us hold to a form of government which has existed here with all of its evils to the present time and which now gives promise of allowing not only black people, but white people as well, who have the interest of black people at heart, the opportunity to control the reins of government.

From what I have seen in recent—well, not just recent years, but as long as I have been seeing, because I have lived here in this area—I would not be willing to accept the values of metropolitan government in view of the kinds of prejudices and the kinds of bias which have been manifested by those persons who have been able to control the destinies of the inhabitants of this area.

I would rather come to grips with the problems of meeting high costs of governmental services with additional burden on the taxpayer looking for a source of additional revenue than to be a part of a metropolitan form of government which would find black people in the vast minority and, therefore, all other things holding in a similar position of influence.

JUDGE HOWARD. I would simply add to that that I suggested to you earlier that I think that there would be no peace in our cities, including Baltimore, unless and until black people are permitted to participate in their destiny.

Now, metropolitanism will remove that still another step from us. As slow and as ignorant as some people may feel the black and poor people are, they understand the sophistication and they understand the fraudulent attitudes that are involved in removing each and every step they have for participating in their destiny.

It would appear to me that I would have to agree with Sam Daniels that I would go along with our ability to participate significantly in our cities and reject metropolitanism with the feeling that a Nation that is big enough to reach the moon, transplant a heart, and do all the other things it has been successful in doing, could create the necessary priorities in order to make our cities live.

VICE CHAIRMAN HORN. Well, thank you.

Now this means if you take that view we have to get the money from somewhere to provide the essential services we need in the central city.

Let me ask you, Miss Hoffman, in terms of getting the money. To what degree in assessing property in the city of Baltimore have you differentiated, say, between the nonprofit institutions such as churches, private educational establishments, in their religious and educational functions versus, say, their nondirectly related activities?

Are you exempting, say, all private higher education institutions regardless of any profitmaking endeavors they might have, or dormitories, say dormitory areas in terms of property tax?

Are you exempting churches in their total property, or are you drawing very careful lines between historic, religious, educational purposes, and the other areas?

MISS HOFFMAN. In Maryland, property tax assessment is controlled by State law, not by local ordinance, except to the extent that certain localities, including Baltimore, may have power to grant some exemptions above what the State gives.

State law provides for the exemption of the usual run of charitable or cultural institutions, including virtually every kind of nonprofit institution that you can name and a few you can't think of, like the Naval Academy Alumni Association, but the business operations of many of these institutions, not connected with their functioning for their primary purpose, is assessed so that Johns Hopkins University, for example, which is a very large property

owner in Baltimore City is exempt with respect to all its educational and medical and scientific campus and noncampus properties, but is not exempt with respect to the holding of its endowment.

Similarly, hospitals, which may own property for future development, must pay taxes on the property held for future development, etcetera. That is a general principle.

But an institution need not be charitable in order to claim exemption just so long as it is organized as nonprofit.

We are running into additional problems. Partly you are oriented toward the Federal law. So I would like to take the opportunity to point out the way in which the Federal Government has provided for special financing for housing of the elderly, for example, or for other types of particular segments of the population requiring the utilization of a nonprofit corporation as a sponsor, the automatic result of which is to grant tax exemption so that these facilities are given a subsidy superior to that which the public housing tenants get. After all, public housing tenants do make a payment in lieu of taxes, X percent of the rental, so we are the victims of the generosity of the Federal Government in a way that was not intended.

We do have over a quarter of our assessable basis, and probably more, if it were accurately assessed, exempt from taxation, which is very significant. And our assessable basis is growing less than 1 percent a year, which is pretty poor showing.

So that I think our ability, regardless of who holds the power, our ability to conduct a viable government with services adequate to the need is very limited. I am inclined to agree with Judge Howard as to the significance of our being part of a metropolitan scheme and, therefore, I feel that the solution to our problem is in assistance from the State government on the one hand and the Federal Government on the other hand, and I would like to see that solution in two ways:

I think we should have grants of funds and I don't think those grants should necessarily be run through the State government as is proposed in much of what is pending before Congress for the reason that we don't have the power, and therefore can't, in Annapolis, perhaps get a fair shake to use our funds in the way that might locally be deemed best, and I think that we need to be relieved of certain expenses that we now bear, which, while it may be a loss of power, I would prefer to see the city solvent and effective in the exercise of what power it has, than to be presiding over a bankrupt corporation.

VICE CHAIRMAN HORN. You made a very interesting point which, frankly, I never heard before and I think we ought to all take note of on how some Federal law such as the creation of this nonprofit law on housing really limits the jurisdiction of the local government to raise funds to support services related to that.

MISS HOFFMAN. It has a compounded effect. Were you to examine where these developments take place, the need in the central city is such that a disproportional number of the facilities are in the central city so there is a doubling up of the effect.

VICE CHAIRMAN HORN. Well, as I gathered from your testimony then, what you are saying is the people of the city of Baltimore, regardless of what race or group of people actually gain political control, have very little control over their own destiny because of the laws of the State of Maryland, which regulate how assessments are made and because of actions of the Federal Government.

Let me just ask you one more specific, and then I will conclude.

It was mentioned here—the airport. I heard an allusion to the State taking over the airport, which the city of Baltimore constructed. I think, as I recall, you made about \$300 profit on the airport, or something, wasn't it, in the last fiscal year?

Has any thought ever been given, or is this no longer possible, to charge a non-Baltimore resident a head tax for use of the airport?

MISS HOFFMAN. The law—I am no attorney, but I understand the law is such that a head tax to be legal in interstate commerce, must be used for the purposes of the airport. That is why we had a \$300 profit only last year.

In effect Baltimore City, while it was conducting negotiations with the State, elected as a matter of policy to put the net proceeds of the airport into improvements needed at the airport, so that the figure was virtually self-balancing. There is about \$1 million anticipated net return to Baltimore City under a proposed long-term lease, which is a lot better than \$1 million or more deficit incurred annually.

While one doesn't like to see the trappings of power lost, it is only fair to point out in the case of the airport, for example, that 65 percent of the users of the airport didn't have Baltimore City either as origin or destination so that when a facility admittedly started by the city has become primarily noncity in its use and has become a drain upon the city and the requirements for future development are tremendous, and perhaps beyond the city to assure, it seems to me we should be logical in determining what we should retain and what we shouldn't retain.

I would be much more concerned about our giving up basic governmental policy-making functions that had a real impact upon the nature and quality of city life, than upon our desire to maintain a business operation which we had a minority interest in.

VICE CHAIRMAN HORN. Has this been turned over to the State yet, or is this in negotiation?

MISS HOFFMAN. The law has been passed enabling Baltimore City to make a lease, a long-term lease with the combined State-city authority, the members of whom were appointed only—the announcement of which was made only on Saturday of this past week, and it is anticipated that the negotiations will take place as provided under the law so that this agency will be functioning as a combined city-State agency for the first 4 years of which the mayor will have had the predominant appointments, including that of the chairman.

VICE CHAIRMAN HORN. And I take it from your earlier comment, Baltimore City possibly might gain \$1 million a year from this arrangement?

MISS HOFFMAN. Must. The law provides that any lease shall provide a net return in effect of \$1 million a year.

VICE CHAIRMAN HORN. You could devote those funds to other services within the city of Baltimore? That goes into general funds?

MISS HOFFMAN. They will be so used. There is no other way to use them.

VICE CHAIRMAN HORN. Thank you, Mr. Chairman.

CHAIRMAN HESBURGH. Thank you, Mr. Horn. I would like to ask Commissioner Mrs. Frankie Freeman if she would like to ask questions.

COMMISSIONER FREEMAN. Judge Howard, I would like to pursue the point you were making concerning the powers for the city. But first I have another question.

Is the police department—are the salaries paid for out of city funds or State funds?

JUDGE HOWARD. I believe the police commissioner is paid by the city, but is under the control of the State.

COMMISSIONER FREEMAN. Is this true of the fire department?

JUDGE HOWARD. This is not true of the fire department, to the best of my knowledge.

COMMISSIONER FREEMAN. Well, in the services which county residents receive, you listed, or Miss Hoffman listed, conference centers, etcetera, so in addition to these services, these 110,000

people who come into the city each day also receive police services at the expense of the city?

JUDGE HOWARD. That is correct.

COMMISSIONER FREEMAN. The reason I want to pursue this question of power is: the question is whether perhaps the city is not utilizing all of the power that it does really have. To what extent does the city have the power to tax the earnings of these persons? You or Miss Hoffman.

JUDGE HOWARD. I would have to defer to Miss Hoffman.

MISS HOFFMAN. We had a earnings tax several years ago. Alone among the large central cities of the country, Baltimore City lost that tax as a result of an enactment by the general assembly, so we now no longer have the power to tax the income of residents or nonresidents or businesses, or to levy taxes in the form of occupational license, or in the form of any measure of income, except as a percent, a specified percent between 20 percent on the minimum, and 50 percent on the maximum of the State income tax liability with respect to our residents.

What that means is we can only tax our residents and we can only levy a tax equal to 20 percent to 50 percent of what the State taxes those people. We don't tax business income in any respect.

COMMISSIONER FREEMAN. So we have a situation in Baltimore City where the people are poor. They pay for the hospitals, the cultural centers, the police. It seems to me a situation where the poor and the black are really subsidizing the affluent county.

JUDGE HOWARD. Robin Hood in reverse.

COMMISSIONER FREEMAN. I want to ask Mr. Daniels: you gave the statistics concerning the percentage of students in the elementary and secondary schools—elementary schools 70 percent nonwhite, secondary 63 percent nonwhite.

Would you give the breakdown as to the faculty, teachers, and administrators?

MR. DANIELS. Very well.

This information is similarly contained in the report as of September 1969, and is the most recent information available. We have the following information: faculty members on integrated faculties—nonwhite, 2,298.

I can leave this also with you.

White, 1,901.

A total of 4,199 in the elementary schools.

We have the following, what we call one-race faculties, which means that less than 10 percent of the faculty is of one race or the other, depending on which side you are looking at. There are 46

nonwhites in a one-race faculty situation, eight white, a total of 54 in the elementary schools.

We are dealing here with integrated faculties in 107 buildings. One-race faculties in 54 out of a total of 161. The secondary vocational reads as follows: faculty members on the integrated faculties, nonwhite 2,000, white 2,272, giving a total of 4,272.

So we have 49 integrated faculties. We have three, what we call one-race faculties, and there are 62 nonwhites, four whites, making a total of 66 out of a total of 52, and the total figure is, therefore, 156 integrated faculties and 57 one-race faculties out of 213.

Now these figures given in this manner present one picture. We get above the 10 percent, the 11, and 12 percent range, we might find perhaps a different picture.

But I would submit that as we find the racial composition by and large weighted heavily in one direction or the other, similarly we will find the same situation with respect to faculty.

(This information was marked Exhibit No. 6 and received in evidence.)

COMMISSIONER FREEMAN. What is the situation at the higher policy or decisionmaking level in the school districts? What is the breakdown?

MR. DANIELS. Well, I wish I could give you that.

In central office the picture is much better. These figures were available to me earlier this year—but if I can run through the structure, we have the superintendent as the top staff person. We have three associate superintendents, two of whom are black. And then we have roughly about 12 assistant superintendents, and—I am being advised here—about 50 percent of those are black—six and six.

And then at the next level, that of director, etcetera, there is a very even breakdown.

Where we find the disparity is at the entry level of administrative upward movement, which has caused me, certainly, some concern, and would suggest that if there is an even flow of upward mobility in the years ahead, we are going to see a disproportionate number of blacks involved, and on the low side.

I think that it would be probably well worth the Commission getting this exact information, which I don't have before me.

COMMISSIONER FREEMAN. Could you tell us if there are a large number of private schools in the city?

MR. DANIELS. I don't have that information. My impression is that within the area of the private, the parochial schools, operating within Baltimore City, we have a substantial number of youngsters

of school age participating in those schools. What the figures are, I don't know.

COMMISSIONER FREEMAN. Do you know, or do you have any information available to you, as to whether any of these private or parochial schools exclude students on the basis of race?

MR. DANIELS. I have no such knowledge that exclusion exists on the basis of race.

COMMISSIONER FREEMAN. In any of the private, either in the city or county?

MR. DANIELS. Well, I can only speak to Baltimore City. I am not familiar with Baltimore County. I don't think that it exists.

COMMISSIONER FREEMAN. Does any member of the panel know whether there are any private or parochial schools in Baltimore County that exclude black students as pupils?

MR. STARK. I don't think so.

JUDGE HOWARD. I wouldn't know about Baltimore County, but I certainly would suggest with respect to the situation within the city that someone be called with respect to the Catholic Church.

A fellow by the name of Mr. Burrows, Leon Burrows, I believe, had a meeting, or had a series of meetings for about 3 or 4 weeks, which involved the systematic exclusion of young black Catholics from schools.

I attended those meetings. I do not have the statistics, but this involved their high schools and this involved their grade schools.

I think that you would find with respect to the private schools in this city, the reasons why I can't tell you, but I think you will find that very, very few blacks are participating in these private schools, and I certainly think it would be worthwhile to find out the information that has been garnished by these individuals in the city that have gotten this information with respect and in complaint to the Catholic Church, which is a parochial school, of course, in the city.

COMMISSIONER FREEMAN. Thank you. I have no further questions.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Miss Hoffman, would you say the financial problems of the city of Baltimore are any different than the problems of other large American cities?

MISS HOFFMAN. From what I read, they are very similar. The shape and nature depend upon the allocation of functions and the allocation of resources between city and State.

Our problem is perhaps a bit exaggerated, however, because of two reasons.

First is the degree of contrast between us and our neighbor is perhaps greater than elsewhere, and this is a problem when one is competing to provide adequate services; school teacher salaries are set on a competitive basis.

Perhaps with a government which has a single administration as Baltimore County does, and is not divided among any number of units, as is true elsewhere generally, this creates a stronger degree of competition and a sharper contrast than elsewhere.

And there is also the factor that Baltimore City is not a county and, unlike most of the central cities of the country which are also in counties, one or more counties, they have some of the strength political and economic of the counties in which they are located. We don't have that.

COMMISSIONER RANKIN. But, financially, your problems are about the same?

MISS HOFFMAN. Generally, the problems are similar, yes.

COMMISSIONER RANKIN. Now you said the city needs relief from responsibility. Could you particularize a little bit? What responsibilities would you like to get rid of?

MISS HOFFMAN. I was hoping you would ask that. No offense, Judge Howard.

The State of Maryland pays Judge Howard's salary, which is right because that is a State court, adjudicating State law under a State system in which the local government has neither voice nor any reasonable role.

But the State does not pay for Judge Howard's bailiff, for Judge Howard's clerks, for the stenographer that takes the proceedings, for the security guards that should be there to guard his courtroom, and for all of the services and facilities of the State court system.

Baltimore City has a disproportionate amount of the State's law business, and not alone because of crime, also because it is a center of commerce and industry as is historically true, and we do conduct the State's legal business to a disproportionate degree and, therefore, share the cost as well as the honor.

I think that the State should logically bear the expense of the judiciary. I think this would serve the purposes of the judiciary, and would certainly relieve us of a responsibility that is disproportionate.

COMMISSIONER RANKIN. You have four possibilities of getting financial support.

1. Higher taxes in the city. To tax some way, a payroll tax or something on the people who live outside, from the State or from the Federal Government. Is that correct?

MISS HOFFMAN. The power for a payroll tax would have to be given—oh, the four, yes, that is correct. Those are the four basic sources, unless one gives up the responsibility for financing such enterprises as the judiciary.

COMMISSIONER RANKIN. Well, do you think the State is unfriendly to Baltimore?

MISS HOFFMAN. No, I cannot say that, and I have a great deal of contact with the State government, since I coordinate the city's legislative relations with the general assembly.

I think the State government in Maryland is probably more cognizant of the problems of its only central city than perhaps some other State governments have been and each session we make a small amount of progress—

COMMISSIONER RANKIN. May I interrupt you a minute?

Why do they not permit you to charge higher rates for water outside the city?

I have been on the city council for many years and we charge higher rates for water to people outside the city. Why doesn't the legislature let you do that?

MISS HOFFMAN. Well, to answer that question, I think, in the context of this hearing would require a lot longer a discussion than you want, but to get to your original question, is the State friendly towards the city, does the State recognize—I have to say that in certain areas of the State there is a hostility to the city because of a feeling of what it would mean, taxwise for the most part, and perhaps socially, to give adequate recognition to the city's problems. But I do believe that each general assembly has moved constructively to assist us in one way or the other.

We would be a lot worse off. I think we need a lot more than we have gotten, and I think that—

COMMISSIONER RANKIN. Do you think that most people in the city share this opinion with you?

MISS HOFFMAN. No, they don't. And that is all right. They have got to keep pushing, too.

I think that the problems will get worse when reapportionment occurs. What happens in this 4-year term that is about to go into effect is going to be critical. When reapportionment occurs, beginning 1975, I think we are going to be out of luck.

COMMISSIONER RANKIN. Well, do you have any additional sources of income—you are in very bad shape then, because you are not promising much financial—any chance to improve the financial condition of the city of Baltimore in your testimony.

MISS HOFFMAN. Well, there is one thing on the horizon that I think is very significant.

There is a study commission that has been charged to review the financing of education. Education is the most significant single factor in local government finance in Maryland. Probably is elsewhere.

In Baltimore City it is the dominant factor, it is the source of the largest growing costs and the biggest problem to us is to be able to have an educational program adequate to our needs and within our ability to afford.

A commission is studying this with a view to coming up with a fundamental and lasting revision of the State's financial responsibility. And they are exploring two possibilities. One is the possibility of complete State funding, yet retaining local control over educational administration. And the second is complete equalization, so that no subdivision will have a larger burden for education than another.

And the commission that is studying this has decided to confine itself to those two fundamentals. This could be a very significant development if it materializes.

COMMISSIONER RANKIN. Judge Howard, I would like to ask you one question.

You mentioned in your testimony that blacks are not allowed to participate in the government of Baltimore.

Could you explain that statement to me?

JUDGE HOWARD. What I am saying is that black people seem to have difficulty participating in the determination of their destiny. That may include government, it may include this or that.

To give you one example, suppose for a moment that in 1968 to '70 we made up approximately 40 percent of Baltimore City.

Now when the *Baker v. Carr* decision came down in the early sixties, and the districts were set up in the city of Baltimore with respect to councilmatic districts, for example, this city set up six districts, and put all the blacks, for all practical purposes, in the Fourth and the Second in the middle, and surrounded the city with the First, the Third, the Fifth and the Sixth Districts, obviously so black people could not participate on the city council except with respect to the Fourth and Second Districts.

Now to me, this is evidence of diminishing my ability to participate in my destiny.

This is carried over, as I see it, even in the school board. Sam Daniels can correct me.

It appears to me that to the degree that blacks have been able to

marshal some power to find some fault, which indeed there is plenty, with the school system in the city of Baltimore. Now it is my understanding that when you had the 11 Secretariats down in the city of Annapolis, that this power, the real power for the school system will be removed from the city to the State.

This is what I mean by diminishing their ability to participate. This is also true, as I suggested to you, in the judiciary. Unless black people have confidence that that courthouse and that city hall is a part of them, that they can get justice in one and get something done in the other, they are going to have no confidence in the system.

Now, I suggested blacks have no confidence in these systems or in these institutions unless they see blacks in them. And, again, when I say that now that we are in a position to select some people who represent blacks who are black in color on the local or the lower and the upper courts in the city of Baltimore, we find it being removed from the city. I say that diminishes black peoples' ability to participate in their destiny.

This is what I am trying to say to you.

COMMISSIONER RANKIN. Would you say your testimony is a little different from the previous testimony as to the role of the State legislature and State control over the city, that it has discriminated against the—

JUDGE HOWARD. Oh, yes. I think that the State has not given proper and due consideration to the city of Baltimore, and contributes to the problems that exist here because of their failure to do that.

COMMISSIONER RANKIN. Thank you, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Mitchell?

COMMISSIONER MITCHELL. I don't have very much because you are asking all the right questions, but I would like to ask Miss Hoffman whether any of these tax-exempt facilities in the city of Baltimore do discriminate in any way with respect to the color or racial background of people who—

MISS HOFFMAN. On the contrary, to my knowledge, HUD, which finances these facilities, requires a positive agreement not to discriminate on the basis of race or religion or any of the other—

COMMISSIONER MITCHELL. But how about some of the others? You listed a great variety of them.

MISS HOFFMAN. Yes.

COMMISSIONER MITCHELL. Transportation. Hospitals—

MISS HOFFMAN. We do not, as a matter of tax law, require affirmatively that there be a showing of no discrimination.

I suppose that as a practical matter many of these facilities, as for example, the hospitals, would have other relationships with government that would enforce such a requirement, but there are some that are very limited. I suppose they are the less significant ones in the amount of their exemption, and they are limited in the kind of purpose they serve.

I don't know to what extent the Historical Society of Baltimore—the Maryland Historical Society gives attention to black history as opposed to any other kind of Maryland history. We do have some notable things here.

I don't know that there is any requirement—

COMMISSIONER MITCHELL. Do you think tax exemptions carries with it an obligation to keep an eye on discrimination?

MISS HOFFMAN. I believe whenever the government is involved, there is such a requirement, and I am opposed to tax exemptions because they are automatic and do not lend themselves to the positive control by the government of what the results are. It is one of the problems with them.

I don't want to overemphasize the significance of tax exemption as a device for perpetuating discrimination. I don't think that is what has happened. In fact, it is just a problem of finance.

MR. DANIELS. Could I follow through on your question and offer a comment, please?

This matter that you have raised here, as you know, we have Federal legislation, certainly we have State legislation, we have Baltimore City law that would cover here, and if anyone had any evidence of acts of discrimination, there is certainly a direction of redress.

But I think we ought to look now beyond that and to raise a question which I think certainly should be germane to any kind of investigation as to what positive steps are being taken to bring into participation minorities in the areas of employment, in the areas of the services that are being rendered, etcetera—a lot of people call it affirmative action.

There may not be instances of flagrant discrimination or discrimination which can be proven, but it seems to me that we are beyond that point now and that we should be looking towards some very definite action to pull into being, pull into action, minorities who, without any question in the past, have been the victims of discrimination, and people will readily admit that yesterday we discriminated, but today, no.

COMMISSIONER MITCHELL. Now we are talking about tax exempt—

MR. DANIELS. Well, I understand you are talking about tax exempt, but whether they are tax exempt or not, there are laws that pull them under coverage. And I am not just looking to tax exempt. I am thinking of the whole ball of wax, everybody falling into the coverage of those several laws which I think are broad enough to wrap the whole picture up.

COMMISSIONER MITCHELL. Mr. Daniels, could I ask you a question, while we are talking about what you meant when you said that a high percentage of the Baltimore City schools did not meet code requirements? Are you talking about building codes?

MR. DANIELS. Yes. We came to grips with that this year. We had sort of a contest between the department and the city council.

I don't have exact figures, but if I can test my memory, I would suspect that within inner-city we have probably 80 percent of our school facilities. And of that number, I would charge that about 70 to 75 percent were not up to code requirements.

COMMISSIONER MITCHELL. When a building is not up to code requirements, is it a hazard to the life of its occupants?

MR. DANIELS. Well, it may or may not be. But I would submit that far too many are extremely hazardous, and we have had some ceilings to fall and we have had a number of other things to happen.

By and large the answer to your question, there is a degree of hazard. It will vary depending upon the kind of code violations system.

COMMISSIONER MITCHELL. Who has the primary responsibility either in the city, the county, or the State, for taking action when a building is unsafe for occupancy?

MR. DANIELS. Well, the city of Baltimore would have primary responsibility through its several departments. It would have that responsibility.

The department of education had, and may still have, responsibility for providing maintenance, etcetera. However, if it is budgeted in and it is cut out by the sources controlling the budgets, then the responsibility, in my judgment, has to shift into that source, not providing adequate funds for proper maintenance.

But in terms of meeting the code requirements, the responsibility of code enforcement rests with several city departments.

COMMISSIONER MITCHELL. Mr. Stark?

MR. STARK. I would comment on that so we don't get a distorted picture.

As Mr. Daniels has so carefully pointed out, or you elicited from him, not all code requirements necessarily constitute a hazardous situation. It is, I think, necessary to remember that of course we,

as a city, an old city, have the oldest large educational system. Therefore, we have all of the old buildings utilized in education. I think we have some structures 100 years old which are still in use.

But that does not account for the majority of our school system.

Baltimore City has spent an extraordinary amount of money on new construction. We were one of the few municipalities, and I will just try to give ourselves credit for some effort—we were one of the few municipalities in elections 2 years ago, that not only passed a bond issue submitted to the electorate, but a huge one, \$80 million for school construction, when bond issues in much lesser sums were failing all over the country and some school districts were going bankrupt, as it were. We were not. I just wanted to say this so that we didn't sound as though the whole physical plant is collapsing. It is not.

COMMISSIONER MITCHELL. Would you say that this is an overstatement or overdramatization of the picture, then, to say that such a high percentage is in flagrant violation of the code?

MR. STARK. I think so.

MR. DANIELS. I would challenge that. It is not an overstatement, it is a factual statement.

Now just what it means in terms of the degree of hazard is something that leaves a wide area of interpretation.

COMMISSIONER MITCHELL. Well, you both agree it is a problem?

MR. STARK. There is a problem there. I guess the difference is between the term flagrant or hazard, but it is there.

COMMISSIONER MITCHELL. I have no further questions.

CHAIRMAN HESBURGH. Thank you, Mr. Mitchell.

I would like to ask our Staff Director, Mr. Glickstein, if he has some questions.

MR. GLICKSTEIN. Mr. Chairman, Judge Howard made some comments about racial patterns in the parochial schools of this city, and we will provide data for the record on those conditions so that our record is complete on that score.

There were questions directed to Judge Howard and Mr. Daniels about the advisability of regional government in this area. I would like to ask Miss Hoffman from a fiscal point of view, how would Baltimore City benefit or not benefit if there were a regional government included in the surrounding counties with Baltimore City?

MISS HOFFMAN. Any government is going to respond to the constituency of that government, and any arrangement in which Baltimore City residents and the Baltimore City area would be such a minor fraction of the land area of the people involved, it seems to me that its role of influence would be less than one might desire.

I think that Baltimore City would be a loser in such an arrangement, not because it would be counter to the interest of county residents to protect Baltimore. They are the ones, to a considerable extent, whose investment is in jeopardy.

But political people don't always appeal to that kind of concern.

I would prefer to see Baltimore City continue for the foreseeable future as a separate governmental entity with the kind of accountability to its citizens that Judge Howard has alluded to, but with a better opportunity for rearrangement, redress of financial problems through the State of Maryland.

We are not the only political subdivision with financial troubles. There are others. We have a community of causes, perhaps with some other political subdivisions who may not be within the Baltimore metropolitan area, and I think that it is possible for us to see a better result than if we were left at the mercy of our neighbors, so to speak.

VICE CHAIRMAN HORN. Can I clarify that question?

When we talk about regional government, metropolitan government, perhaps all of us are being a little sloppy in not defining what counties we are including.

Just for the record, as we look at this standard metropolitan area, we are talking not only about Baltimore County, but, as I understand the way the census handles this, we are talking about Anne Arundel County with 291,000 plus residents in the preliminary figures; Baltimore County 615,000 plus residents; Carroll County over 68,000; Howard County 61,000; Harford County 113,000.

Now, if you look at that total, where it is roughly over two million, and Baltimore City is less than one million and if you look at Baltimore County, Baltimore City far outnumbers Baltimore County.

I wonder what you mean when you talk about—

MISS HOFFMAN. I mean Anne Arundel, Baltimore, Carroll, Harford, Howard, and Baltimore City. I think you won't find any approach that would be different.

I think you have to be aware of some of the dynamics that exist within those areas. Howard County, which was a poor cousin a few years ago, is the site of tremendous development which has already occurred. The population has vastly increased and it is going to double very shortly. Not only is the population going to double, but its assessable basis is zooming. Economy is well assured as a result of known factors that are now in process.

Harford County has had an amazing growth and its industrial potential is significant.

Anne Arundel also.

Only Carroll County would appear to be relatively less significant for the foreseeable future, and, even there, its wealth as compared to Baltimore City's is going to far exceed ours.

MR. GLICKSTEIN. Let me ask Mr. Daniels and Judge Howard to comment about regional government for some cities in this country, particularly New York. There have been suggestions made if New York City were to secede from the State it would be in a much better position than being part of the State.

I would like to ask Mr. Daniels and Judge Howard what they think of that view. How would Baltimore fare if it seceded from the State and became a separate entity?

JUDGE HOWARD. No comment.

MR. DANIELS. I suppose I should be intelligent like Judge Howard and say no comment. I don't think that is the answer. Of course, it isn't possible.

Number one, in a hypothetical situation that is certainly not the answer. I think the answer is something that will require a great deal of effort, a great deal of change of attitude to achieve.

I don't think anybody can quarrel with the values of a regional form of government properly structured. I don't think either, except to say the thing that has given the black person in the city of Baltimore some degree of influence has been the result of his voting behavior and, therefore, he has the entrée.

Now, where he becomes a part of a larger structure, his influence similarly, or proportionately, diminishes. And it is unfortunate we have to put it on white-black, black-white terms, but that has been the history. And certainly when we look at the behavior of lawmakers in this State, we have had difficulty getting the support generally of the legislators from the political subdivisions, by and large, outside of the metropolitan Baltimore area. And, in fact, the legislators of Baltimore County, by and large, have been on the side of those who oppose what we might generally refer to as progressive legislation.

So that if we become a part of a larger geographical area coverage of government, we have every reason to believe, certainly, that our degree of interest, our influence will be diminished.

Now until we reach a point where there is demonstrated through behavior of persons in government that this is not an area in which there ought to be a great deal of concern, I would oppose it.

Now I think we will make it, certainly, within the city of

Baltimore, and if it continues shifting in the direction of 60, 70 percent black and ultimately black control of government—and I doubt very seriously that those who are attempting to structure provisions for absentee control of government will succeed—we will find some answers. And I have reason to believe that it will come about. I am hoping that it will not shift in the direction of an all-black city and that some of the white members of the State who were former residents of Baltimore, will return to the city and will participate fully in its government, and that government itself—city government—will find a way to increase some of its revenues and there are areas in which I think there could be considerable discussion.

Baltimore is a tourist town. It has been at the bottom of the list in the Nation because we have failed to promote—we are now moving in that direction. Tourist business can be a very substantial source of income to a city, and so forth.

I think there are answers. I don't think secession is, if it was possible, or were possible, is a solution.

MR. GLICKSTEIN. Mr. Stark, you mentioned some of the facilities in the city that benefit residents of the county, the county surrounding the city. I don't believe you mentioned highways.

Aren't the highways that enter this city a great benefit to the residents of the surrounding counties?

MR. STARK. Well, yes. A lot of this, of course, it is academic. It is like the question of secession. We can't cut ourselves off from the rest of the State, nor they from us. The highways feed into each other. But I think what you probably mean is the expressway systems.

MR. GLICKSTEIN. Yes.

Well, for example, a lot of these expressways are subsidized by the Federal Government.

Would you favor a condition of financing by the Federal Government where counties would be required to provide low- and moderate-income housing as a condition for receiving benefits of the highway program?

MR. STARK. Sure. I think that almost any leverage we can use to make the other political subdivisions of the region share the responsibilities of the region, and if the Federal Government would use that tool, sure. I am for that.

The tendency, of course, and I am not going to launch into a speech on it, of the Highway Trust Fund, is to ram expressways down our throats, when this is what we need least. Well, that is another subject, and I don't want to go into that.

I just want to comment, if I may, in ratifying or agreeing with what Mr. Daniels said, the regional government or regional cooperation is not something we are against. I don't think any of us are expressing that. I think what Judge Howard said, and what Mr. Daniels said, bears out a well-founded suspicion of what the end result might be here and now if one brought about a regional new political entity.

But I guess what I would want to emphasize, to pick up what Mr. Daniels said, that in fact it doesn't happen this way. You cooperate on different levels and you get fragmentary responses to different programs.

We, in effect, have regional government, if you look at the water and sewer system. Baltimore City runs it.

MR. GLICKSTEIN. In what other areas is there cooperation between the city and the county besides water and sewer?

MR. STARK. I can't think of any. We run it. It is beneficial to them, so they cooperate, except it is an interesting thing now, our bureau of water, the meter readers have gone out all through the areas. Lately Baltimore County is trying to stop that and have meter readers that they supply read the meters in front of the residences.

What the reason may be, I don't know. You may find that theory may be that they will have more efficient personnel. If one were cynical, which I am not, you would suspect patronage considerations. You know, there is all kinds of reasons.

MR. GLICKSTEIN. We were talking about the highways and expressways.

Is there consideration at this time of any type of rapid transit system to link the city to the suburbs where so many of the new jobs are?

MR. STARK. We have an excellent plan on the map. We have a Transit Authority in being. We have the pilot project well defined. I think we are pretty much ready to go, except we are waiting—

MISS HOFFMAN. We need the money.

MR. STARK. Federal money, that is all we need.

MISS HOFFMAN. We also need to know how the costs are going to be apportioned among the local governments and/or the State government—the monetary factor. There is one major technical decision on steel wheels versus rubber wheels. Apart from that, the money.

MR. GLICKSTEIN. We have heard some testimony this morning about conditions in the schools.

What is the—this question is directed to any member of the

panel—what is the relationship of the economic difficulties in the schools, the condition of racial imbalance in the schools, on the racial residential patterns in the schools, in the city?

MR. DANIELS. Well, the relationship—I would rather approach it on this basis: the racial composition of the school population, particularly in the elementary schools which are districted, does very definitely reflect the racial composition of the residential population in the area served by the school.

It differs to some degree at the level of the secondary schools because they are not districted and the right of free selection prevails.

However, within inner-city Baltimore, however that may be defined, the bulk of the population of inner-city is that of black citizens, and/or poor white families. And here we have the older schools in the city. Obviously the city growing from its center and moving outward, the residential pattern centralized the movement of people outward, has left the center of the city by and large inhabited by poor whites and poor blacks, and with the older school facilities.

This is not to suggest we have not had some new school buildings inner-city. I didn't mean to suggest that at all. I did indicate at the outset of my remarks that we have had 30 additional schools in the last 10 years, the bulk of those coming inner-city.

But contrast that, if you will, to the fact that on the outer fringe of the city where perhaps the higher percentage of school facilities are of recent vintage, as compared to the inner-city, does become a fact of consideration, all of which I suppose is a very long answer to your question that the racial composition of the schools in Baltimore City really reflects the racial composition of the residential patterns.

MISS HOFFMAN. Could I amplify a bit?

The problems of Baltimore City school finance are the problems of a school system that has to do something more than other school systems because we start out with a harder problem. We have to overcome the cultural educational disadvantage of the students to begin with, and of many of the faculty members from times past, who were inadequately prepared. We have got to run faster in order to stay even with other subdivisions.

We have a poorer population which is known. We tax more for school purposes than any other subdivision. Baltimore County's per capita school expense—not per capita—it is school expense for current purposes—costs their more affluent population 4.53 percent of their personal income, and for that 4.53 percent they

get more per school child in revenue for their local program, than we get taxing at 5.57 percent, our less affluent population, getting less money for the greater effort, and having a greater unmet job to do. In addition to those factors, we have many more nonschool purposes for which to spend money, that we need to spend money on than does Baltimore County.

From local resources in 1969, Baltimore City had to put up an amount equal to \$3.58 on the property tax rate, whereas Baltimore County for nonschool purposes, put up for the same period, \$1.92. So we have a bigger problem, school problem. We are not meeting it.

We have a bigger nonschool problem. We are also not meeting that.

But both of these problems are causing a greater burden of cost on the local population, and that is very much the net result of the problems that you are dealing with.

MR. STARK. As a concrete illustration of what Miss Hoffman is talking about, two things, not only what she said here just now, but what she said a while ago about increasing assistance from the State legislature.

To illustrate that in the instance of schools, Baltimore City, until 5 years ago, I think, or 6 years ago, had the only kindergartens in the State. Since there were no kindergartens other than the Baltimore City system, the State of Maryland offered no support whatever for the kindergarten program. We bore that wholly at city expense, and have, since I think it was, 1920.

In the legislature, those of us who were delegates from Baltimore City then, who were trying to fight to get some assistance, it was unheard of.

During that same time the State department of education, by legislative fiat, gave every county in the State money for transportation. The needs of rural pupils are for transportation, to get to the more scattered schools. The needs of an urban population, the young children, are reflected in kindergarten and nursery settings. But since, as of 8, 10 years ago, we were the only identifiable urban, or densely urban population, they weren't interested. Now that some of the counties, under the impetus of urbanization, are establishing kindergarten systems, we are now getting some assistance.

Another very rapid example, you spoke of the economics, Mr. Glickstein, it was only, I think, 2 years ago, Janet, that we began to get some aid from the construction funds of the State education

formula for maintenance and replacement of obsolete facilities. Or was it just this past year?

You see, the affluent counties with developing suburbs were getting money, grants from the State in ratio to new school construction.

Our big problem was replacement, not new pupil stations. We got no money for this.

This was changed again, fortunately by the legislature, but only last year. You could go outside of education and multiply examples like this. But I will stay just with education as to the effect. And the heck of it is you are in a circle, and we are trying to stop the spin, I believe, because you take, in the better neighborhoods, the higher socioeconomic levels of Baltimore City, within the city limits, to maintain the stability of the real estate market, the value of those homes in large measure, is dependent on a good school system.

This is very true in North Baltimore. The real estate brokers tell me that new people coming to town—people moving upwards economically, do not want to buy some of the very fine homes if they have any apprehensions about our school system. And the ease of joining the refugees in Baltimore County from the problems of urbanization and integration is too readily there.

Obviously, I think it was either Mr. Daniels or Judge Howard pointed out, we are never going to achieve meaningful integration held within the boundaries, political boundaries, of Baltimore City. We can't do it.

I think the school system, most of the departmental people, the board, the staff on down, has the best of intentions. You just can't do it. We are confined within these boundaries. Until that changes I don't know what we are going to do.

MR. GLICKSTEIN. Thank you. I have no further questions.

CHAIRMAN HESBURGH. I would just like to make one comment, or perhaps ask for a little clarification.

The political organization of Baltimore City, vis à vis Baltimore County, is unique in the whole United States with the possible exception of St. Louis, Missouri.

Hearing all these problems, one might ask: is part of the problem uniqueness of political structure that doesn't give the city proper redress to the State or the county for any inequities that might exist financially or otherwise?

I would like to ask first our—we have two political scientists on this Commission, Dr. Rankin and Dr. Horn—I would like to ask

them if they would like to comment on this just for the record, from what they have heard this morning.

VICE CHAIRMAN HORN. I will yield to my senior colleague.

CHAIRMAN HESBURGH. Dr. Rankin is from Duke University, the former head of the Department of Political Science there.

COMMISSIONER RANKIN. I do have a question that pertains to the question that the Chairman would like to have me ask.

Judge, you expressed the opinion that you would rather have separate city and county than to have a metropolitan government. Am I correct?

JUDGE HOWARD. I think what I am saying is, I would rather have a system where I, and people like me, could participate even if it is like the one we have, than being in one where any ability I have to say anything about my future is dissolved. To me, it is that simple.

COMMISSIONER RANKIN. Well, don't all of us have the problem that government interferes with our future development to some extent?

JUDGE HOWARD. Well, that may be true, but I think that is begging the issue. We don't all have the situation where we become as a group, a great majority in a city and can do nothing with it, with that power.

COMMISSIONER RANKIN. If metropolitan government was efficient and effective and democratic, wouldn't you have the opportunity for—I mean the black race—for development in a metropolitan area?

JUDGE HOWARD. I have no idea.

I suppose if you take that optimum situation, maybe so. But I can see in this city, I can see in this State, a continuous effort, as far as I am concerned, to see that blacks never have an opportunity to participate, and I see metropolitanism as an extension of that.

COMMISSIONER RANKIN. Well, do you think that if the city of Baltimore does become black, black controlled and black developed, the white people will have the same feeling that you now have?

JUDGE HOWARD. Well, I believe that if the situation remains as it does, and if our cities are going to remain viable, the whites are going to come back into this city. And I would hope that would be part of the solution to the problem.

COMMISSIONER RANKIN. I defer to Professor Horn.

CHAIRMAN HESBURGH. You haven't answered my question at all.

COMMISSIONER RANKIN. I know. I am a professor. I don't answer all the questions. I ask them.

CHAIRMAN HESBURGH. Okay. Dr. Horn, I am sure, will come up with something.

VICE CHAIRMAN HORN. Well, presidents usually yield to the faculty before they yield to anybody else. But let me, in getting at this, ask one factual question which I doubt if we can get at, except by impression. We talk about who controls in the city.

What percent of black people are registered to vote in Baltimore compared to percentage of white people who live in the city of Baltimore?

MISS HOFFMAN. It is disproportionately low.

JUDGE HOWARD. Well, I don't know if it is that bad or not. I am a little—there is either 125,000 or 225,000 blacks registered at this moment—

MR. DANIELS. 125,000.

JUDGE HOWARD. 125,000 blacks registered to vote, out of approximately 375,000 blacks.

VICE CHAIRMAN HORN. In other words, one-third of the electorate which is registered to vote, is black, when almost a majority of the total population within the city is black, so we have a disproportionately low registration; whereas two-thirds of the whites are registered to vote, when they have slightly over, or almost a 50-50 balance within the city boundaries. Is that correct?

JUDGE HOWARD. I don't know.

VICE CHAIRMAN HORN. Using your figures.

This is one of the problems in terms of giving adequate political recognition to people, that people have to go down and register to vote.

JUDGE HOWARD. And you have got to have something to vote for. I would suggest to you that when black people recognize that they have some power, they can change some things, they will go down and register and vote.

Again, without directing too much attention upon myself, in 1968, when black people thought that they might put someone on the supreme bench in Baltimore City that had their concern at heart, they came out and voted significantly to do it.

Now, what is to lead you to believe that if blacks feel that they can participate in the city hall, they can participate in all the phases of government, they will not come out and register to vote?

But you have got to believe that you can create change by doing something, and this is what I think will come about. And I think it is coming about day by day now.

VICE CHAIRMAN HORN. You suggested earlier that they were really gerrymandered councilmanic districts in the city, and I

suspect also Congressional Districts, and presumably in your judgment designed to give the black people the representation that would be due them if you drew the lines in perhaps a more objective or mathematical way rather than sort of weaving in and out to lump everybody in a small number of districts.

Now, if that is true, what is the process of nomination from one running for the city council here? I realize the school board is apparently appointed by the Governor, which is an extremely unusual situation that I know—

COMMISSIONER MITCHELL. Chicago.

VICE CHAIRMAN HORN. Well, in terms of most progressive Western States, usually you are elected locally and it is nonpartisan, you don't even know the person's affiliation.

Just as the city councils in California would be nonpartisan, you wouldn't know their affiliation.

What is the process of nomination? Why don't black citizens feel they can have an opportunity for change?

They have a low registration, but why don't they have more candidates running? Is there difficulty with the elimination process?

JUDGE HOWARD. Let me suggest this to you with respect to the sophisticated way they deal with the gerrymandered councilmanic districts.

As is suggested to you there are six districts. It was suggested by Councilman Parks sometime ago that you have 18 single member districts, which would not only follow the spirit, but actually the intent of the law, that these particular neighborhoods would have a representative for them.

But in this city, we selected, instead of the 18 single districts, we selected six multimember districts.

So to give you an example, in the Fifth District where I live, where in the lower facet, if you had single member districts, we would have one, and perhaps in a few years, two, of the three men selected. When the power is in a multimember district, of course those that have the majority elect all three. Now this is true of the First, this is true of the Third, this is true of the Fifth, and this is true of the Sixth.

Now I submit all they have said to us, and I am talking about the powers that be, is that we will give you the Fourth and the Second District, but there is no way that you can expand out of that for the next 10 years.

VICE CHAIRMAN HORN. Now, when you say the powers that be,

do you mean the government in Annapolis, or the city council, or the people in a charter? Who decides this issue?

JUDGE HOWARD. I am talking about the city council. I am talking about those powers that manipulate what is being done in the city council to make the rules and make the regulations.

But the end result is that black people find that they are restricted to two districts where they can obviously elect fairly well in those districts. But they believe that this is a conspiracy to keep them from being able to participate in the other four, and it causes a breakdown of confidence in that institution, as there is a breakdown of confidence in the judiciary, as there is a breakdown of confidence in the police force, and every place else where they don't get an opportunity to participate.

VICE CHAIRMAN HORN. Has any suit been filed under the 14th amendment, equal protection of the laws, in terms of one man, one vote, as to the drawing of the city council districts in Baltimore?

JUDGE HOWARD. The suit is drawn. It has not been filed, and I would rather not discuss—but the suit has been drawn. And I know that it has. But—

VICE CHAIRMAN HORN. But this is a decision that is up to the city council again?

I want to make it clear where the power rests—

JUDGE HOWARD. No—

VICE CHAIRMAN HORN. Is it charter amendment?

MISS HOFFMAN. It is proposed by the council.

VICE CHAIRMAN HORN. Proposed by the council, voted upon by the residents of Baltimore?

MISS HOFFMAN. That's right.

VICE CHAIRMAN HORN. What does it take to pass it? Majority or two-thirds?

MISS HOFFMAN. A majority of the council to pass it. A majority of the voters at the referendum.

VICE CHAIRMAN HORN. I see. Let me just say, Mr. Chairman, I would like some information for the record at the appropriate places. One is, I would like a paragraph from the staff, and perhaps Miss Hoffman, as to that water agreement, and why the county cannot be charged more than mere cost.

And then I would like a statement, Miss Hoffman, as to the percent of the property tax exempt in Baltimore, for the appropriate place in the record. Just so that we get an idea of the types of institutions that are exempt and then—

MISS HOFFMAN. The latter figure is included in the statistical figures that were entered in the record.

VICE CHAIRMAN HORN. Okay. Then I assume when the census data become available on the '70 census, and our hearing will probably not be published, that we will have the census track breakdown by race? Okay.

CHAIRMAN HESBURGH. Well, thank you very much, all four witnesses. We have had a long session with you, about an hour and fifty minutes. We think it is time to release you and release ourselves for a 15-minute recess.

We will reassemble here at 11:45 for our second panel, which will be on the subject of the shortage of low-income housing in Baltimore County.

So we are recessed until 11:45.

CHAIRMAN HESBURGH. Ladies and gentlemen, we are now reconvening the session of this Baltimore hearing of the U.S. Commission on Civil Rights.

For the next hour, approximately, before our lunch break, we are going to be hearing from a three-person panel which will speak to the subject of the shortage of low-income housing in Baltimore County.

The members of this panel will be Judge James A. Gede, Baltimore County Housing Court; Mr. John Bacon, chairman of the county housing committee; and Mary Cardillicchio, housing director of the county community action agency.

Would these people step up here and take the oath?

(Whereupon, Judge James A. Gede, Mr. John Bacon, and Mrs. Mary Cardillicchio were sworn by the Chairman and testified as follows:)

TESTIMONY OF JUDGE JAMES A. GEDE, BALTIMORE COUNTY HOUSING COURT; MR. JOHN BACON, CHAIRMAN, COUNTY HOUSING COMMITTEE; AND MRS. MARY CARDILICCHIO, HOUSING DIRECTOR, COUNTY COMMUNITY ACTION AGENCY

CHAIRMAN HESBURGH. Mr. Powell?

MR. POWELL. Beginning with Mrs. Cardillicchio, would each witness please state his or her name, address, and occupation?

MRS. CARDILICCHIO. My name is Mary Curran Cardillicchio. I am the housing director of the Baltimore County Community Action Agency at 1270 Eudowood Plaza, Towson.

MR. BACON. My name is John Foster Bacon, residence, rural Baltimore County, Sparks, Maryland. My business is executive direc-

tor, Maryland Hospital Education and Research Foundation, headquartered in Towson.

JUDGE GEDE. I am James A. Gede, the housing court judge in Baltimore County.

MR. POWELL. Judge Gede, what is the function of the Baltimore County housing court?

JUDGE GEDE. First I should clear it up. The housing court is somewhat misnamed in Baltimore County. The primary function of the court is to serve as a code enforcement court. Our jurisdiction of the housing court would be, we have exclusive jurisdiction over all zoning, building code, health code, and fire code violations in Baltimore County.

MR. POWELL. Judge Gede, from your experience as housing judge for the county, do you have an opinion regarding the availability of housing for low-income persons in the county?

JUDGE GEDE. That is hard to answer, Mr. Powell. We have in Baltimore County, a certain amount of low-income people—not as much as most other subdivisions and areas in the State, but we have a goodly number. We have housing in the county that ranges in all price categories. New housing in the county probably is higher costing because of the property values in Baltimore County. I don't think we have had much new low-cost housing built in recent years in the county. However, I can recall 10 years ago, 15 years ago, quite a few low cost subdivisions, but, unfortunately, with the population explosion of Baltimore County, those homes that were selling for \$6,000 or \$7,000 with ground rents, now sell for \$13,000 to \$16,000.

MR. POWELL. Then what would be your opinion regarding whether the supply of low-income housing is adequate?

JUDGE GEDE. Again, I can't give you an answer because I don't know the actual demand in the county for low-cost housing *per se*. If we are talking about if we construct it, would it be occupied, I would say yes.

MR. POWELL. Mrs. Cardillicchio, from your experience at the community action agency, do you know of instances in which families were forced to move to Baltimore City because they could not find housing they could afford in the county?

MRS. CARDILICCHIO. This is our experience daily. Last month, we had 67 families come to us for assistance in trying to find housing. Four families were assisted, and they do not fit the poverty guidelines. The other 63 we were able to assist only in accompanying them to housing court, referring them to welfare or other

agencies. We were unable to find any housing for any of the families that meet the poverty guidelines.

MR. POWELL. Mrs. Cardillicchio, is there any public housing in Baltimore County?

MRS. CARDILICCHIO. No, there is no housing authority and, therefore, no public housing.

MR. POWELL. Do you know whether or not any of the people who have had to leave the county and go to the city moved into public housing in the city?

MRS. CARDILICCHIO. Well, I do know that the figures last year were six to 10 families a week who were applying for public housing in Baltimore City from the surrounding counties. I don't know the breakdown of how many of these were from Baltimore County. We were asked not to refer families to public housing because they already have 2,700 on their waiting list.

MR. POWELL. Mrs. Cardillicchio, are you familiar with an organization known as Suburban Housing Enterprises, Inc.?

MRS. CARDILICCHIO. Yes. This is a nonprofit housing development corporation formed when Mr. Bacon was the director of the CAA, and it is composed of private citizens volunteering their time to promote construction of subsidized housing.

MR. POWELL. Mrs. Cardillicchio, how many housing projects are you working on at the present time?

MRS. CARDILICCHIO. We are doing a feasibility study on one project. We have two houses under construction in the upper county, in the Sparks area, and have purchased the land and deeded the lots to eight families in the Monkton area.

MR. POWELL. Judge Gede, we have heard testimony from Mrs. Cardillicchio to the effect that many low-income families must move to the city to find housing which they can afford. Is this a greater problem, in your experience, with people appearing before your court for black families than it is for white?

JUDGE GEDE. Mr. Powell, I would say when I end up in the court condemning a piece of property, in most instances those properties have already been vacated. I do not know whether there were blacks or whites or who had lived in the property prior to it being condemned. In a few instances we have had where there have been families in the homes where we have condemned. Most of those, I don't think, would have been able to find a house, particularly low-income housing unless they are going to build four, five, or six bedroom, even in the city, because they were large families.

They wouldn't be able to go into rental projects unless they were much larger buildings or bedroom areas for those families. We

have very few that we have condemned in the housing court as such, where we have had, as I said, people living in the houses at the time they were condemned.

MR. POWELL. Judge Gede, on the question of large families, are there areas in the county which are zoned for sufficiently high density to service a large family?

JUDGE GEDE. I am not fully aware of that, Mr. Powell. From the knowledge I have of the present zoning going on in the county, of what they are trying to accomplish with the new density zoning, I think Baltimore County is probably way ahead of the rest of the country on it. These areas will be made available.

Under the present zoning, I think we have the adequate zoning there. The problem is whether private enterprise wants to spend the money for the high cost of the land in those areas to build low-cost housing in that particular price range. I think the Federal Government, if they wanted to, could sweeten the pot for private enterprise. We would get way more low-cost housing in the county.

But under the present circumstances in the county, we have taken the attitude, I think, the administration's all along the line, that private enterprise has been furnishing housing in the county since our expansion started, and if the Federal funds coming to the private builders would entice them to go into low-cost housing there, I don't think there is anything to stop them in our zoning regulations, anything to my knowledge that would stop them.

MR. POWELL. Well, wouldn't you say that the testimony to the effect that many low-income people who have lived in the county and have been unable to find housing in the county and have had to go to the public housing, suggests that the private enterprise system hasn't met the needs of these people, and wouldn't you feel that the county might take action?

JUDGE GEDE. I think the county is in a position, Mr. Powell, that, from my knowledge, and I have lived in this county most of my life and watched it grow, that we had a sudden expansion in Baltimore County, a great deal of exodus from Baltimore City, a great deal of influx from all over the country into Baltimore County. The relocations of industry from out of the city and from other areas into Baltimore County. We have our problems of growing with our police, our water, our sewage, everything at one time. We have sort of let private industry take this by the reins and move with it.

Up to this point, they have been doing probably what the citizens in Baltimore County feel—some feel a good job, some feel a bad job, but it has been left up, pretty much, to private enterprise to do it. With this, I think the costs in Baltimore County have just

skyrocketed. I think land, 10-15 years ago, that could have been purchased at proper prices and so forth is out of reach today.

I think a good deal of the land being held by speculators, that the cost of it is prohibitive. Areas where low-cost housing would be most feasible, and I am saying not because we should put it in a corner where it is not noticeable, but in areas where there is proper transportation, where there are facilities for sewer and water, this land has already been eaten up. So we are talking about moving these low-cost projects, or public housing projects, further out in the county. You are talking 610 square miles with a population now that is just about to exceed Baltimore City, with inadequate sewage. We get into the position where just the other day, the Federal Government decided to withdraw a million-some-odd dollars that was badly needed by Baltimore County for water and sewage in its eastern end, where there is presently a low-income housing project in the making.

That money was withheld on the basis that we do not have enough low-income housing, not thinking or not considering that we have tremendous pollution problems in the eastern end, which is also a major problem in Baltimore County because of our growth and that money was badly needed for sewer and water facilities in an area where low-income housing would have been feasible because there is industry there, there is transportation there, but there is not adequate water and sewage. And those funds were wiped off the book as of the other day.

MR. POWELL. Mrs. Cardillicchio, you mentioned that you were asked not to refer county residents to city public housing. Was that an official request?

MRS. CARDILICCHIO. No. It was only because they could not—in other words, there is no point in sending the families there if there is no housing available for them.

MR. POWELL. Mrs. Cardillicchio, you mentioned the nonprofit housing sponsor, known as Suburban Housing Enterprises. Why was it felt necessary to organize such a corporation?

MRS. CARDILICCHIO. Well, in the first place, the Community Action Agency is the only funded agency in the county working toward the problems of the people with problems in finding housing. It is a private agency. In order to get up new construction, we had to have a corporation that would qualify as a nonprofit sponsor for FHA.

MR. POWELL. Do you feel that this corporation will be able to achieve its goals?

MRS. CARDILICCHIO. The answer to this lies on the funding that

SHEI receives. It cannot operate without a staff, and at present, the CAA is providing the only staff. There are private developers who are putting up 235 and 236 construction, and yet the people who most need the housing in these projects are not being housed. Only the highest level income of the income maximum levels are being housed, and none of the families with any credit problems are being housed.

Now, the FHA has a section of the housing act, known as 237, under which credit assistance can be given to these families, but either—I know Mr. Clapp is in the audience—I don't know whether the local FHA has not been funded for it or what is the reason that there is no agency working under this program.

In the city, HOPE, Inc., is giving this kind of assistance to families, but that is being done with OEO money. The only way the maximum utilization of the subsidies will come about is by having nonprofit sponsors sponsor this construction.

I would like to add, too, that the Farmers Home Administration has not made a single subsidized mortgage loan. We have four families that will qualify for these subsidies in the Monkton project and they will be given the subsidies, again pointing up the need for the nonprofit sponsor.

I also wonder about the future of the nonprofit sponsorship when Mr. Gullede makes the statement that nonprofits are not needed. This has concerned all of us, how much funding would be available for nonprofit sponsors from FHA.

MR. POWELL. Judge Gede, has the black community of East Towson been reduced in size and population during the last 10 to 20 years?

JUDGE GEDE. Yes, sir.

MR. POWELL. What are the causes of this decline?

JUDGE GEDE. The same causes, Mr. Powell, that the white community of West Towson has been reduced. Towson, as the county seat of the Baltimore County government, has and is growing by leaps and bounds. Consequently, both sides of the York Road corridor are being wiped out to build a county government seat. I would say that there have probably been more of the white community on the west side of the courthouse taken out than there has been in the East Towson corridor.

However, the East Towson area will probably completely disappear because of the need for the roads program, moving in on the eastern end of the courthouse, where these people are to be relocated. I think at the present time the present county administration is working overtime on this. There is presently a private

organization under Mr. Iglehart, I believe, has been working, and to my knowledge, this is just about to be completed to furnish a means for the relocation of these people, but there is no question, Mr. Powell, the Negro community of East Towson will probably completely disappear within the next 5 to 6 years, as well as the entire white community of West Towson.

MR. POWELL. Regarding the black residents who would be so displaced, do you feel that they will be able to find a place to live within the county?

JUDGE GEDE. I would say at this stage of the game, depending on what amounts are going to be paid for the properties, I think the black homeowners of East Towson will have no problem finding housing. I think those that are in the rental properties are definitely going to have a problem finding housing unless the project that Mr. Iglehart is presently working on becomes a reality and it is my understanding that will be a reality. And if it is, then I don't think they will have a problem with finding housing.

MR. POWELL. Mr. Bacon, would you tell us what the housing advisory committee is, when it was established, and for what purpose?

MR. BACON. The housing advisory committee was established by the county executive, by appointment, early in the year 1968. The members were those who had expressed their concern in various methods, letter writing, phone calls, the use of the press, because they recognized that there is a deplorable lack of any housing for low-income residents in the county. And this is the composition of the housing advisory committee.

MR. POWELL. Are any of the committee members black?

MR. BACON. Yes. Five of them are black.

MR. POWELL. Mr. Bacon, have any of the persons displaced from East Towson relocated elsewhere in Baltimore County?

MR. BACON. I am not aware of any that have found housing elsewhere in Baltimore County.

MR. POWELL. Has the housing advisory committee or any other agency of the county attempted to assist any of these displaced persons in finding other housing in the county?

MR. BACON. The housing advisory committee, though the name sounds as though we have a broad county function responsibility to the county executive, we do not. Our mission, as outlined by the county executive, was purely to try and find a solution to the housing problem of East Towson, so that the road can go through. The county executive has committed himself, and the Federal Gov-

ernment and the law demands it, that the road cannot be constructed until replacement housing is available.

Our mission, as we were empowered by the county executive, is to try and find some method of providing housing for these people who are displaced.

MR. POWELL. Mr. Bacon, has your committee taken any steps to obtain enactment of legislation providing for a State housing authority?

MR. BACON. We have supported legislation. We have not been a mover for the creation of legislation. We have urged the county executive to support several bills that have passed the State legislature.

MR. POWELL. And what has been the county executive's response to your request?

MR. BACON. Both privately and publicly, he is opposed to both bills that have been passed by the State legislature, and they are up for referendum this fall. We have also made some recommendations to him concerning creation of a housing authority in Baltimore County, giving him copies of the legislative acts that created them in Montgomery County and Anne Arundel County.

MR. POWELL. Do you feel that the county needs a local housing authority?

MR. BACON. I certainly do. I think we need all the resources possible, if we are ever going to begin to solve the problem.

MR. POWELL. Mr. Chairman, I have no further questions at this time.

CHAIRMAN HESBURGH. Thank you.

I would like to start at the other end of the Commissioners at this time. Commissioner Mitchell, do you have some questions you would like to ask?

COMMISSIONER MITCHELL. Yes, I think so.

I would ask any of the three people on this panel, what we have been talking about in these last few minutes seems to me to have just skirted the edge of the issue, or at least the question I would like to be briefed on.

What is happening in the county? Are you reflecting just the struggle between profit and not-for-profit housing forces or are you reflecting what boils down to escape from the city for the purpose of escaping from a minority community and a succession of activities designed to prevent that minority community from following people who have left the city or who have moved into the county? You have dealt with these as though they were isolated problems, but are they isolated problems or are you living in an atmosphere

that is unfriendly to the black community, doesn't want them to live there, is not therefore going to try very hard to provide low-cost housing or other opportunities?

MR. BACON. I would like to point this out. Baltimore County does not have on the local books, the law of the county, a public accommodations law. It is defeated every time it comes up for referendum. Certainly we have a State law and we have a Federal law. I think this is indicative of the attitudes in Baltimore County.

MRS. CARDILICCHIO. And from the calls I have received at home, unfriendly is putting it mildly. Hostile is the atmosphere of four-fifths of the electorate, according to their vote.

JUDGE GEDE. I take a different attitude. I think the influx from Baltimore City into Baltimore County has come about because of the large rise in the Negro population in Baltimore City and those people originally who wanted to get out of the city and get into the county. I agree with Mr. Bacon that the electorate of Baltimore County has consistently, in the last several years, voted against urban renewal. They vote against most Federal funding. Whether this is because they feel that it is going to break down their barriers there or because of the tax problems, I don't know, but they do vote against basically social legislation, period.

I think most of the politicians who run for office in Baltimore County are fully aware of this, because it has been shown time and time again at the polls, that where they do come out and support blanket total social legislation, they end up losing in the county.

However, by the same token, in Baltimore County, in many of the areas in Baltimore County, in the area where I live, black people are moving in without any racial problems, without any of the hostilities. In the Reisterstown area and several communities, it is well integrated with black and white. The majority is white. The black is very minimal at this stage of the game, but there has been no problems whatsoever.

The schools systems in Baltimore County have integrated very willingly and very easily. There have been no problems whatsoever with racial incidents throughout the county with integration.

I don't know the answer. I don't know whether these people who have exodus from the city came into the county, *per se*, and want to hold the line where it is now or whether they just want to take it easy and slow to get their own balance together.

I think we sometimes forget that Baltimore County is growing just as fast as it can possibly grow. It is pretty hard to keep up with it, with the services necessary, and most of the people that move into the county are not, even though they are rated to be a

rather rich county, they are not, incomewise, that high an income bracket. Other than the Timonium, Lutherville, Towson corridor, the outskirts of Baltimore County—the Dundalk, the Sparrows Point, Blair Road, Parkville, Reisterstown and Catonsville, Arbutus and Halethorpe areas—are not what I would call affluent white societies. They are lower-middle to upper-lower income families, and what their hostilities may or may not be, I think sometimes are reflected in the type of legislation, but by the same token, I think it is reflected that the integration of those communities around the county have taken place without any incidents whatsoever to my knowledge.

COMMISSIONER MITCHELL. Well, you are clearly differing among yourselves on the root causes of this.

Judge Gede, while we are talking, can you tell me something about condemnation? You talk about condemnation proceedings. Who brings those actions before you?

JUDGE GEDE. The local inspectors. We have a goodly number of building inspectors, zoning, health and fire inspectors, and they go out and inspect the properties and if they are substandard, they are given notice to repair or raze these properties. Their failure to do either one of them brings the case into the housing court.

If we feel the property cannot be repaired and brought up to the minimum standards, then we order the building to be torn down. Now, this gets to be a problem and we get into this with the lower-income people who are living in some of these houses. A landlord who has a house on a piece of property that has been zoned for RA, which is residential-apartments or industrial use, and merely rents out this property to anyone who comes along, and a good many of these cases, they are welfare families, the landlord has no intentions of doing one thing to these properties. He is merely sitting on it until the price is right to sell it or he is sitting on it until he gets the mortgage money to tear it down and build his apartments or his subdivision or sell out to industrial use.

We then bring that landlord into the court and he is given a choice of spending \$2,000, \$3,000, \$4,000, \$5,000 or more to repair it, when for \$600, \$700, \$800, he can take a bulldozer and tear it down. He is generally getting whatever he can get in rent. If they are getting \$60 or \$80 from welfare, that is what he is taking. He then decides: "I am not going to fix it up." He tears it down.

This family must then leave. I feel sometimes that Baltimore County gets unduly criticized for our low-income families, when they are brought from Baltimore City under a welfare program and put into a house that was substandard to begin with—

COMMISSIONER MITCHELL. Who brings them?

JUDGE GEDE. The different agencies, I can only assume, find these homes.

They are then put in there, and, of course, if we condemn the property, the landlord refuses to repair it, we have no choice but to tear that house down. I have found in the 5 years I have been in housing court, if we go along with the idea of not ordering them to tear it down, but that they must fix it up, they won't do it, and then we have had a few unfortunate situations where there has been a fire and people have been destroyed.

So, it is unfair to let people live in substandard housing. By the same token, we do not have the power to make the landlord repair it. Not tear it down, but to repair it. And, consequently, the government gets blamed for putting out these people when it is not the government basically, it is a landlord who does not want to spend the money to repair and fix the property up.

COMMISSIONER MITCHELL. Are you serious when you say that landlords have burned up tenants rather than fix buildings?

JUDGE GEDE. Well, I said they didn't do it, *per se*, but the inadequate facilities in the building—we had a situation in the eastern end where the house burned down and was presently ready to be condemned, and the landlord had been notified.

COMMISSIONER MITCHELL. Are the landlords usually black or white, or have you noticed?

JUDGE GEDE. In most of the county, the landlords are white. In the black community of Winter's Lane, which is in the Catonsville area of Baltimore County, which is a large black community in Baltimore County, a majority of the landlords are black in Winter's Lane. I might add, we do have the same problems with the black landlords in Winter's Lane as we do with the white landlord as to repairing or tearing down his property.

COMMISSIONER MITCHELL. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Judge Gede, you administer zoning laws, am I correct?

JUDGE GEDE. Well, those cases where the zoning is in violation.

COMMISSIONER RANKIN. Have you had any cases arising either directly or indirectly based on zoning for color?

JUDGE GEDE. No, sir. You mean an area to be zoned—

COMMISSIONER RANKIN. Any of the zoning laws under which the zoning lines might have been drawn on the basis of white or black or color?

JUDGE GEDE. No, sir.

COMMISSIONER RANKIN. Even schools — would you happen to know about school zones? Have they been drawn on the basis of color to get white communities and black communities separated?

JUDGE GEDE. No, sir. They are not drawn that way.

COMMISSIONER RANKIN. Do you think that is because the minority population is so small in the county that—

JUDGE GEDE. I can't disagree with you on that, Mr. Rankin. It is very small in the county. But the schools are put into the districts and all of the schools are integrated. And, consequently, they are not erected on the basis of any particular boundary lines.

COMMISSIONER RANKIN. Well, I would like to ask a general question of any of you.

The Social Security Administration is located in the county, am I correct in that?

How many black employees, do you happen to know, work here at Social Security?

JUDGE GEDE. I have no idea.

COMMISSIONER RANKIN. Would you hazard a guess?

MR. BACON. I would guess maybe as high as 25 percent, and this may be on the low side. There are people in the audience who can respond.

COMMISSIONER RANKIN. What is 25 percent? I would be interested. Is there anybody that knows?

VOICE FROM AUDIENCE. About 30 percent of 16,000.

COMMISSIONER RANKIN. Thirty percent of 16,000. Thank you. Now, where do they live?

CHAIRMAN HESBURGH. Just a minute. Would you please identify yourself, sir? Would you please identify yourself for the record?

VOICE FROM AUDIENCE. I am Louis Zawatzky, the Deputy Assistant Commissioner for Administration of Social Security.

CHAIRMAN HESBURGH. You are the gentleman I thanked earlier today. Thank you, sir.

COMMISSIONER RANKIN. Now, where do these people live?

JUDGE GEDE. I can only assume, Mr. Rankin, that these people live in the general metropolitan area of Baltimore, probably a majority from Baltimore City. But I assume they come from Howard County, Baltimore County, Anne Arundel County, and the majority from Baltimore City.

COMMISSIONER RANKIN. But financially they are unable to live in this immediate area because there is no low-cost housing. Are there other reasons why they can't live here, that they have to go to the city to live?

JUDGE GEDE. Mr. Rankin, I don't know what the salary range of

Social Security is. I would assume, on what I do know, there are blacks living in the community I do know, Reisterstown, that work here at Social Security. They have purchased homes there. I don't know why they could not purchase homes in the Edmondson Avenue, the Catonsville, the Woodlawn areas. I don't think there is anything that would stop them other than if they can find a home in the right price frame. I am not going to pull your leg that housing in Baltimore County isn't expensive. I find it expensive for myself, but I think in every price, every salary range working for the Social Security, there are homes in Baltimore County that would be within a price range for them.

COMMISSIONER RANKIN. But you prefer living in the county and paying those higher expenses than living in the city?

JUDGE GEDE. Would I?

COMMISSIONER RANKIN. Yes.

JUDGE GEDE. Since I lived most of my life in the county, yes. I dearly love Baltimore County.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Judge Gede, you stated that you have lived in Baltimore County for many, many years. Do you know if there are a number of black persons who also have lived in Baltimore County for a good many years?

JUDGE GEDE. Yes, I do.

COMMISSIONER FREEMAN. Do you know if there were any black persons who were displaced by urban renewal or highways from their homes in Baltimore County who had to move to the city?

JUDGE GEDE. I don't know, Mrs. Freeman, of any areas in Baltimore County where we have gone through any black communities, and we have no urban renewal in Baltimore County, so, consequently, I don't know of any black communities where we have displaced. I hear an awful lot of talk about East Towson, of blacks being displaced, but the only buildings I know of that were torn down in East Towson were buildings where private enterprise purchased the ground. The areas that are along Chesapeake Avenue, which, by the way, have been vacant for almost a year and are in the process of being torn down now, were requested to be torn down by the black community.

By the same token, this applies to Winter's Lane. The buildings that have been razed in Winter's Lane by action of our court, have been razed at the request of the community association of Winter's Lane, which has done an outstanding job of cleaning up their own community.

I could be wrong, but I don't know of that many black citizens of Baltimore County where we have destroyed their homes. I know of a good many whites and some of them have relocated in Baltimore City, I assume, some elsewhere. But I have got to be honest. Once I condemn a building, I don't know where the people move unless I would get a phone call from someone who would let me know.

COMMISSIONER FREEMAN. I understood you to say that there will be some displacement of black families because of the need for roads.

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. Is this correct?

JUDGE GEDE. This would be East Towson, Mrs. Freeman.

COMMISSIONER FREEMAN. And they are black families?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. Who is it who needs the roads?

JUDGE GEDE. Ma'am?

COMMISSIONER FREEMAN. Who is it who needs the roads?

JUDGE GEDE. I would say the county government, everyone who takes York Road, north or south out of Baltimore City or out of Baltimore County, or into Baltimore County. I don't believe the East Towson project is as earth-shaking a relocation problem as it is trying to be blown up to be. There are some beautiful black homes in East Towson, some of which will be touched, some will not be touched. They are homeowners. They will receive some very nice values for their property, because there is no question the property there is valuable, extremely valuable.

COMMISSIONER FREEMAN. Will the—

JUDGE GEDE. Let me finish.

Those that are, I would say, the lower-income of East Towson are really in a more minority than those who are a little more affluent in East Towson. I do believe the project that Mr. Iglehart is working on will resolve that relocation problem. I hope so, because I understand the entire East Towson project will not go forward until that problem is resolved.

COMMISSIONER FREEMAN. Mrs. Cardillicchio, you had a question—a response?

MRS. CARDILICCHIO. You raised the question of roads. In a community in the southeastern section of the county, 22 homes were razed for the construction of a road, the Patapsco State Interchange. Those 22 families were all black, all had to move to the city. All of them had jobs in the county and had to give up their jobs.

There was no compensation given to these families because they were all renters.

COMMISSIONER FREEMAN. Am I correct that these roads were subsidized by the Federal Government?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. Then, could we resolve this, Judge Gede, by perhaps the Federal Government requirement that even before there would be approval to any expressway or road program, that there would have to be guaranteed that the persons displaced would be housed within that geographical boundary? Would that solve the problem?

JUDGE GEDE. I think it should be mandatory.

COMMISSIONER FREEMAN. Well, from what you have indicated, it has not been mandatory so far.

JUDGE GEDE. I don't know. I know only what I read. I understand there is a relocation program now, but I don't know that much about it.

COMMISSIONER FREEMAN. You also stated the county government does not desire Federal socialized programs. How do you make the distinction between Federal funds for highway programs and Federal funds for sewer and water, for which you deplored the fact that it is being taken away, from any other Federal program?

JUDGE GEDE. I didn't say, Mrs. Freeman, that the county government doesn't want this money. I am saying that the county voters consistently take it to referendum and it is defeated. I think sometimes—I could not speak for the county government, but I think they would love to have the Federal funds.

COMMISSIONER FREEMAN. Well, if the voters had to vote on whether there would be a road or not, how do you think the voters would vote?

JUDGE GEDE. Depending on where the road is to go. I think in certain areas they would vote unanimously for roads; others they would not.

COMMISSIONER FREEMAN. Mrs. Cardillicchio, you stated that the HUD Programs 235 and 236 that have been carried out in the county have been developed, but that the poor black persons have not been beneficiaries.

Could you tell us if this information has been brought to the attention of the Department of Housing and Urban Development?

MRS. CARDILICCHIO. I did not specify black, because the families that have come to us for assistance were whites. I do not even know if any black families have applied. The projects have not

been advertised and most people are not aware that they are federally subsidized.

COMMISSIONER FREEMAN. Well, since they are federally subsidized, could you indicate for us, for the record perhaps later, either you or somebody else, more specific information about who these families are, where they had lived, and if they are not advertised, why they are not advertised and why such information is not available to the black families who may reside in the county? Could we get this information?

MRS. CARDILLICCHIO. I can get the names of the people who came to us for assistance, and I will be happy to pass that on to you. I don't know how I could get the information about why they haven't advertised.

COMMISSIONER FREEMAN. Could you make available to us information concerning the sponsors of such programs?

MRS. CARDILLICCHIO. Yes.

COMMISSIONER FREEMAN. So that we could check with HUD on this. I have no further questions.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Judge, it is very difficult to make this sort of an estimate, but based on your living in the county, could you give me some rough range in various locations of the county of what percent of the total cost of a house, land cost, is? Is it one-fourth? Is it above that, below that? What is the range there on land cost?

JUDGE GEDE. The central corridor of Baltimore County, the land cost would run now approximately anywhere from \$10,000 an acre on up.

VICE CHAIRMAN HORN. Now, the central corridor, how would you describe that?

JUDGE GEDE. Towson, Timonium, Lutherville. Moving west of that corridor, coming over to Green Spring Valley, you couldn't purchase it. It is owned by multimillionaires and they have no intentions of selling it. They carry their own organization with many, many dollars to fight any type of zoning in that corridor, which is known as the Green Spring Valley.

When you get west of that, you hit Reisterstown, Woodlawn, Randallstown area and into Pikesville. The land cost there has jumped over the last, I would say, 4 years to where the commercial properties and residential apartment properties probably sell anywhere from \$20,000, \$25,000 an acre. You can buy residential for about \$3,000 an acre.

You get over in the Catonsville area, I would say you are dealing

anywhere around \$2,000 an acre. Now, I am talking residential and not—if it is zoned for industrial or for apartments. The price range also varies on whether there is water and sewer available and whether it can be made available.

VICE CHAIRMAN HORN. I take it you are also talking about the sort of more rural land outside of areas such as Towson and so forth. The surrounding countryside. Or are you talking about an acre in Towson would cost \$10,000?

JUDGE GEDE. Well, if you could find an acre in Towson, now, that would probably cost you way more than that.

VICE CHAIRMAN HORN. Right. Let me ask you now, you see a lot of cases come before you and I take it they involve building code violations and so forth. In your judgment, looking at those cases, are building codes in this area really realistic? There is an argument made, for example, that either unions or businesses have put in unreasonable restrictions sometimes in building codes that you really don't need in some areas of the country and I just wonder what your reflections are here?

JUDGE GEDE. No, I think Baltimore County has one of the finest building codes and rules and regulations in the area. It is very adequate. It is not harsh. If anything, it is a little lax.

VICE CHAIRMAN HORN. In what areas is it lax?

JUDGE GEDE. In the requirements of what they would require as minimum standards for building a house or an apartment.

VICE CHAIRMAN HORN. When cases come before you, I take it, it is not required that there be any consideration given to the relocation of the individuals whose houses might be condemned for failure to conform to the building codes? That is not a consideration the court has before it?

JUDGE GEDE. Not at all, Mr. Horn.

VICE CHAIRMAN HORN. Thank you.

JUDGE GEDE. The only consideration we have is what I would take if someone brings it to my attention, but it is basically a violation that I am involved with.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Mr. Bacon, you mentioned a recommendation that your advisory committee had made to establish a local housing authority. I assume that the implications of that is that if a local housing authority were established, public housing could be built in the county. Is that correct?

MR. BACON. Right now, the county has absolutely no mechanism to address itself to housing in the county. It is doing piecemeal encouraging private nonprofit groups like SHEI, which is strug-

gling to get up six, eight, 10 houses. This other one that they cite as being the panacea for East Towson is working on maybe 17 units. Nothing is under roof with that group. It is going to need all the resources in the county, private and public, if we are going to accomplish anything.

MR. GLICKSTEIN. And the public housing authority would permit the construction of public housing. Is that correct?

MR. BACON. It would permit the county to get involved in the housing business, that is correct.

MR. GLICKSTEIN. Now, you mentioned that the voters in the county have generally voted against programs involving social welfare. Do you think that people have a particular view or notion of what public housing looks like?

MR. BACON. I am sure they do. I think they look upon it as tenants and a bunch of criminals occupying them. That is the reason they are all out in the county. They think that they have turned their back on their brothers and that they are fleeing and that they won't catch up with them someday.

MR. GLICKSTEIN. You think this stereotyped view of public housing is one of the things that has influenced the attitudes of people in voting for or against it?

MR. BACON. Certainly a major factor, yes.

MR. GLICKSTEIN. Thank you.

CHAIRMAN HESBURGH. I would like to thank all of you for coming to help us here this morning.

Mr. Powell, do you have any more questions before we conclude this?

MR. POWELL. No, I don't, Mr. Chairman.

CHAIRMAN HESBURGH. We seem to be up against the same problem we have in almost every city we go to. That is that there is a great polarization of opinion today and we talk around things rather than getting right at them. This is probably reflected in our own questioning at times, but would any of the three of you wish to say publicly that there is a great deal of racial prejudice in the county?

MR. BACON. I would be happy to go on record saying that I think it is an extremely racist county.

CHAIRMAN HESBURGH. Directed towards the city?

MR. BACON. Directed towards the city and the black residents within the county.

MRS. CARDILICCHIO. I think so, too.

CHAIRMAN HESBURGH. You think so, too? Judge, you don't think so, I gather.

JUDGE GEDE. I come into a problem with this. I don't think the people of Baltimore County are *per se* racists. I think Baltimore County has had the opportunity, as most rural counties would have around a major metropolitan city. We take a look at Baltimore City and we watched Baltimore City go from a very fine and splendid city and watched it deteriorate right in front of our own eyes. We watched Federal funds being used and wasted. We watched public housing projects that we felt were eyesores, that they were not helping the poor. They were merely giving them a castle that did not look like a castle. It was sort of made out of sand.

And, consequently, I think the people in Baltimore County would rather have Baltimore County look like Baltimore County and not look like a bunch of red brick buildings that we are merely putting people in with nothing to offer them. We would rather offer them, and I think the people in Baltimore County en masse would go along with the fact that we don't mind Baltimore County being racially integrated. We don't mind giving the poor the opportunity in Baltimore County. But let us do it in a way that it is not just forced upon us. Let us do it in an economic way where we can offer the man or the woman who is of low-income a proper place to raise their children, proper school facilities.

I don't see much sense in moving 10,000 poor people into the eastern end of Baltimore County that is already crowded. Until we get the proper facilities out here, we can't take care of any more than what we are trying to take care of now.

CHAIRMAN HESBURGH. Judge, I think the question has been asked though, all during this hearing this morning, how is this going to happen? How are you going to be able to give poor people decent housing unless there is some Federal involvement through public housing? The understanding here is what was implied by Mr. Glickstein's earlier question that public housing doesn't have to be an eyesore, it doesn't have to be a great mass of red brick. We have all seen that kind of public housing, and it is reprehensible. I think the whole trend today seems to be to get away from that into small units and to get them more dispersed on decent land.

Now do you think it is conceivable, against the past history of the county, that you are going to get any kind of middle- or lower-income housing without some Federal involvement?

JUDGE GEDE. I think we are going to need Federal involvement, but I don't think it should be done in Baltimore County as they did with urban renewal, and come out and say you are going to have

it, and then never bother to explain to the citizens of the county what they are going to have. There the racists and some people who just didn't want it had all the ammunition in the world and we gave them nothing to counteract it.

I think what the Federal Government has to do, and what I would like to see them do in Baltimore County, is to make the involvement of private enterprise sweet enough that they will build the proper type of low-cost housing, but don't just come out and put it up, because I don't think it will work and I don't think you are going to force it on the voters without them taking a stand against it.

CHAIRMAN HESBURGH. I think the point I am trying to make is, do you think this is going to happen without some Federal involvement besides just Federal involvement with private enterprise, making it profitable for them? I think no one is going to argue that there has to be some private enterprise involvement in it to do the total job but, at the same time, we are asking, because we are representing the Federal Government, is there ever going to be adequate low- and middle-income housing in a place like Baltimore County to take some of the pressure off Baltimore City where the intensity of population is about, I think, 10 times greater, isn't it, than in the county?

Is it ever going to happen without some Federal involvement? I think what you are saying is, it would be easier to have Federal involvement if there is more leadership on the part of the housing authority to make it look like it is not an invasion of Baltimore County or a pervasion of Baltimore County.

JUDGE GEDE. Otherwise, I would say, no, it will not help.

CHAIRMAN HESBURGH. So you are calling for more leadership on the part of the Federal Government to explain its programs and make them seem like something worthwhile?

We have only 2 minutes. I think Mrs. Freeman wanted to get a word in here.

COMMISSIONER FREEMAN. Judge Gede, I would like to know if you can state whether there are homes in Baltimore County that are insured by FHA?

JUDGE GEDE. Yes, ma'am, quite a few.

COMMISSIONER FREEMAN. Quite a number of them?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. This is, as you understand, a Federal benefit?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. Then you are also indicating that it

is all right for some people to get a Federal benefit, but not for the poor and black?

JUDGE GEDE. Oh, no. I think all of them are entitled to it. I am not indicating that at all, Mrs. Freeman.

COMMISSIONER FREEMAN. Now, in the homes that are the individual homes you are talking about, individual homes have been for sale in your county, your neighborhood, or your village during the past year?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. Are you aware that we have a Federal fair housing law?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. And that if there has been refusal to make that house available to a black person who had the same money, maybe that this is racial discrimination?

JUDGE GEDE. Yes.

COMMISSIONER FREEMAN. You are not suggesting that the white persons in the county have the right to deny all black persons—

JUDGE GEDE. I think I explained, Mrs. Freeman, I have seen more blacks moving into the community in the last 3 years than I have seen in a long while in Baltimore County.

COMMISSIONER FREEMAN. How many live in your community?

JUDGE GEDE. Approximately, I think, in the development alongside of mine, there are now about 15 families and in the development that I live in, about five.

COMMISSIONER FREEMAN. And what is the total number of families?

JUDGE GEDE. The one community would probably have somewhere in the neighborhood of about 400 to 500 homes in it. The other, about 185.

COMMISSIONER FREEMAN. Sort of less than half of 1 percent.

JUDGE GEDE. I would say that is about right.

COMMISSIONER FREEMAN. Thank you.

JUDGE GEDE. It had none up to 2 years ago.

COMMISSIONER FREEMAN. I have no further questions.

CHAIRMAN HESBURGH. We are going to adjourn now, ladies and gentlemen. Let me tell you what is going to happen this afternoon in case some of you haven't had the benefit of advance notice.

At 2 o'clock, we are reconvening in this room and we are going to have a short time with Mr. Robert Embry, 50 minutes, on the effect upon the city of the shortage of low- and moderate-income housing in the county.

Following that, we are picking up a general subject of obstacles

to blacks obtaining residence in Baltimore County. First we will go into the history and mechanisms of residential isolation in Baltimore County with four witnesses, a panel.

Following our coffee break at 4:30, we will have the role of the real estate brokers, and we will have a panel of black brokers, followed by a panel of white brokers. That will take us to 6:15, at which time I hope we will have completed the afternoon's work and can go to dinner with our Advisory Committees from Maryland and the District of Columbia.

We are now adjourned until 2 o'clock this afternoon.

(Whereupon, at 12:45 p.m., the hearing was recessed until 2 p.m. of the same day.)

MONDAY AFTERNOON SESSION
AUGUST 17, 1970

VICE CHAIRMAN HORN. The afternoon session of the hearing of the U.S. Commission on Civil Rights will now begin.

To give some of the new members of the audience an idea of what we are doing this afternoon, we will begin with the testimony of Mr. Robert C. Embry, who is a commissioner of the city department of housing and community development. His testimony will be followed by a panel which will discuss the obstacles to blacks obtaining residence in Baltimore County. There will be three members of that panel.

Then there will be a brief break around 4:30 to 4:45 and there will be another panel on the role of the real estate brokers—really two panels, one of black brokers and one of white brokers.

It is our hope that we will adjourn by 6:15. There will be no evening session today, and the hearing tomorrow will begin at 12 noon and run essentially through 10 o'clock tomorrow night for all those that might wish to join with us.

Is Mr. Embry here?

(Whereupon, Mr. Robert C. Embry, Jr., Commissioner, City Department of Housing and Community Development, Baltimore, Maryland, was sworn by the Vice Chairman and testified as follows:)

**TESTIMONY OF MR. ROBERT C. EMBRY, JR., COMMISSIONER,
CITY DEPARTMENT OF HOUSING AND COMMUNITY DEVELOP-
MENT, BALTIMORE, MARYLAND**

VICE CHAIRMAN HORN. Mr. Powell?

MR. POWELL. Mr. Embry, would you please state your name, address, and position with the city government?

MR. EMBRY. Robert C. Embry, Jr. My business address is 10 North Calvert Street, Baltimore, Maryland. I am commissioner of the Baltimore City Department of Housing and Community Development.

MR. POWELL. How long have you occupied this position?

MR. EMBRY. A little over 2 years.

MR. POWELL. Would you outline briefly for us the principal responsibilities of the department of housing and community development?

MR. EMBRY. Two years ago, Baltimore City united its variety of housing programs under one agency. This means that the urban renewal, public housing, housing code enforcement, building code, zoning enforcement and relocation responsibilities are under one department. And that is the department in question.

MR. POWELL. Is public housing an important housing resource for the people in Baltimore City?

MR. EMBRY. Well, there are 300,000 dwelling units in the city. There are a little over—almost 11,000 public housing dwelling units. About 40,000 residents of public housing in the city.

MR. POWELL. Are many of these residents black?

MR. EMBRY. Almost 90 percent are black.

MR. POWELL. How does the supply of public housing compare to the demand for such housing?

MR. EMBRY. Well, we have a waiting list of over 3,000 families now for the public housing that we now have in operation, and we find that as we build new public housing, as the new projects are seen, the waiting list increases. So I don't know that the 3,000 applicants anywhere near expresses the total demand for such housing.

MR. POWELL. Has the city also received requests for public housing from Baltimore County residents?

MR. EMBRY. Yes, we have.

MR. POWELL. Can you give us some indication of how many such requests have been received?

MR. EMBRY. Well, we, unlike some housing authorities in the country, have no residency requirement so we have not, over the years, kept any exact statistics as to where a person happened to reside. Someone who applies from Baltimore County or Anne Arundel County is treated in the same way and given the same priorities as someone who applies from the city. But I have had some figures prepared. It shows for the calendar year 1968, we

received 140 applications from the surrounding counties. For the calendar year 1969, 93. And for the first 6 months of this year, 77.

MR. POWELL. Is lack of usable space within the city in which to locate new public housing units a problem for the city?

MR. EMBRY. Very much so. It is not only the location of public housing, but it is the location of any additional housing. Baltimore City is an old city. Its structures are old and each year a certain number of them become obsolescent. Whether the life of a house 40 years, 50 years, 70 years, there is some point in time when it is no longer serviceable with reasonable cost. And we lose, each year, a substantial number of houses by this obsolescence process. I would say over a thousand units.

In addition, we have expressways that go through the city. We have to construct new schools to replace old schools, particularly in the inner-city. Parks have to be constructed and other types of improvements which further dislocates families. So the number of families who are displaced a year is in excess of two to three thousand families.

Now, if we were just staying even, we would have to provide that amount of housing, much less try to make some inroads into the number of families that are living in substandard housing and will remain in substandard housing. Yet the total number of building permits issued for Baltimore City last year was just a little over 1,300 units.

So I think that dramatically expresses the difference between supply and demand in current terms. We also find that if we are going to rebuild inner-city neighborhoods, neighborhoods that have largely been ignored by urban renewal in America over the years because urban renewal has traditionally displaced many more low-income families than it has rehoused. If we are to reverse that, and if we are to go in and rebuild neighborhoods that had become deteriorated, it means a certain amount of displacement and a certain time lag between the tearing down of old homes and the building of new homes. And even if we net out at the end of a project and have as many units there at the end as we had at the beginning—that is, if we displace a thousand families and rebuild a thousand new units—it means that during these 3-, 4-, or 5-year periods when that land is vacant, those people have to find somewhere to live.

So we have this continuing relocation load, this continuing displacement, and we find that the amount of vacant land that is buildable in the city is almost completely exhausted.

MR. POWELL. So you would say then that the problems you have

discussed have held up construction of authorized sites?

MR. EMBRY. No. I would say that there is a shortage of available sites for new housing, either moderate-income housing or public housing.

MR. POWELL. And this shortage has held up construction of authorized units?

MR. EMBRY. This shortage has held up construction of replacement units for those that are torn down for expressways or urban renewal projects.

MR. POWELL. Mr. Embry, turning now briefly to the question of cost, can you give us an indication of the cost per acre involved in purchasing land for slum clearance in Baltimore City?

MR. EMBRY. Well, it varies so greatly, but I would say that in a public housing project, for instance, at the corner of Broadway and Orleans, which is right across the street from Johns Hopkins Hospital, that the cost per unit there, over and above construction costs, was about \$6,000 a dwelling unit. If you figure a dwelling unit cost of public housing construction of \$21,000, you are talking about a \$6,000 cost over and above the \$15,000 per unit construction cost. That cost includes land acquisition, relocation and clearance costs as well as architectural fees, which are a minor portion of it. But the major cost is acquisition and demolition, site preparation.

MR. POWELL. Was the location you described in an urban renewal area?

MR. EMBRY. No, this is a public housing project. It doesn't involve any land write-down. This is where the public housing process goes in and acquires the land, relocates the families, demolishes the houses, and builds public housing with no write-down. And that is why I use that rather than an urban renewal project where you buy land at its written-down value rather than its cost to the urban renewal agency.

MR. POWELL. I see. Mr. Embry, with respect to the city's authority to have public housing within 10 miles of its boundaries in the county, what steps, if any, has the city taken to utilize this authority?

MR. EMBRY. Well, the Baltimore City Housing Authority can only operate in the surrounding political jurisdictions if it receives the permission of the local governing body of those jurisdictions. The Anne Arundel County has a public housing authority, as does Annapolis. Baltimore County does not have a public housing authority and has not granted permission for us to operate or to operate their own housing authority in Baltimore County.

MR. POWELL. Mr. Embry, the subpoena served upon you by the Commission directed that you produce any correspondence with the county executive on the subject of low-cost housing. Do you have such documents?

MR. EMBRY. Yes, with the county executive of Baltimore County.

MR. POWELL. The county executive of Baltimore County, that is correct.

MR. EMBRY. I wrote Mr. Anderson a letter several months ago. Do you want me to read the letter?

MR. POWELL. Would you describe the documents to us, please?

MR. EMBRY. The first letter was a letter suggesting to him that I had heard statements that he had made and other people in Baltimore County had made about their difficulty in housing low-income families. They were very desirous of doing this but there always seemed to be some obstacle that came up that prevented them from doing it. One of the obstacles was the deterioration of the tax base. Another one was the influx of a huge number of families that would concentrate in particular areas of the county.

I suggested to him that perhaps there might be a way to provide housing for low-income families, particularly those who already lived in Baltimore County, and not face the obstacles and the roadblocks that I just mentioned. And that was that the Baltimore City Housing Authority would be delighted to lease existing units in Baltimore County and provide them to Baltimore County residents who were eligible under public housing income guidelines. In this way, the property tax base would not be deteriorated, because the unit would pay the same property tax. There would not be a massive influx of new families because the families being housed would already live in Baltimore County. And there would not be a great concentration of these families because you could decide where to lease units so as to space them around the county in some way that would be desirable to whoever makes the decisions in Baltimore County.

MR. POWELL. What response did you receive to this proposal?

MR. EMBRY. Mr. Anderson wrote back as follows:

"Thank you for your recent letter."—This is September 4, 1969. "Thank you for your recent letter. I apologize—" Wait a minute. I am sorry.

August 29, 1969. "Dear Bob, Please excuse the considerable delay in answering your letter of August 5. I am quite sure you know I have been away from this office most of this month. As to the letter itself, I don't quite understand why you make such a proposal, be-

cause I am sure you know, or should know, that if the Housing Authority of Baltimore City wishes to lease existing houses or other living units in Baltimore County which are for rent, Baltimore County would not stop them from doing so, even if it wished to do so. I mean, of course, that we have no legal right to interfere with such a transaction between two parties and would not do so if we had such a right."

That was August 29.

MR. POWELL. Did you respond to that?

MR. EMBRY. September 4 of 1969, I wrote back:

"Dear Mr. Anderson: Thank you for your recent letter. I apologize for the ambiguity of my letter of August 5. It was sent because the Housing Authority of Baltimore City cannot use Federal funds to lease units in Baltimore County even though they are for rent unless we receive permission from the county government. Section 23(a)(2) of the Housing Act of 1937 spells out this requirement. Furthermore, I would not undertake a housing program in Baltimore County without first seeking your advice. As I gather, you would not be opposed to such a program. I am taking the liberty of forwarding a draft of a resolution which would permit us to proceed. As I stated before, an occupancy priority could be given to eligible persons already living in the vicinity of the leased residence. Please let me know if you are interested in proceeding."

The draft resolution was a resolution for the Baltimore County Council that would authorize us to lease units in Baltimore County.

MR. POWELL. Is it your understanding that you need such authorization from the county before you could lease or build such units within a 10-mile radius?

MR. EMBRY. Yes, sir.

MR. POWELL. Did you receive any response from the county officials to your request?

MR. EMBRY. No, sir.

MR. POWELL. Do you have anything further to add on this question?

MR. EMBRY. On the question of the desirability of leasing in Baltimore County?

MR. POWELL. Yes.

MR. EMBRY. Well, I think it is the most reasonable vehicle for supplying low-cost housing for low-income families in Baltimore County quickly. One of the fears that Baltimore County residents appear to have is the concentration of a large number of families of a different economic group in close proximity to them and the

effect that group might have on an existing middle class neighborhood or lower middle class neighborhood.

By leasing existing units, you allow families to be spaced throughout the county so that they receive the benefits which I believe derive from integrated living without causing an undue immediate impact on that neighborhood. And I think that the leasing program would be a very desirable one for the county. If it did nothing for city residents except cut off the flow of low-income families into the city who have to come to us to find housing that they can afford.

MR. POWELL. Mr. Chairman, I request permission to have the documents described by the witness entered into the record.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the documents referred to were marked Exhibit No. 7 and received in evidence.)

MR. POWELL. Mr. Embry, are you familiar with the balancing of site requirement of the United States Department of Housing and Urban Development?

MR. EMBRY. Very much so.

MR. POWELL. Would you explain to us what that requirement entails?

MR. EMBRY. The Federal Government has set as a policy that in the location of new public housing sites, there shall be a balance between sites located in neighborhoods that are predominately white and neighborhoods that are predominately black. In other words, if we want to build one new unit for a family in a black neighborhood, we have to get a unit in a white neighborhood—a site for a unit in a white neighborhood to balance it or we will not have the black site approved. This applies family unit for family unit and elderly for elderly. It is not interchangeable between the elderly and family units.

MR. POWELL. Does this requirement aggravate your site selection problem?

MR. EMBRY. Very much. Baltimore City, as you know, is over or is approximately 50 percent black. Much of the housing that is in poor condition is in neighborhoods that would be classified as predominately black. If we go into a neighborhood with an urban renewal program, a neighborhood that contains 80 to 90 percent renters and 80 to 90 percent people who cannot afford more than \$70 or \$80 a month rent, and we hope to relocate within that urban renewal area the same type of people who are displaced, it means that we have to build units that rent at approximately \$70 to \$80 a month or lower.

The only program that provides such housing on any scale is public housing. So if we go into a neighborhood along Pennsylvania Avenue, for instance, where our Upton Project is located, we have to build 800 units of low-income housing, family units.

Now, to try to find some place in the white community in Baltimore City to locate 800 family units is indeed a challenge, to put it mildly.

MR. POWELL. Do you feel that if you were permitted in seeking to locate a balancing site location to build in the county that this would alleviate your problem?

MR. EMBRY. Oh, yes. Considerably, because the vacant land that is available in the metropolitan area is not located in the city but is located in the surrounding political subdivisions.

MR. POWELL. Do you have anything to add on that question, Mr. Embry?

MR. EMBRY. No, sir.

MR. POWELL. Turning now to the city-owned land in the county, is use of this land by the city for housing feasible?

MR. EMBRY. Well, the major city-owned land, I believe, is the land that is in the watershed at Loch Raven. And there have been various statements by engineers and people who are knowledgeable that that land should not be used for any type of housing.

MR. POWELL. Are there other means by which the city might draw upon housing resources in the county through the city's own relocation program? Is that correct?

MR. EMBRY. Well, just on the first part of the question about city-owned land in the county, I don't know that if the city owned the land it would really put us in any different situation, because there is no shortage of people who are willing to sell land, even if the city didn't own it. The problem is not being able to gain title to land. That is not the difficulty.

The problem is, that if you want to house low-income families, the only way you can do it is with public housing. And you run into the same problems, whoever owns the land. If you want to build moderate-income housing, you have the problems of local zoning, you have the problems of local sewer connections, you have the problems of attaining local permits, which are the same problems again, whoever has title to the land.

Now, in the second half of the question about relocation, when the new department was formed in July 1968, we found that our relocation practice up to then had been when black families were dislocated to show them houses only in black neighborhoods. Not to make any effort to encourage them or to show them other alter-

natives. For instance, if they worked in Baltimore County, to show them some place near where they worked, if, in fact, they wanted to live there. And during the past 2 years, we have undertaken, not as energetically as I would like, but at least to some degree, to show families who would like to live in Baltimore County, and who happen to be either black or white, housing resources in the county.

As a result, we have located several hundred families in the county, but not nearly enough. The major problem being that there doesn't appear to be in the county housing of a low enough rent level or cost level to house Baltimore City residents who are displaced, at least a large number of them. Also, if they are black families, the hostilities they feel in the county and their fear, whether it be real or imagined, of being the first family or one of the first families to move into a neighborhood that is previously all-white.

But we do make an effort to make the total metropolitan housing market available to any family who is displaced, although we do not encourage them to move either to the county or to the city. We leave the choice up to them.

MR. POWELL. You expressed the view that you didn't think this effort was energetic enough. Do you intend in the future to push it forward more aggressively through the use of educational campaigns?

MR. EMBRY. Yes. As a matter of fact, someone came on the staff today whose first responsibility will be adding a little more vigor to that effort.

MR. POWELL. Mr. Chairman, I have no further questions of this witness at this time.

CHAIRMAN HESBURGH. Thank you. I would like to begin the questioning by the Commissioners with Commissioner Freeman.

COMMISSIONER FREEMAN. Mr. Embry, you have been describing the low-rent housing program that is traditionally called the housing project, and indicated that there are 3,000 families on the waiting list and that there is a great need in Baltimore City for additional housing. There are other programs, however, under the Housing Act of 1939. They are the scattered site programs whereby the housing authority, your agency, would have the right to lease individual units anywhere in the city.

I would like to know the extent to which the agency does this?

MR. EMBRY. Well, scattered sites and leasing are both used by the housing authority. They are both public housing financing vehicles, as is the used house program whereby we go in and purchase—

COMMISSIONER FREEMAN. How many scattered site units do you have?

MR. EMBRY. Well, I don't know. It is really tough to define what is a scattered site and what is not a scattered site. I mean, if you mean by a scattered site, a project of less than 200 units—

COMMISSIONER FREEMAN. That is what we are talking about. Do you have any projects of maybe five or 10 units?

MR. EMBRY. No, we don't have any five or 10. We have an authorization for 1,500 vacant houses to be rehabilitated. Each house would come under the public housing financing vehicle and be available for a family who meets those income levels. We have approximately 180 of those under contract. We just got the go-ahead this spring.

COMMISSIONER FREEMAN. You are aware that the law would permit you to have two, three, or four units—

MR. EMBRY. Oh, yes.

COMMISSIONER FREEMAN.—under the scattered site program?

MR. EMBRY. It would permit us to have two up to 500, or 1,000.

COMMISSIONER FREEMAN. But the agency hasn't taken advantage of this part of it?

MR. EMBRY. We have projects that are 70 units in size, 110 units, 180, and these are just going under construction now. In May, we received authorization from the city council for 2,000 units that could be constructed in groups of up to 15, anywhere in the city on vacant land without requiring prior site approval by the city council. We are now negotiating with HUD for funding of this program to start that program, so maybe that would fall within your definition of scattered sites.

COMMISSIONER FREEMAN. I would like to ask you about the Turnkey program under which the private builder can build the home and then sell it to the housing authority. Is that program in operation here?

MR. EMBRY. Yes, ma'am.

COMMISSIONER FREEMAN. How many units do you have under Turnkey?

MR. EMBRY. We have two projects that are open, one a building for the elderly of 160 units roughly. The other a group of 35 townhouses for large families that was recently purchased by the housing authority. We have approximately seven other Turnkey projects that are in various stages of processing that have been approved by HUD and are in construction drawings or early drawings.

COMMISSIONER FREEMAN. How many of those are the homeownerships for the low-income families?

MR. EMBRY. Well, all of the houses that we are building that are not for the elderly are constructed in such a way as to be available for homeownership for the families who move into them. That is, the utility connections and the set-backs and so forth, the fire walls are such that the houses can be sold. And I would say that we have approximately 2,000 such units in various stages of final construction drawings or preliminary drawings.

COMMISSIONER FREEMAN. I would like to go back now to your testimony that the State law authorizes you to build low-rent housing in the county on land which the city owns or you own but that the Federal law prohibits this.

MR. EMBRY. Any land.

COMMISSIONER FREEMAN. Any land?

MR. EMBRY. The State doesn't limit us to the nature of the land.

COMMISSIONER FREEMAN. We are interested in this because you are saying that, but for the Federal law, there could be low-income housing in the county under the jurisdiction of the agency.

MR. EMBRY. That is right. With, I would add, a caveat though. Anybody who wants to build in Baltimore County, whatever the income level of the housing, of course, has to meet certain zoning restrictions and building code restrictions and things of that kind. We could compete with other builders for available land that has sewer connections and water and things of that kind, but for the Federal limitation.

Now, the reason for the Federal inhibition is that most public housing makes a payment in lieu of taxes rather than full taxes. And there is an agreement with the local governing bodies that they will accept a payment in lieu of taxes, rather than full taxes on the property. And that is the reason for local approval. With leasing, however, since the property pays full taxes, that reasoning is out the window and it is somewhat questionable—well, I think it is clear that the reason is that Congress was sensitive that they didn't want low-income housing programs in subdivisions that did not agree to have them, although FHA programs and other programs of that kind can go ahead without any local governing body approval.

COMMISSIONER FREEMAN. You have indicated that much of this is subject to zoning restrictions. I would like to ask your opinion. If we believe, as I do, that some of the zoning restrictions are bot-tomed on racial prejudice, then if the Congress would enact legisla-tion which would declare such zoning restrictions invalid and

thereby prevent the county, for instance, from prohibiting the construction of housing for low-income families, would you or your agency be in support of such congressional legislation?

MR. EMBRY. It would depend how it was drawn, but the general premise is something I would support, yes.

COMMISSIONER FREEMAN. Are you aware that such legislation has been proposed to the Congress?

MR. EMBRY. Very much so. In fact, one of my—a good friend proposed and had passed by the Massachusetts State Legislature something called “Anti-Snob Zoning” which achieves a similar result in the towns and villages of Massachusetts. And I am watching it closely to see how it works.

COMMISSIONER FREEMAN. Well, the testimony as it is being developed would certainly indicate that we need such legislation. I have no further questions.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. I gather, Mr. Embry, two suggestions you would make as to changes in Federal law would be in the case of leasing you do not need consent of the county government. And, secondly, having to do with the last question of Mrs. Freeman's, in relation to zoning. Now, if you could be given a magic wand to change all other Federal housing laws to aid you in the purposes you are authorized to achieve at the local level, what other changes would you make in Federal law? In other words, I am trying to get what the obstacles are that the Federal Government has erected in their various housing laws that prevent you from doing the job that presumably the preambles of those laws say ought to be done, and you have been selected to carry out?

MR. EMBRY. Well, of course, I have only been selected by the Baltimore City government to do things in Baltimore City. Baltimore County has had no say in my appointment and if they did, I doubt if I would be in my job very long.

But, on the leasing provision, there is a proposal in now by the Administration in the housing act, as proposed by the Nixon Administration, 1970, to remove that local approval requirement. I think, realistically, if we started leasing in Baltimore County without Baltimore County's approval that our power to go 10 miles beyond the city limits would soon be removed by the State legislature.

So I don't know that relying on that unique provision of local law which I do not gather exists in other cities in the United States and is probably the result of the 1937 enabling legislation for the Baltimore City housing authority when our situation relative to

Baltimore County was greatly different and when public housing was not viewed as housing for blacks, but was viewed as housing for the many people in the middle class who had been temporarily made a little bit improvident because of the depression.

I think now that power would be removed from us. I think we do need, if Baltimore City will act in Baltimore County, it is sort of an anachronism to begin with, one local subdivision going into another and telling them what they should do. If anyone will operate in Baltimore County other than the county government, it would have to be the State government or Federal Government. I don't think that Baltimore City would long survive.

We have too many other things that we try to get from the State legislature and we need Baltimore County's cooperation, if not absence of hostility, in order to get them. So I don't think that relying on that is going to have any fruitful results.

VICE CHAIRMAN HORN. Just to examine that point a minute, if you are leasing, should that really make any difference? I mean, why should it be any different for you to lease a dwelling unit in Baltimore County than for a private corporation to lease housing for its employees in Baltimore County?

MR. EMBRY. It shouldn't be any different, but the realities of the political situation are. I would predict that if we began to lease in Baltimore County without the county government's approval of some kind, our power to lease would be removed.

VICE CHAIRMAN HORN. I take it you are talking about leasing existing dwelling units or—

MR. EMBRY. That is right.

VICE CHAIRMAN HORN. Are you talking about constructing on some lease-back arrangement?

MR. EMBRY. Leasing existing dwelling units.

VICE CHAIRMAN HORN. Now, I guess to follow up that one and pin that down a little more, referring to your exchange with Mr. Anderson, is it really realistic to make this offer in terms of the number of dwelling units that are available in, say, the \$70 to \$100 a month category in the county?

MR. EMBRY. Well, let me make—

VICE CHAIRMAN HORN. Is the supply there?

MR. EMBRY. Perhaps—in fact, I know I didn't make clear what the public housing leasing program is. We lease at the market. In other words, if a unit rents for \$140, we pay the owner \$140. We, in turn, in effect, sublease to the low-income family for an economic rent. And the difference between, say, \$75 and \$140 is made up by the Federal Government. That is why the Federal Government is

involved. If we were just paying the same amount the low-income family was paying, there wouldn't be any necessity for us getting involved.

VICE CHAIRMAN HORN. What is the maximum you can lease at? Is there a limitation on that?

MR. EMBRY. There is a formula. Offhand, I don't know what it is, but Warren Phelan is here, maybe he knows, but I don't know how the formula determines the maximum rent. But I do know there are a substantial number of units in Baltimore County when we figured the rent schedule out that would be available for such a program if we were permitted to use it.

VICE CHAIRMAN HORN. What other suggestions would you make in changing the Federal laws that you feel really aren't helpful to your present operation?

MR. EMBRY. Well, one which is just sort of limited to the city is the equal opportunity requirement for balancing sites. I think it means that it is going to be increasingly impossible for us to build housing in Baltimore City if we have to balance between white and black neighborhoods, particularly as the percentage of the black population of the city mounts over 50 percent.

The second thing is that, I think, a much more healthy and optimistic approach to supplying housing for low-income families than the project approach, that is, going out and building a 236 project or going out and building a public housing project, is the rent subsidy program, whether it is a lease program or some other provision that allows the low-income family to enter the market and lease a unit that they find appropriate and then the subsidy, public subsidy, is used to make up the difference from what they can afford to pay and what a fair rental is.

I think that would permit a slower—not a slower, but a process of integration that would be accepted more readily by the surrounding subdivisions as opposed to saying: "Well, you see that vacant land across the street, 600 units of low-income housing is going to go up over there."

VICE CHAIRMAN HORN. In other words, the analogy here is in the welfare program area. It would be, instead of doling out people boxes of groceries every week and telling them what they have to eat, which, in a sense, public housing might be, you are giving the person a good portion of the money or some of the money with which they can then go into the free market and make their own choice and thereby you are saying this would promote integration.

MR. EMBRY. Well, it is sort of a hybrid between those. I wouldn't give them the house and say you have to live here. But on the other

hand, I wouldn't give them the money without strings attached. It would be rent supplement money. It would be a certificate for rent or a certificate for shelter, but it wouldn't be money that could be applied to anything. I think the decision has to be made by the legislative body that enacts such a program that this money is going to be made available for people to better their housing situation and not just be a general income maintenance program. I am not saying that income maintenance is unwise, but I don't think that it necessarily achieves this result.

The problem you have is when you look at the needs of low-income families, how they would spend an additional dollar of income, I don't believe housing is the top need. And so, you are, in a way, making a decision for that family. If we give you \$40 we want you to use it on housing, rather than food, health, clothing, maybe something else they would place in a higher priority. Maybe you don't want to make that judgment for the family, but if you did have income maintenance I don't think that in itself would change the housing patterns. It would allow people who are living with too little money to live better, but I don't think it would change where they live in an appreciable amount.

VICE CHAIRMAN HORN. Are there any other changes in the law you would suggest?

MR. EMBRY. Well, the other thing that I would suggest is that—is a totally different approach from that. And that is to create new communities around large cities that are set up—rent structure is set up in such a way that you know that a manageable percentage, say, 20 percent, 25, 18, whatever it might be, will be low-income families. So that people that move in there will know that they are moving into an integrated situation that will not become 70 percent low-income but will—there will be some balance between low-moderate- and middle-income families.

Also, families that move there will know—will choose that kind of environment. You won't have the problem of imposing an integrated way of life on people who don't want an integrated way of life. For whatever reason it might be, they are going to fight it, they have been fighting it. They have been fighting it successfully for decades and they have a substantial amount of staying power. And I think if we are going to continue to tilt against that windmill, we are going to continue to see the small trickle of results that we have seen over the past few years.

But if you can build a new community of 70,000, 80,000 units, and 20 percent of them are low-income and the people who get priority are people who live in the nearest metropolitan central city

area, say, on our public housing waiting list, then I think you can begin to make some impact on our distribution of families in the metropolitan area and can directly assist our central cities.

VICE CHAIRMAN HORN. Getting back to a question Mrs. Freeman raised on the size of these units. I think one thing that scares a lot of people about public housing is sort of the imagery that you have got hundreds of people jammed in a limited number of buildings that fairly soon either resemble areas with tar paper roofs or are sheer brick and no aesthetics.

Can you give me an idea, based on the Federal law and the cost involved in carrying out that law, as to how much flexibility you have to determine whether you have small groupings of units and just what the cost factors are in this area that would restrict you, one way or the other?

MR. EMBRY. Well, I was interested to hear the housing court judge, this morning, from Baltimore County describe public housing as red brick buildings. I don't quite know what that means. The fact that they are made of red brick, if you drive out Perring Parkway or any number of places in the city, you see rows and rows of red brick buildings that are very—people are very happy to live in them. That they were made of sand or they were castles that were not really castles, I think all this is a misconception that Baltimore County and many people have about public housing.

Public housing, in the housing act of 1969, there was an introductory language which encouraged better design in all housing that was constructed by HUD. We can go out and hire the best architects in the country to build public housing. Some of the finest names—Paul Rudolph, for instance, who does public housing would be willing to come and do it. There are other people that do it.

So I think the public housing could be designed in such a way to be more attractive than any apartment development in Baltimore County. Or as attractive. It is a matter of taste, but certainly as attractive as many of them. The cost per unit, the construction cost per unit, total development cost, and this varies depending on the nature of the land acquisition cost and a variety of other things, is in the range of \$20,000 to \$21,000 or \$22,000 a unit. And that goes up as the cost of construction goes up, so that extremely attractive, well-designed units—in fact, the county would use what we do in the city to have people that live in the neighboring houses sit down with the architect and design the houses. To say, well, we like these heights or these textures on the building, or we like balconies, we don't like balconies, things of this kind. So, they really have much more of a say in this type of housing than they would

if a tract developer came across, private developer, and just put in what he wanted to put in on the land next to them.

So, from an aesthetic argument, I think that the people that oppose public housing are on very weak ground.

VICE CHAIRMAN HORN. What is the smallest unit you have in Baltimore?

MR. EMBRY. One.

VICE CHAIRMAN HORN. In other words, you do have one single unit? Is that by chance or by design?

MR. EMBRY. No, our vacant house program goes in and where houses become vacant for a variety of reasons in a block or a house becomes vacant and the private market won't rehabilitate it because it cost more than the house would be worth in the private market afterwards, the city housing authority rehabilitates that house.

VICE CHAIRMAN HORN. My last question would be, in terms of your total number of units involved, what percent of your total units are in groups of, say, less than 20?

MR. EMBRY. I would say that at the present time, that are actually operating, less than 5 percent.

VICE CHAIRMAN HORN. Are less than 20?

MR. EMBRY. That is right.

VICE CHAIRMAN HORN. In other words, it is mostly in larger massive conglomerations?

MR. EMBRY. That is right.

VICE CHAIRMAN HORN. Thank you, Mr. Chairman.

CHAIRMAN HESBURGH. We have about 10 minutes or 8 minutes left on this particular subject. Dr. Rankin?

COMMISSIONER RANKIN. What if you establish a residence requirement for the city for occupancy in public housing?

MR. EMBRY. What if we did?

COMMISSIONER RANKIN. Yes.

MR. EMBRY. It would be quickly challenged by the local legal aid arm of the Community Action Agency and declared unconstitutional.

COMMISSIONER RANKIN. Would they win their case?

MR. EMBRY. Yes, sir. If the court relied on precedence from other jurisdictions, they would win it, and I am sure they would.

COMMISSIONER RANKIN. And you feel sure it would be tested immediately, is that it?

MR. EMBRY. If I thought it advisable, I am sure it would be challenged, but I don't think we should tell a family they can't have housing because they have no foot across the county line.

COMMISSIONER RANKIN. If your suggestion to the county is not followed and your letter has not been answered, do you have any other ideas up your sleeve under existing laws that you could use to alleviate the situation?

MR. EMBRY. Well, we are always—we try to be imaginative and we are always thinking of other things, yes, sir. Other things we are exploring, but there is no hard protocol.

COMMISSIONER RANKIN. There is nothing on the planning board right now, anything else?

MR. EMBRY. Well, in Baltimore County, no.

COMMISSIONER RANKIN. In Baltimore City, yes?

MR. EMBRY. Oh, in Baltimore City there is a great deal.

COMMISSIONER RANKIN. But nothing in Baltimore County. One last question, because our time is about up.

Has the State helped at all in this problem, ignored the problem, helped you, disregarded you, or really harmed you?

MR. EMBRY. I would take two and three out of that list of alternatives.

COMMISSIONER RANKIN. Well, I have forgotten what two and three were. What did I say in two and three?

MR. EMBRY. The State of Maryland has no housing programs. Unlike 18 or 19 other States in the United States, the State of Maryland does nothing to provide housing for low- or moderate-income families. We have stuck our toe in the water in the last 2 years and something in there bites back and nothing has happened.

As you know, the State housing authority is being petitioned to referendum. It is a very mild law, really, but the State does nothing else, has no program for the elderly, has no interest subsidy program that other States have. But I don't think it has been a negative force. I think it has ignored the problem.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Dr. Mitchell?

COMMISSIONER MITCHELL. No questions.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. I would just like to clarify two things. The first is a question of balancing. And as I understand your testimony, you are concerned that if you follow this requirement and were to build public housing in the white area of the city to balance public housing built in the black area, what might happen is that the public housing built in the white area would become black and the area itself might turn black. Is that correct?

MR. EMBRY. No. My primary concern is that the land doesn't

exist. We have land available in black areas through various clearance programs, but that in the white areas of the city there is very little vacant land available. But, as a secondary reason, to the extent that we build public housing just in the city in white areas, and to the extent that public housing is 70, 80, 90 percent black and low-income, it will encourage those neighborhoods to change their racial composition that much more quickly, making Baltimore City a black city more quickly than it is becoming now.

If the balancing requirement were metropolitanwide, then I think it would be very wise and very advisable and we would be very enthusiastic about it.

MR. GLICKSTEIN. Is HUD sympathetic with making this balancing requirement metropolitanwide?

MR. EMBRY. The HUD representatives here, they are sympathetic. But we cannot build public housing in Baltimore County, so we can't balance. With 236 projects, or 235 to the extent that that applies, metropolitan basis can be used but we have no power to build 236 in the county or to encourage it to be built. So if that were shut off in the county for some reason, even though it is available to private developers, that wouldn't help us try to rehouse people in our urban renewal projects.

MR. GLICKSTEIN. The second topic is this question of land costs and other costs associated with building public housing in the city. And you touched on that, but I wonder if you could compare the costs of building public housing in the city with what they might be if you built public housing in the county?

MR. EMBRY. Well, it depends on the land, where it is zoned, where the sewers are and things of that kind, but you are talking about \$6,000 a unit development cost over and above construction costs for clearing land. \$6,000-\$7,000. It depends on the nature of the site. And I would hope that land could be found in Baltimore County—and I am not familiar with the market out there—but I think \$1,000 a dwelling unit or \$1,200 or \$1,300 a dwelling unit, you should be able to construct housing in the county. Now, maybe that is unrealistic, but that is a figure that has been quoted to us by people who have come to us with proposals in the county.

MR. GLICKSTEIN. That compares to \$6,000?

MR. EMBRY. Yes, that is right.

VICE CHAIRMAN HORN. Does that include sewage lines?

MR. EMBRY. This is what they would—in Turnkey package. This is the cost that they would put in for land and site improvements. But these proposals have not gone to signing a contract

because of the necessity for local governing body approval. So, how hard those figures are, I wouldn't like to say.

MR. GLICKSTEIN. In other words, there is some opportunity to build public housing in the county that would cost less than what you are currently spending to build it in the city?

MR. EMBRY. Yes. Well, I think clearly the construction costs would be the same or less, because in the county you wouldn't have the vandalism on site, the problems that we have. You wouldn't have the same insurance problems we have on construction. And you have no relocation costs. You have no houses to tear down. So, I think you have to come out ahead.

MR. GLICKSTEIN. I have nothing further, Mr. Chairman.

CHAIRMAN HESBURGH. Mr. Embry, you have had a lot of experience with public housing. Would you think that some of the negative feelings of people about public housing, the social situation of public housing, comes from the fact that it is often in an unattractive part of the city and people are put into a concentration 10 or 11 times greater than they are, say, in a county situation here, and that you get kind of a high degree of frustration living in this kind of concrete jungle that you wouldn't get if you had a little fresh air and greenery around? Is that an adequate explanation?

MR. EMBRY. I always feel reluctant to speak about public housing environment, not having lived in public housing environment. Maybe I should do that. Like many people have suggested that I do that.

One of the problems is that you concentrate the low-income families in an area and you require families to leave when their incomes rise. Seventy percent of our families now are welfare families, so you find a decreasing percentage of male heads of household in the community. You find an increasing percentage of the various factors of social dislocation that come with low income. And when you concentrate this kind of situation in a relatively small area you find problems.

Many of the people that talk about public housing have never seen a public housing project, have never been in one, much less seen it. Have never been in one, and when they think about public housing, they have some vague image in their mind that I wish I could project on a screen to really see what they have in mind. I would like to invite people to go through public housing in Baltimore City and compare it with the housing across the street or private housing. We have a tremendous demand of people that want to

get into public housing who think it is a better situation. It is not to say that we have designed a very attractive public housing in the past, that it won't be much better in the future. Not to say that high rises are not ill-advised for families. We are not building any more high rises for families. But it is to say that the people in the inner-city have signed up on a long list to try to get in because they think it a much better situation than the one they are in right now.

CHAIRMAN HESBURGH. Let me take another route around to the same question, really. Would you think it is possible, having lived with this land situation—vanishing land situation in the city—would you think it possible to provide what the Federal Government has said it intends to provide, a decent wholesome house, and a decent wholesome neighborhood for every American family? Do you think it is possible to do that in this city of Baltimore without getting some access to county land?

MR. EMBRY. Absolutely not.

CHAIRMAN HESBURGH. So, unless you can do this, you are going to be—your ultimate goal in projects is going to be a failure. Correct?

MR. EMBRY. Yes, sir.

CHAIRMAN HESBURGH. It is a curious thing that people by social arrangements box themselves into an impossible situation which is perhaps highlighted by the fact that 75 percent of the population in the United States is living on about 3 percent of our land mass and we have all these artificial restrictions to keep us from bursting out into greener fields. Thank you very much, Mr. Embry.

MR. EMBRY. Thank you.

CHAIRMAN HESBURGH. We are now entering the third phase of our hearing, which involves obstacles to blacks obtaining residence in Baltimore County. We have a panel of three members who are going to address themselves to the problem of the history and mechanisms of residential isolation in Baltimore County.

Unfortunately, Mr. Ed Holmgren, former director of Baltimore Neighborhoods, Inc., was to have been with us, but because of a delayed return from Europe, he has found it impossible to do so.

I would like now to call to the stand the three members of the panel, Malcolm Sherman, former real estate broker; George Laurent, director, Baltimore Neighborhoods, Inc.; and Homer Favor, dean of the Center for Urban Studies, Morgan State College.

(Whereupon, Mr. Malcolm Sherman, Mr. George Laurent, and Mr. Homer Favor were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. MALCOLM SHERMAN, COLUMBIA, MARYLAND; MR. GEORGE LAURENT AND MR. HOMER FAVOR, BALTIMORE, MARYLAND

MR. GROSS. Mr. Favor, beginning with you, sir, would each of you in turn state for the record your name, address, and employment?

MR. FAVOR. I am Homer E. Favor; I live at 1404 North Linwood Avenue in East Baltimore, and I am dean of the Center for Urban Affairs at Morgan State College.

MR. LAURENT. George P. Laurent, resident of Baltimore City, director of Baltimore Neighborhoods, Inc., address, 32 West 25th Street, in the city.

MR. SHERMAN. Malcolm Sherman, 10450 Waterfowl Terrace, Columbia, Maryland, vice president, the Rouse Company, and director of Residential Land Sales, director of Residential Marketing.

MR. GROSS. Before we go into a series of specifics, we might begin with a rather general question directed to you, Mr. Favor.

Do you feel that in the decades of the 1950's and the 1960's that, as a general proposition, blacks have had true freedom of selection as to where they will reside in the Baltimore metropolitan area?

MR. FAVOR. Not in the least. I think the record is patently clear that blacks have been contained in the central city of Baltimore like the central cities of America's other great metropolitan areas. If you go back in the '50's, it was overt. It was blatant. It was flagrant. As you move into the '60's, it became less of this variety and more covert and if you, in your investigation, expect to find the kind of nefarious practices which abounded in the city of Baltimore back in the '50's, you are not going to find them. But by the same token, you will still find the same proportions of black people participating in the mainstream of life as it exists in this metropolitan area. Those would be a very small percentage.

MR. GROSS. Mr. Sherman, you had a real estate business in the Baltimore area?

MR. SHERMAN. Yes, I did.

MR. GROSS. When was that?

MR. SHERMAN. I was a broker and Realtor from 1951, May, until January 1, 1968.

MR. GROSS. Can you tell us what positions you have held in real estate broker professional organizations?

MR. SHERMAN. President of the Maryland Association of Real Estate Boards. President of the Real Estate Board of Greater Bal-

timore. National director of the National Association of Real Estate Boards representing the Baltimore Board.

MR. GROSS. Turning to your own experience as a real estate broker, Mr. Sherman, focusing solely on the early 1950's, can you tell us how, if at all, your own practices were affected by community attitudes toward racial patterns of residence?

MR. SHERMAN. Starting as a salesman in 1949, I participated in the change-over of a section of Baltimore City, mainly the area just below North Avenue and above North Avenue from about the 1400 block to the 2000 block, in the period 1949-50. There was a block by block change. There was no skipping around of buyers. They were just saturating blocks in the city in that area. I was then a salesman for a broker and we were selling houses to speculators, investors and, in turn, taking the owners of those houses and selling them houses in northwest Baltimore in the city, primarily in the Hilltop section.

MR. GROSS. Incidentally, what was the size of your operation in the 1950's, either in terms of volume or sales force?

MR. SHERMAN. The maximum number of salespeople that we got to was up to 45 salespeople. And at the very top of our business, we were listing between 90 and 100 houses a month and selling between 80 and 90 and, at some peaks, 100 houses a month.

MR. GROSS. In the early 1950's, was your company selling housing to blacks in the county directly?

MR. SHERMAN. Not in the early fifties. In the early fifties, we—I got in the business in '51 and for the period '51 to '55, we were making black sales in areas of the city that were all-white, but we didn't have the nerve to make them ourselves, so we were doing it on the basis of listing houses with black brokers and getting a one-third referral fee. In other words, if we have a owner that wanted to sell to black, we would refer it to a black real estate broker, and we would get a referral fee, and we were not making the house sales ourselves because in those days, it was considered that this was a block and if a real estate broker put a black any place on that block, he was called a blockbuster, and we did not have the guts to participate in making black sales that we wanted to make ourselves. So rather than get that kind of a label, we worked through black brokers.

MR. GROSS. Was a factor, also, a rule of the National Association of Real Estate Boards regarding incompatible uses of residence being introduced to an area and restrictions on that?

MR. SHERMAN. There was, at that time, a clause in the code of ethics which was removed at a later period which made a reference

to introducing uses to a neighborhood which would have adverse effect on the neighborhood. It was never very clear what that meant. Whether it meant uses of zoning industrial and residential neighborhoods, or whether it meant people moving, minorities, blacks, into all-white neighborhoods. That is no longer a part of the code of ethics. It has not been for many years.

MR. GROSS. In the business, was that understood to include the introduction of the black race into a white area?

MR. SHERMAN. In the days of the early fifties, it was considered to be not within the best interests of the work that we were doing and the professionalism to introduce a black into an all-white block. If the block, if it was considered of any place on that block, black bought, then it was fair game to sell any other place in that whole block to black.

MR. GROSS. Did there come a time in the early 1960's when you altered your practices with regard to sales to blacks?

MR. SHERMAN. There came a time, specifically, in October of 1963, when I made a statement to the human relations commission of Baltimore County in which we stated as a company policy that we would henceforth sell to all individuals regardless of race, creed, color, or national origin, whenever an owner would permit us to make such a sale.

MR. GROSS. Did you receive any reaction to that announcement from your fellow brokers in the metropolitan area?

MR. SHERMAN. The brokers in the area where we were working, which was northwest Baltimore, proceeded to tell the marketplace that they ought not to do business with us because we would sell to "niggers" and they ought not to do business with our company because we would break blocks.

MR. GROSS. Was your residential property sales business affected by this announcement?

MR. SHERMAN. Our business was affected in one way that we never expected it to be. It was not affected by the owners who had listings with us. They did not question our policy and it was not affected by prospects that we were working with, but it was affected by our competition. At that time, we were selling more property than 18 brokers in our neighborhood, who were our competition, put together. Their campaign against us—and we gave them every opportunity to knock us down—resulted within 6 months of our being down to no more than 25 or 30 listings a month and that many sales a month. Our business had gone down by some 65 to 70 percent.

MR. GROSS. That was from 100 to the level you just mentioned?

MR. SHERMAN. From the maximum of 100 to the level I just mentioned.

MR. GROSS. And then, what thereafter happened to the kind of business that your firm found itself in?

MR. SHERMAN. Well, two things happened. Firstly, we found that we were getting referrals from CORE, from NAACP, from Baltimore Neighborhoods, from civil rights groups, and we were selling to blacks in the county on a basis of wanting to open up neighborhoods and the selected basis that we were interested in introducing a black family where an owner was willing to let us, and then call in priests and rabbis to stabilize the neighborhood, from Baltimore Neighborhoods, Inc., and then we could not get any more business there, because people would want us to sell houses to black and we didn't want to take more listings for black and create the same patterns that were taking place in the city and they wouldn't give us any more business for white because of the black sale that we had made, so we diversified our business and went into land sales and went into insurance, into management, and into investments and really more than made up the losses that we had in brokerage.

MR. GROSS. But you virtually left the residential sales business?

MR. SHERMAN. We lost our position completely in the upper Park Heights middle- and high-class white market and we lost much of our position in the white market on Liberty Road and we lost practically our entire position with home builders. At one time, we were selling new homes for as many as 18 home builders.

MR. GROSS. Mr. Laurent, could you please restate your position with Baltimore Neighborhoods, Incorporated, and tell us about the organization, its purposes?

MR. LAURENT. I am executive director, and we were established in the city of Baltimore and in the metropolitan area some 10 years ago, originally to help changing neighborhoods which were facing some of the problems of panic and reghettoization. And then more recently in determined effort to create an open housing market. We feel that it is impossible to have neighborhood stabilization without a metropolitan open occupancy policy.

MR. GROSS. Is your organization the principal organization in the Baltimore area doing this kind of work?

MR. LAURENT. Yes, at this time.

MR. GROSS. And could you tell us what your current staff and budget are?

MR. LAURENT. Our current staff is two professionals, volunteer secretarial help, and a budget—we would like to have a budget of

\$40,000—we normally get about \$30,000 a year for our total program.

MR. GROSS. Has one of the activities in which you have been engaged been the attempt to work with the brokers to induce the brokers, the real estate brokers in the area, to change their practices and to adopt certain steps?

MR. LAURENT. Yes. Baltimore Neighborhoods and other organizations in the community have worked on and off with the Real Estate Board of Greater Baltimore over the years.

MR. GROSS. Specifically, have you been seeking to have the brokers change certain practices with regard to the advertising of residential properties for sale in the newspapers in the metropolitan area?

MR. LAURENT. Well, we have been encouraging the brokers to consider—when I say we had discussions along these lines about the possibilities of advertising in the Afro as well as in the Sun papers.

MR. GROSS. Could you tell us what their present practices are with regard to advertising in the newspapers and tell us what changes you have sought to encourage them to make.

MR. LAURENT. Well, perhaps Mr. Sherman could even do it better. It's our understanding that basically the Sun papers have received predominantly the major portion of advertisement of homes in all-white areas. Mr. Sherman, I think, should correct me. I have the kind of impression that certainly in the all-black areas it's mainly the Afro. And in changing areas it becomes more and more the Afro. We would like to see a policy where homes in all the metropolitan area are put into the Afro showing very clearly that the industry intends to sell to all people.

I think this is needed very much to reassure the black customer that he would receive equal treatment from white brokers as well as black. There is a considerable amount of fear on the part of black brokers in going to some of the white brokers, wondering whether they will really receive equal treatment, whether the price quoted is going to be accurate, and so forth. I am not saying that fear necessarily is based on valid fact but there is a real fear to the people, and we would like to see a movement along this line. Not only the real estate industry but I think it would be a great step forward if the many companies which own the great supply of apartment houses also advertise in the Afro as a clear sign of affirmation, our feeling being it is not enough to say: "We no longer discriminate." There is a necessity to assume a very positive policy of affirmation.

MR. GROSS. What response have you had from the brokers and from the greater metropolitan real estate boards on this question?

MR. LAURENT. Well, we have had discussions with members of the board on this and other policies. We had some indication that there was some thought given to institutional advertising in the Afro.

It was my impression that the institutional advertising would be of major real estate companies but that hasn't come about. I understand that the board is advertising as the Real Estate Board of Greater Baltimore in the Afro on probably about a once a month basis, saying information about the real estate board; in fact as I read the advertisement, if I remember rightly, the fact that members of the real estate board welcome customers.

MR. GROSS. But this is not responsive to your principal concern, is it, which is that properties for sale in the county not now advertised in the Afro be advertised there by the major Realtors?

MR. LAURENT. Yes, or at least institutional advertising, and again, I could refer to Mr. Sherman. This can be a complicated procedure as far as the use of advertising money. I would say this, in the past when we have raised this kind of question, because we are not the only group that has raised this question over the years—the real estate men will reply to the fact that look, we only have a certain amount of money for advertising and therefore we put it to the best use which would be the Sun papers which are open to blacks as well as white and we can't afford two advertisements when we could well get by with one. So you have these kinds of discussions that come up.

MR. GROSS. Mr. Sherman, could you comment on that? Do you feel it feasible for brokers to place ads for residential properties in the Afro-American where they are not now doing it?

MR. SHERMAN. In answering that it would almost be necessary to trace back the practices of the marketplace that led us to where we are. For many years people put in the papers open occupancy. They labeled ads Baltimore Neighborhoods, Inc., came to the Real Estate Board of Greater Baltimore and asked that the board help in ridding the papers of this practice and with the board, the real estate board, Baltimore Neighborhoods went to the Sun paper's New American and labels were taken out of the papers. But what happened was that the black market always looked at the city section of the Sun papers as being what's available for blacks, and always looked at the suburban section of the Sun papers as what was not available for them.

So over the years until there was Federal civil rights legislation

in '68 or the Supreme Court ruling, the black community knew there was really only one place they could look to find out what was available for them and that was the Afro-American.

I would say firstly that the community has been used to that practice and continues to live mainly under that practice. Now we followed a practice from '63 on. When we had a listing that was open occupancy we would advertise it in the Sun papers' Houses for Sale-Suburban and we would advertise it in the Jewish Times and also advertise it in the Afro-American.

Yes, it was more expensive to do it this way but, after all, we are the agent of an owner and it seemed to us that we could best serve our employer by giving his property the maximum coverage in the papers and the maximum exposure and could not plead the case that it was a costly advertising procedure and, therefore, we would claim, were we in business now, that we would continue the practice and that people ought to follow the practice of offering complete exposure to properties in the news media. There is one other problem involved here and that is a mass job to the black population of letting them understand once and for all that the market is really open and that everything they see in the newspapers, whatever appears in the News-American, the Sun, the Afro, wherever it is, is available to all people, and that message really has never gotten across to the people yet.

MR. GROSS. Mr. Favor, do you care to comment on this question of the role of newspaper advertising reaching the black community?

MR. FAVOR. I am supportive of what Mal has suggested here, and I am a little aware of some of the history of it. People have a tendency, I guess, in order to maintain contact with reality not to go off after things that are not for them. I think a person would be quite stupid to look at housing sales in a certain section of the city or in a certain price level or whatever else would cause them not to qualify and spend their time on the weekends looking at these kinds of property, when they do have the opportunity of being shown them, knowing full well that they can't buy them.

I think people tend to try to deal with reality and reality is for the most part that listing in the suburban section for the greater part of Baltimore County and for other parts of the metropolitan area outside the central city, are not open to blacks and black people know this.

As I sit here and I see what's going on, I am a little reminded of the kinds of hearings we always get caught up in—we find ourselves people of good will trying to close the barn door after the horse has escaped. And a lot of times we have to deal in a rather

naïve manner as if we don't know how we got to where we are, and it's quite simple. If we go back 20, 30, 40 years ago, you didn't have suburbia being the powerful force that it is and State legislatures and the scheme of things in the United States that it is today.

It became that way, it became that way not by happenstance, not by accident, it became that way by desire. And until America begins to come to grips with some of the things that were talked about in the Kerner Commission Report and some of the subterfuge and chicanery that is engaged in to deny people of their rightful place in the life in America we are going to be having hearing like this after hearing like this and it is going to be to no avail.

The suburban sections with their lily white populations that have remained virtually the same since 1930—as I say it got this way not by happenstance but by design. You go back to the Homeowners Loan Corporation Act of 1933, trace the Federal Housing Administration legislation, look at the Federal Savings and Loan Insurance Corporation, the Federal Deposit Insurance Corporation, FNMA, and all the rest of these governmental bodies and you will see that it could not have been built in the first place without adequate financial undergirding and support on the part of the Federal Government.

At no time did the Federal Government in all the institutions involved in the building of suburbia, at no time did they take cognizance of what was being done that was detrimental to the dream of America and to the well-being of black people.

So we sit in 1970 trying to undo and we find ourselves dealing with covert racism, with subterfuge, and with chicanery and we won't get the job done until we follow up the kinds of things that Bob Embry pointed out in terms of his trying to bring about some changes between the city and the surrounding environs, until we get the kind of leadership emanating from the Potomac that seems to have been buried with the last big funeral we had over in Washington, D.C.

CHAIRMAN HESBURGH. Ladies and gentlemen, I don't like to be against enthusiasm because it's a great asset, but we have found over the years in these hearings that once you start cheering or booing witnesses, those that are cheered start playing to the audience and those that are booed start drying up and we don't get any evidence. So I would appreciate it very much if you would save your congratulations to the witness for after he leaves the stand, and you can do that privately. If we get into public applause it is just going to destroy the calm and objectivity which we wish to have to get good evidence which we can use. It will be much more

effective if we get the evidence and put it to use than if we just assure ourselves of good will by doing a lot of cheering or booing. So I would appreciate it very much if we could keep decorum and I intend to enforce it. Go ahead.

MR. GROSS. Mr. Laurent, returning to the question of the conversations you had with the Greater Metropolitan Real Estate Board, is one of the steps that you discussed with them the hiring of black salesmen by these Realtors?

MR. LAURENT. Well, our conversations have been in a formal grouping of a number of the leaders in the real estate board, and this was informally discussed a couple of times with individual people, and I can't say that their answers were for themselves. It wasn't put to the board in any official way. I wouldn't want to give this kind of impression.

From a couple of men who are substantially involved in the industry, their feeling was expressed to me in a couple of sentences: "Well, we wouldn't want to hire a man who would have a hard time making a living with us because part of your job being a salesman is getting listings, and our business is primarily in the white areas, so therefore a man would be at a substantial disadvantage because"—I believe I am correct, if I remember rightly—"he is on a commission basis, not on a salary basis."

MR. GROSS. Mr. Sherman, would you care to comment on that?

MR. SHERMAN. When we had our business, we had two black salespeople at a time when we were down to 18 salespeople. In fact, Homer Favor recommended one of those people to us, from Morgan College. We found that the only way we could hire black salesmen was to practice discrimination in reverse, that we had to make up for all that happened which was so bad that we had to put them on a draw of a minimum \$100 a week against nothing, and decide that we would put them on a 6-months program of \$100 a week, this would be about 26 weeks, and we might blow \$2,600, but we did not have white salesmen on weekly draw, and that we had to do this to put them through an educational training session where they could at least make some money while they were learning, if we wanted to attract black salesmen in the business.

Today, the same thing would seem to hold, that to hire black salesmen one is going to have to get into the kind of a training program that insurance companies are willing to have for salespeople and that we are going to have to do things and continue to do things beyond what we would be willing to do for white people. And it's incumbent upon the real estate profession to do this and to hire black salespeople because they can develop into

good salespeople and one of the ways to do black business is to have black salespeople.

MR. GROSS. Mr. Sherman, turning now to a different subject. In 1962 I believe it was, an Executive order was issued which prohibited discrimination with respect to federally assisted housing, Executive Order 11063. Did this Executive order have any negative effect on the availability of FHA, VA—that's Federal Home Administration and Veterans Administration—assistance to home purchasers in the Baltimore area?

MR. SHERMAN. Yes, it did. This order provided that all new housing built after that date in '62, when the order was signed by President Kennedy, that all new housing built under FHA and VA committee appraisals, would have to be open to anybody regardless of race, creed, color, or national origin.

From the time that that order appeared, until just 2 months before the Federal legislation—civil rights legislation—in 1968 on housing, not one ad appeared in the display sections of the Baltimore Sun or News American that ever again told the people of the Baltimore metropolitan area that there was VA housing available for nothing down, or that there was FHA housing available for a minimum of 3 percent down on the first \$15,000. In other words, all new housing under FHA and VA disappeared from the newspaper ads because the builders decided in the metropolitan area not to run their jobs through FHA and VA because that would open them up to black purchasers and they didn't take them through on committee appraisals.

What happened instead, and the white community suffered just as much as the black community in many cases because the white community didn't have a chance to buy VA or FHA either, because the builders didn't want to open up the marketplace and take a chance on blacks buying in the suburbs.

MR. GROSS. They could purchase individual units, however.

MR. SHERMAN. Well, the way that worked was this: if you came in the development and you were a white buyer and you wanted to buy VA, they ran the house through as one individual case, but you had to make a higher down payment than if they had run it through as a committee appraisal; you had to make a down payment on it as though the house were not 1-year old yet, and not having gone through an FHA or VA presale appraisal.

What the builders also did, was to take rowhouse developments in Dundalk that they were normally selling for nothing down under VA and run them through under land installment contracts so they wouldn't have to pass title to buyers and the people were buying

the houses like rent. These were white buyers. And this was a subterfuge that was used to get around the marketplace. Now the black buyers, in all that period of time, had nothing to read in the real estate sections on Saturday and Sunday. They will pick up a display section; it wasn't for them. There was actually nothing available, so the Executive order became a very great detriment to the VA and FHA marketplace, the operation of it in the Baltimore metropolitan area. It did exactly the opposite of what it was supposed to do.

MR. GROSS. Mr. Sherman, on another subject we have discussed two types of affirmative steps, the hiring of black salesmen and the changing of advertising patterns, which brokers might take to help reverse past patterns of racial segregation.

With regard to these and similar affirmative steps that brokers might take, can you tell us what role, if any, the Maryland Real Estate Commission has played in this?

You might begin with a brief statement as to what that commission is, please.

MR. SHERMAN. Well, the Maryland Real Estate Commission is appointed by—I am not completely up-to-date on it, but when I was active in the affairs up to 1968—the appointments were made by the Governor and the commission operates under funds from licensees. It is my understanding that the funds paying from licensees far exceed the cost of running the commission and that the overage of money goes into the general fund of the State of Maryland.

If I am not up-to-date on this, then I stand to be corrected, but it was this way up to the time I left activity in all this. If those funds, 'stead of going into the general fund, were available for the real estate commission in two main ways, there might be a lot of help available.

Firstly, the real estate commission could run a statewide educational program for all real estate brokers. And part of the program would be the educating of real estate brokers on the code of ethics, which is mainly the code of ethics as adopted by the National Association of Real Estate Boards which is now a part of the real estate commission's code. In this they would then get a complete education of what it means to represent all markets in real estate and not do what most real estate salesmen and brokers do, which is guide people into neighborhoods and make the decision very often for the seller as to who should live where instead of letting the seller make the decision. The education could be very broad.

Secondly, to my knowledge there are only about three or four

inspectors for the entire State of Maryland. This does not seem to me defensible.

MR. GROSS. These are inspectors—what type?

MR. SHERMAN. These are inspectors to inspect real estate practices and to inspect that the practices are ethical conduct and becoming the code of ethics and practices including what today is termed "blockbusting". Differentiating from what it was when we put a black in an all-white block, today blockbusting is using scare tactics and urging people to move because of loss of price and so on. There should be about five times as many inspectors working in the field policing the practices of real estate brokers and their salespeople.

MR. GROSS. Mr. Laurent, in your efforts to help reverse patterns of racial segregation and exclusion from the county, have you sought the assistance or worked with the county human relations commission in this regard?

MR. LAURENT. Yes, over the years we have had a good relationship with the staff personnel of the county human relations commission.

MR. GROSS. Can you tell us what, from your perspective, the county human relations commission has been able to do, what assistance it has been able to give, keeping in mind the limited staff and budget that it has available to it?

MR. LAURENT. Well, they have had staff of good will, and they have had some commissioners on there whom we have worked with and so forth, but I think the realities of the situation are that the commission has been a very limited vehicle. I, myself, personally, wouldn't put a great deal of trust in the effectiveness of the commission and time is valuable for us all, so you have a tendency in this field to work well with all you can work with but to put your time in where you think you get the most mileage.

And so, therefore, our relationship has been by no means as close with the commission as it would be if we thought it was really an effective vehicle.

MR. GROSS. Mr. Favor, do you have any comment to make at all on the actual and potential of the effectiveness of the county human relations commission in this problem?

MR. FAVOR. According to history, it has been one in which it was a poorly treated stepchild. I remember when Ed Feingold was giving considerable amount of time to a part-time situation, and apparently received very little in the way of support from either the council or the chief executive or whatever official is responsible for this kind of activity in the county. To my knowledge it

has never been tooled up anywhere near the strength that the one in the city is, and this has a long way to go as well.

MR. GROSS. Mr. Laurent, has one of the principal components of Baltimore Neighborhoods, Incorporated's program been to seek to change the attitudes of whites and blacks toward racial integration?

MR. LAURENT. Yes.

MR. GROSS. Can you describe something about your program and tell us how you have made out in terms of funds and how this may have inhibited your program?

MR. LAURENT. We work in two basic ways. One is a broad educational program which has been the only thing that we could have done up until the passage of the 1968 Civil Rights Act and the reaffirmation by the Supreme Court of the 1866 Act which for the first time in the fair housing movement history gave us reasonable tools to work with. Educationally, we have been working in the last 3½ years that I have been here to create a fair housing movement out in Baltimore County, and in most of the county areas surrounding the city we have set up fair housing councils. These particular fair housing councils vary in strength. A typical one might have 20 really active people, 50 who are fairly active, and have maybe on the mailing list of people who are sympathetic, 150 additional others.

Their role has been to have public programs to educate the community, to be a public witness, to let the real estate industry know of concerned people being in the area, to have a home committee which would work along with Baltimore Neighborhoods in getting evidence of discrimination and testing program, and what have you.

This has been the kind of program that we have had. It's an uphill battle. My analysis of the situation is that two things have occurred. One, negative; there has been a cooling off of the whole attitude in this country toward civil rights. I think the Vietnam War and environment and all these kinds of things are absorbing a lot of interest of liberals; plus, I think there is within the liberal rationale or spirit a lack of stick-to-it-ness. If you work at something hard for a year and it isn't accomplished, then you sort of give up and go to other things. That's the negative kind of thing.

I think the positive thing has been the Federal civil rights legislation, which is going to have a profound psychological impact on people in the county and city; and if volunteer groups like ourselves help to enforce it, it will be effective. Left alone, nothing will happen.

One of the tragedies and ironies of the whole open housing movement is that this is probably the most emotional and most difficult civil rights issue. It is also the least financed. In fact, there is hardly any funding in the entire United States, relatively, for this movement. There are probably more than a thousand fair housing groups which, according to NCDH, have a national group. There are very few, maybe 10 to 20, that have financing. The Ford Foundation has given several substantial grants.

The OEO program has financed some of the movements, usually tied in with poverty programs or some kind of emphasis like that, but the fair housing movement, *per se*, has not been well financed.

MR. GROSS. This is not strictly authorized, I take it, under the OEO authorizations?

MR. LAURENT. No, we went in to see HUD and we were seeking funding because it was absolutely pathetic that two people and a budget of \$30,000 and volunteer secretaries could try to operate in an area of a couple of million people on the most difficult civil rights issue. And we got the information from HUD that not only were there no funds to finance organizations like ours, but they doubted very much that Congress would ever want to. And I am pretty sure of this, because the kind of thing that we would be doing would shake, really, the white power structure of the country.

You can pour funds into the ghetto; the foundations are willing to do that. You can get Federal funds and put it in the ghetto, as long as it is in this isolated kind of area—over there, and so forth, but if you want to come into suburbia where the taxpayers are and where the power structure is to change society at that level, you are not going to get much financing.

And this is the kind of situation we face and I think this is the real tragedy. A small amount of Federal funds and a new kind of granting agency could be set up. A couple of bombers would be a minimum cost for getting operations going around the United States. Now certainly we could operate on a million dollars; we could operate on \$500,000. But I think that if our agency had a couple of hundred thousand dollars and really was able to do a number of things—for example, I go along with Dr. Favor on the pattern of establishing suburbia. I think that people today have the concept that all the whites flee from the city to the suburbs to get away from blacks. I think at best that is only half the truth. You have to go into the fact that after World War II in the city of Baltimore and other cities, if you were looking for the new style ranch house, for a new home, where would you look? In the city of

Baltimore? There isn't much land for this. So there was a tremendous sales campaign by the building industry and by the real estate people to sell suburbia—a little bit of open space. Only it wasn't for blacks; it was for whites only.

Now I think today if we are going to desegregate our cities even for the black middle class, not only to have programs that Mr. Embry is talking about, we have to have a positive sales campaign about living in suburbia and the advantages to you.

I know you will find out from Mr. Miller, my associate, about the kinds of investigations and complaints that we have had, relatively small in number compared to the problem but I am willing to bet that most of the blacks in Baltimore City and County and most of the whites still don't realize that there are Federal housing laws to help in their situation.

Most of the people are not aware either of responsibilities or rights under the law.

Well, if we had \$2,000 or \$3,000 we could have an advertisement every week in the Afro. A small display advertisement. I would like to have more, constantly setting forth before people your rights and responsibilities, that you have these rights, that there is an agency that is able to help you. Then we would have to have more staff to handle it because now, if we have a great influx of complaints we simply don't have the staff to handle it. We are worried about getting too much publicity without the staff. We know we need a much more positive selling campaign. There is a great deal of education to be done out in the white community.

My basic feeling is that there is a small number, a very small number, of white laymen and clergy who have a concept that racial discrimination exists and that it is really an evil thing.

You have a great number of people of good will, including a certain portion of the clergy, who think: "Oh, this is one of the minor problems of society. Yes, we should do something about it; I will give you lip service; but there is really not an evil really worth getting excited about." You have a great mass of people who are apathetic, who grudgingly say: "We will accept the law," and this is a step forward, but who want to do nothing, anything positive that would encourage blacks to come here.

They are very resentful of the fair housing movement. Probably every fair housing council is deeply resented by a large group of people in the community. They would be far more resented if they thought we would be more effective than we are, but a lot of them feel we are not going to be very effective so they are not too excited about it. But they resent it, basically saying: "We are good law

abiding citizens, we do not discriminate against blacks, but we don't want you going out of your way to invite blacks into our community."

MR. GROSS. This is the kind of reassurance that is given through an educational effort that is crucial to the success of opening up the suburbs?

MR. LAURENT. We have a number of things. In fact, many people out in Baltimore County deny the existence of the problem. Many middle class whites in Baltimore County said to us: "Now we know there is no discrimination out here; there never has been in Baltimore County. The main reason is it's too expensive; blacks can't afford to live out here and that's the problem."

Well, we did a study relating black incomes of 1967 to housing costs in Baltimore County as of 1967, from a number of studies of correlation, and for the five different economic areas. And we found out that there were pools of black people, at least 10 to 15 percent of the black families of this area, which had incomes enough to enable them over the years to have bought the median house price for Baltimore County.

And that perhaps 25 to 30 percent of the people could have afforded to rent the median apartment at that time. We know there are extenuating circumstances like husband and wife working, being more predominant in the black families, but there was enough there to assure us of what we already knew.

As Mr. Tauber, the housing expert, has said, there are three reasons that blacks do not live in suburbia or in predominantly white sections of the cities: one, they don't want to live there; two, they can't afford it; and three, discrimination. By far the last is the most important.

We know there are enough blacks of income in this city that would have been able to rent and buy in Baltimore County, at least in 1967, if there had not been widespread discrimination.

MR. GROSS. I have no further questions at this time, Mr. Chairman.

CHAIRMAN HESBURGH. It's a good thing. I was going to cut you off if you did; we have got to get some Commissioners in here. How about it, Dr. Rankin?

COMMISSIONER RANKIN. Mr. Sherman, have you noticed any change in attitude at all, in the many years you have been in this business, of whites toward blacks with respect to housing?

MR. SHERMAN. The main change that I have noted has been in the experience in Columbia, Maryland, where Columbia opened in June of 1967 as an open housing new city, when there was no Fed-

eral law and no State law and no county law, and opened its doors in a way that it meant business and it said to the people, that we want you. We want all of you. And the people knew that this was sincerely meant and that it was for real, and in that respect, in that case, there has been truly, as far as residence is concerned, an open community, in all rent ranges and in all price ranges. This has been one big change.

I have noticed another change as far as whites are concerned towards blacks, and that is that in the profession, the real estate salesmen, the real estate brokers, have realized that this is the law of the land and they have received directions from their leadership that this is the law of the land and they are to adhere to the law.

The law at least has made it—has changed an attitude—because it has taken, on the part of the white people that opposed the law for so many years, especially the professionals, it has stopped them from having to diffuse all that time and energy in opposing the law and at least they know the law is there.

I do not mean to infer that they really in any way have changed and decided to sell houses to white people because the law exists, but at least their attitude has gone up in opposition because it is the law of the land.

COMMISSIONER RANKIN. You would say laws have helped, but we need something beyond laws?

MR. SHERMAN. I would definitely agree with your statement that you just made.

COMMISSIONER RANKIN. What about the sale of houses by individual owners? Would anybody here like to comment on that? Is there any change in pattern with respect to these individual sales and sales made through brokers or do they follow the same pattern?

MR. LAURENT. Well, I don't think there has been a great deal of change in attitude of most of the people that I have come in contact with in our programming and so forth in the county suburban areas in the last 3½ years, except the impact of the law and a kind of grudging admittance of inevitability.

But my general experience that I have had in talking with people and talking with our fair housing council people is that there is still a tremendous amount of resistance. In fact, I will give you an example of the kind of resistance that is in the minds of some people. We felt that we had to find a number of ways to try to reach people. The public education programs were not enough because only the most liberal minded are likely to come or the most hostile. How do you get out and reach the apathetic in a community out in the county? So we broached to our fair housing council the con-

cept, let's have neighbor-to neighbor discussions. Invite into your home, not trying to win them over but tell them why you feel for fair housing and getting how they feel about it, and what have you.

And we got a fairly reluctant group of people to agree to start this. I remember one community, we went through a training program, we had 12 families agree to talk to their neighbors and at the last moment nine chickened out. And we have come to the realization that even among the people who say they are devoted to fair housing and the liberals and so forth, they are scared to death to talk to their neighbor because of fear of intense hostility. This gives me an idea of just how deep this thing is in the community. Yet in most of those communities if a black family would move in, I would suspect that we would not have what happened years ago, the rock throwing and the really vicious stuff.

It's just that they don't want anybody encouraging it to come to their community. They don't want to talk about it, they are hoping that somehow it won't happen in their community. But since they are law abiding citizens and since we do have the power of the church and all, being a good person and all this kind of stuff, and times are changing where you can hurt a black with impunity, I think that most of the areas that I have been dealing in, in the county, would accept, reluctantly, a black family.

Now most of the people will try to avoid sales. We have a number of people who do call up who are fair housing minded and want their house to be sure to be sold on open occupancy basis, but most people, I would suspect from my experience, would hope if they placed their house in the hands of a Realtor in a suburban area that they will never be faced with the problem of a black coming to look at the house.

COMMISSIONER RANKIN. Well, just one last question, do you think the hippie movement will change attitudes?

MR. FAVOR. I would like to answer that. I don't share in the optimism of Mal Sherman or George Laurent with regard to changing attitudes. Just a month or so ago there was testimony on the Hill with regard to what's happening all over America and trying to live up to the dictates of the Supreme Court with regard to desegregated schools. We have honest, law abiding, God-fearing white people who will take public property and give it to people for purposes of offering segregated—continuing to offer segregated education, and I see no reason to be optimistic about this.

With regard to the young people that you referred to as "hippies", I assume you are talking about the New Left movement. I

think it is one of the most powerful and most rewarding influences in America today. That, along with the black power movement.

This is what disturbs me a little bit about the hearings. I don't know how they are going this morning and I don't know how they are going the next 2 days, but what disturbs me a little bit is that it seems we are sitting here like we are back in 1950. We are in 1970. There are a lot of people in the city of Baltimore who could care less about whether or not Baltimore County ever becomes integrated because they have lost the dream. They lost the dream because America refused to deliver, because we got involved in game-playing, and because we got involved in a lot of tricks. So I am not concerned about whether people are called hippies or whether they are called black power advocates or what they are called, I am saying there are forces at work in the community that no longer look at the kinds of influences that condition most of us who are my contemporaries.

When they look in the Sun newspapers, for example, and they see that a Sun reporter had no more to do than to photograph some men who were taking box lunches from children and then use this to destroy the whole lunch program, I would like to invite that Sun reporter to come with me any morning and I can show him at 10 o'clock in the morning little black youngsters in the city of Baltimore standing outside of CAA offices waiting until 12 o'clock to get a dry sandwich.

And I am saying that this is what is happening to America. We continue to play games. We are on a collision course with destiny. And if I don't say anything else here that is important I hope I get this point across. We don't have the time that we had back in the fifties. We have some white youngsters who have become disenchanted, we have some black youngsters who are disenchanted and if, somehow or other, these youngsters get together and light the fuse, it is going to be terrible. And I am not threatening, I am just trying to bring us all up-to-date. This is 1970. Things have changed.

CHAIRMAN HESBURGH. Mr. Mitchell?

COMMISSIONER MITCHELL. Well, Mr. Favor, the Commission on Civil Rights is trapped in the sense that it does what it can to tell the people of the U.S. through their Government how to solve some of the problems of the rights of human beings. That is what this hearing is about and that is what we hope you will help us to do.

Every question my colleagues asked and every one I ask is aimed at that. I get very close to the New Left because I live on a university campus so I have to look at it as I know you do.

Tell me something, you say we have come a long way from 1950. Yet there is a terribly monotonous sound to even the tactics of segregation in housing or racism or whatever you want to call it, discrimination, that all three of you have talked about. You say there have been a lot of changes in the way these kinds of discriminations are practiced. What's new since 1950? Are we still using multiple listings? Are we indicating on those the owner reserves the right? That clue is gone. Are there new kinds of clues?

MR. FAVOR. No, what I am suggesting is that in 1950—I moved to Baltimore in 1956—I had a job. I had to come here three times in order to find a place to live. I still live in the same place that I moved into in 1956. And if you know anything at all about moving into a new city, you don't go into a city and buy a house, but I had no alternative, because the market wasn't open to me. The kind of flagrant abuse that I would run into then I wouldn't expect someone coming to Morgan State College to run into now.

I am saying it would be covert, it would be: "We will call you," "I'm sorry but you can't get to see that house now." The choices are greater but they are not as great as they should be if the person is truly an American and enjoying an American experience. When I responded to Mr. Rankin, sir, I was not castigating his question. I was trying to say that there is a different tenor.

COMMISSIONER MITCHELL. You did a book about 9 years ago, in 1961, in which you speculated on the impact of patterns of occupancy by race on real estate values in this city?

MR. FAVOR. That's right.

COMMISSIONER MITCHELL. What was your conclusion then?

MR. FAVOR. Well, basically, when I came here in 1956 I sat through a number of hearings and very prominent real estate people would say that we have the vision but we cannot participate in this because it is not economically feasible, because you know that if black people move into a neighborhood the property values are going to deteriorate.

Now this didn't make very much sense to me because I had a number of white friends who were lamenting about how much they lost whenever this happened and a number of black friends who were lamenting about being gouged. So something had to be wrong, and I tried to discover what it was and in the process picked up a doctorate, and I did.

COMMISSIONER MITCHELL. Would you summarize your findings very quickly?

MR. FAVOR. Well, basically, that you cannot predict what is going to happen to property merely because people with black skins come

into a neighborhood. It may go up, it may go down; it may remain constant. But on the average it tended to improve, not because black people drive property values up but because of the laws of supply and demand and restricted amount of supply with intensified demand tends to drive the property up.

COMMISSIONER MITCHELL. And you would argue that that still holds true today?

MR. FAVOR. Sure, I am saying there is no way you can predict what is going to happen except to try to isolate the factors of demand and supply that are extant in a given section where this is likely to happen. But what is happening with the so-called integration, there hasn't been any integration in the metropolitan area of Baltimore and most metropolitan areas that I know anything about.

We had some leap-frogging; we had a breaking of the boundaries; we had a movement out in the northwest corridor and more latently in the northeast corridor, and this has been sort of a logical progression, but as far as the community being open for someone, I notice there are some people on your Commission here, if they happened to be black and decided they wanted to move to Baltimore, if they wanted to waste a lot of time they could do it looking for housing. If they wanted to find a house in a hurry they could call Mal Sherman, or they could call George Laurent, or they could call me and save a lot of time.

Why? Because there are certain alternatives just not open to black people.

COMMISSIONER MITCHELL. Now the Commission's understanding of discrimination is that it generally comes from a lack of enforcement of the law, or a lack of failure to follow a required practice by people engaged in it or by reason of the pure discrimination of those involved.

We keep coming back to the laws here. We keep talking about VHA and FHA and HUD and 235, and generally the response from you has been that these laws are not being observed, that they have been circumvented, that the laws have not worked. Is the Commission to derive from this that it is impossible to legislate this problem into some kind of controllable form, or is it to understand that nobody has found the answer yet to proper enforcement of these laws?

MR. FAVOR. I would hope the Commission does not arrive at the position that legislation doesn't work. Legislation fails to work only whenever the legislation has been aborted, aborted either through cross-fertilization of the enforcing agency, aborted through the

tacking on of riders, aborted through the failure of national leadership to support the legislation; then legislation becomes less than what it could be and the sequel to that on the part of those who promote evil in the community is to point the finger of askance at the legislation, rather than at the failure of men of good will to do what the legislation was designed to do.

MR. LAURENT. May I add something. Some friends of mine, a lawyer and a political scientist, about 3 or 4 years ago, from the University of Michigan took a year off, studied fair housing legislation and State legislation across the country and concentrated on the big States like New York. And their general conclusion was this: if we wanted to end discrimination in the United States and were really serious about it, we would simply make the violation of fair housing legislation a comparable violation to robbery or murder. And then you would really stop it and the law would be effective.

We make this law, first of all, civil law rather than criminal law. The action of Congress was to pass the 1968 act and you probably know better than I do how well Congress intended to finance the enforcement of it; it's the great hypocrisy. We pass laws in the United States to shut up the liberals but we very subtly refuse the funding; and the attitude toward an agency like ourselves and so forth. Now I would say this: that if a person did come into Morgan State College and was willing to look for housing, that Baltimore Neighborhoods with volunteer lawyers and so forth could find him a house, in probably a good part of Baltimore County. He might have to go through civil suit to do this, but we can probably get the evidence and, in time, get him the house. And I really think that for the middle class black it is hard enough, but we can have real progress there.

But it is constantly thrown in our face that the great difficulty there is that, sure, 10 percent of the people of this city could afford housing in the county and they should be helped, and that is our role. How about the other 90 percent with all the job opportunities and all that is going on? How do you help the other 90 percent? And here we fall back that you are going to have to have an increasing housing supply.

One of the reasons I am sure that we don't get more complaints is the very tight money market today. Houses are being sold and apartments are being rented, that is true, but there is a vacancy rate in this area, which is very slender. I think it is what—1½ or 2 percent vacancy rate. This makes it much harder for blacks to operate as it does whites.

We are probably in one of the worst housing crises in our country's history and I am getting very much concerned in this country, not only about racial discrimination but discrimination against the poor. Even some of our fair housing people have indicated that they are perfectly willing to help the black middle class but they don't want to do very much about the black poor. And I think this is one of the real problems we face.

MR. SHERMAN. I would agree with Homer that the legislation was very necessary and it set the scene but to ask about how do we resolve the problem we have been talking about today? One would, it seems to me, have to decide firstly that it is really not the homeowner who is making that decision to keep that neighborhood all-white for his friends and neighbors, so much the real estate broker who is in business and who still considers it economic suicide to make a sale to blacks in that all-white neighborhood. The heart of the matter goes to the businessman and until the businessman gets hurt in his pocketbook, and in his business, for the practices that he is taking place and the guiding he is doing to people. The guiding I would say it goes something like this, having checked the market in the last 3 months to get up-to-date, because I am not in the brokerage market any more; that the practice still goes something like this, that certain pocket areas and sections of the Liberty Road area northwest are open occupancy and that there are blacks living with whites in some blocks practically all-black; that a broker in multiple listing and working, let's say out of North Baltimore, the Towson area, if he has a black buyer he will move that black buyer into one of those listings, let's say in the Liberty Road section of Northwest Baltimore, instead of viewing the marketplace, let's say in the Towson area or wherever there would be comparable housing in his area and his bailiwick. That way, he does not disrupt the business that he is doing in an all-white neighborhood but adds black to where blacks have already bought, let's say out in the Liberty Road area. So that I would say, firstly, that one of the strongest forces against an opening housing market are the people that are selling real estate in the marketplace, and that they have more power than any priest or any rabbi or anybody who gives any sermon anyplace to the people that are the homeowners that go to those churches and synagogues.

I would say, secondly, that the business marketplace has absolutely no interest, that is the developer marketplace, does not have the interest that seems to be borne by business people after riots take place in the inner-cities when they suddenly decide that they are going to get up and do something about the whole system.

The business community does not have the interest of going into the counties and availing themselves of present funds which are amply available from the Baltimore office of FHA to go into the FHA 235 program which gives people an opportunity with an effective take-home pay of \$4,800 a year to buy a piece of property with a monthly payment of about \$86 a month that costs somebody not under that program \$186 a month. And that those same business people aren't the least bit interested—the developers, the entrepreneurs, the brokers that work with the developers and who give advice—in opening up FHA 236 programs in the county. I understand you don't need any workable program to have an FHA 236, for instance, in Baltimore County.

So that there remains in the business community—the business community as a total—a protective system that protects the system the way it's working and operating presently, and that the system doesn't go forth; it really doesn't undergo any change. I find now in checking the Hilltop area where we moved those white people in 1949 and '50 that that area is now 70 percent black in the city, that the system is repeating itself all over again. But right now in—for instance in the upper Park Heights section—Smith Avenue section—you won't find a black family around there and the people have acted by all the means of the marketplace, especially the people in business, to keep that an all-white area.

Now we have to get to the bottom of it. How do you get to the bottom of it? One of the ways to get to the bottom of it is to use the kind of system that was used in St. Louis of using checkers and sending out teams of white and black buyers to see what is really going on in the marketplace and to build up cases, and every time you build up a case and slam it to somebody and use the law that you have to get down to finding the truth of the marketplace, what is really going on in the marketplace, then the people are going to turn around and decide, boy, they had better not play this kind of a game that is going on in the marketplace still today.

COMMISSIONER MITCHELL. Mr. Sherman, in our St. Louis hearing, or following it, legal action was brought, if I am not mistaken, against some real estate brokers.

MR. SHERMAN. I understand that.

COMMISSIONER MITCHELL. In your opinion, is such action likely to be justified in Baltimore at this time?

MR. SHERMAN. If you find the kind of things that you found in St. Louis, I think that we all in life have got to pay for what we have done in one way or another. Everyone of us has our day in

the sun and everyone of us also has to stand up for what we have done and face it.

COMMISSIONER MITCHELL. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. You have, all three of you, described practices by real estate brokers that come within the provisions of Title VIII of the Civil Rights Act of 1968.

Now if I were driving my car down Security Boulevard and ran through a red light and a policeman stopped me, I couldn't tell him that I hadn't had a public education program. He would give me a ticket. And if I had had several violations, I would have my license to drive removed. I would want to ask would you recommend that the laws be changed or amended to provide that the license of the broker be taken away in the case of the violation of the fair housing law?

MR. LAURENT. It is presently the law of the land. Again, I think you go back to the system though. Basically we have been handling complaints and we have volunteer lawyers to help us. Most of our complaints to date have come against apartment houses and these are not licensed brokers. And we have gone to court and we have settled out of court.

One of the difficulties is the remedy the Federal Government has given people. You go into court and sue. So the person has to have his own funds to hire a lawyer or to use one of our volunteer lawyers, we have to get the evidence. We face very conservative Federal courts.

The evidence has to be excellent in order to have any kind of a case if we are going to face good lawyers. So there are cases of discrimination which we can't quite get enough evidence with which we feel that we can go to court.

I know that sooner or later we will be running into licensed brokers and we intend to throw the book at them if they are caught discriminating. If they lose a civil suit, then of course we would also move to the real estate commission of the State and we would urge, we would insist that the license be suspended or revoked. You may not be aware of the fact that Baltimore Neighborhoods filed a complaint against the real estate commission of Maryland because we felt that they weren't very effective in doing their job.

So that wherever you go you have the system. For a long time this State suffered with a very inadequate State human relations commission, then we had to have a great big campaign to strengthen it and I think we have got a pretty good one now.

Then you had a longtime problem of the real estate commission,

industry dominated with all the men being real estate people, and not having a black broker on it, being very reluctant to be positive in its attitude toward upholding the law and to be positive in the area of housing discrimination, and undertake a positive education program.

They have done things: I am not saying they haven't done anything, but it has been our general tendency that they have not been very aggressive in letting the State of Maryland, the people as a whole, know that brokers must not discriminate.

They send out newsletters which are good; they have told brokers the law is this and this, but here again you have this whole concept of a system and, as I say, I think the problem is as long as you have a real estate commission that is totally industry-dominated and has no laymen on there, as long as it is all-white, you are not going to have a very strong Commission.

COMMISSIONER FREEMAN. Except that you said that racial discrimination is an evil thing. Racial discrimination is illegal and this is the point we want, that seems not to be stressed, that in terms of the civil rights laws we lean on the morality, or we say that it is immoral. Whereas the civil rights law should have the same effect of any other law, and that we are not law abiding if we do not follow that law.

MR. LAURENT. I think one of the hardest things is that people are shocked if we think the law should be enforced. There is still this attitude. I would say this, it is my feeling that many citizens and many professional people, and I even doubt if the Federal Government itself, even the Justice Department really feel that the Federal Civil Rights act in relation to fair housing is something that should be taken seriously and given real priority as compared to crime in the streets and all the other crimes.

It is something we are stuck with; it's down on the line. And this attitude goes through our whole system; I don't think that the average clergyman, the average real estate broker, and the average citizen out here in Baltimore thinks there is anything wrong against discriminating against blacks in housing.

I don't think the great mass of people think this is—they don't even think it is immoral, let alone a crime. A lot of people think it is a lousy law. So Americans are used to avoiding the laws.

COMMISSIONER FREEMAN. Really, Americans don't believe in law and order?

MR. LAURENT. They say they do but I don't believe it. If it's to their advantage, if they don't like the law, they don't want to obey it and they will do everything and public officials will look the other

way. I don't say it's a conspiracy that somebody plotted; I say it's almost a human nature conspiracy that you don't have a Federal Government very anxious to enforce it, you don't have the local government very anxious to enforce it, you don't have the industry very anxious to enforce it, you don't have the citizens-at-large. You have a few screwballs like myself and out in other places who are trying to—we are only a pain in the neck.

This is where you stand. And the black community by this time is suspicious of us all and pretty cynical about whether anything will ever be accomplished.

MR. FAVOR. I think, Mrs. Freeman, it may be a step in the wrong direction if we rely upon the pursuit of cases, etcetera; this is what we came to in the civil rights movement years ago, as you know. It's very slow, very expensive, a painful process and unless something is done to put pressure on whatever institutions that prevail that affect our lives, then we don't go very far. We have a celebrated case and the person moves into his house in Dulaney Valley Road or wherever it might be, but you still have the amorphous mass of people unable to participate in the open housing market that our laws proclaim that there might be.

Frankly, I would be quite surprised if I found that the real estate community had the vision in this regard, that they were open and believed in all the tenets of the law because it would be unlike any other institution that I know of that deals with life in its essence in America.

When we look at the role of the American Medical Association, the American Bar Association, the Chamber of Commerce, and the kinds of policies and pronouncements and procedures that they stand for, why should I expect the National Association of Real Estate Brokers, for example, to be far removed from them with regard to this stance as to where America ought to be going.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. We are getting down to about 20 minutes. Next we have questions from Mr. Horn.

VICE CHAIRMAN HORN. Dean Favor, you are a student of urban affairs and I assume you have studied and I know you have watched urban growth. Let me clarify one part of your testimony.

Let's assume there were no black citizens in the United States, do you feel that there would have been the great growth of suburbia that took place beginning in the twenties, accelerated in the thirties and then really burst forth after the Second World War?

MR. FAVOR. Very definitely.

VICE CHAIRMAN HORN. In other words, suburbia would have oc-

curred despite any connotations of a racial sort of trying to escape from the inner-city and groups of the different races?

MR. FAVOR. If my testimony suggested that that is what I had in mind, then I have to withdraw it because that is not what I had in mind. We have areas, we have cities that have experienced suburban growth where you couldn't find a black person after dark.

VICE CHAIRMAN HORN. Right.

MR. FAVOR. They are two separate phenomena.

VICE CHAIRMAN HORN. That was the implication I got from your testimony and I just wanted to nail it down.

MR. FAVOR. Let me help you nail it down.

They are two separate phenomena, suburban exodus and the growth of black people within central cities are two separate and distinct phenomena. But when I say that suburbia was built at public expense and participated in the denial and exclusion of black people, I still stand by that without any equivocation whatsoever, because in areas where blacks did live, where the stage of the family cycle would determine that it is now time to go look for the split level, the greenery around, he was stopped simply because he was black. Income made no difference. Occupation made no difference. Etcetera.

VICE CHAIRMAN HORN. Let me just ask any of you gentlemen the next two questions.

The first is, are there any areas in the city of Baltimore which were, say, used to house black citizens where there is now a movement back from the suburbs to the inner-city and whites are taking over those areas, for the matters of, say, transportation convenience to downtown areas? This has occurred in some cities. Are there any areas here?

MR. FAVOR. Where there has been reclamation?

VICE CHAIRMAN HORN. Where whites are coming back in to take over.

MR. FAVOR. I said where there has been reclamation, where you have leveled where black people formerly lived and built high rise apartments, luxury apartments, yes.

VICE CHAIRMAN HORN. What areas of Baltimore are you talking about there?

MR. FAVOR. Bolton Hill, Charles Center, any of the high rise luxury apartments in the city.

VICE CHAIRMAN HORN. In other words, these were essentially white until the Second World War, slowly became black, and now are going white again because of the—

MR. FAVOR. No, they were mostly black even prior to then.

VICE CHAIRMAN HORN. You mean before the Second World War. Okay. One last question. On this problem of Realtors, under what conditions under Maryland law does a Realtor lose his license? If he violates a law such as the Federal fair housing act, under Maryland law can he lose his license?

MR. SHERMAN. I would like to make a distinction first and say that Realtors is a trade name; Realtor is a trade association; you do not have to be a Realtor to practice real estate. You get licensed by the Maryland Real Estate Commission, so I have been using the word real estate broker all day today, and yes, it is my understanding that under the provisions of the Maryland Real Estate Commission he could lose his license for an act contrary to the Federal civil rights law.

VICE CHAIRMAN HORN. Now, have any to your knowledge lost their license? Have any cases been brought?

MR. SHERMAN. I think Mr. Laurent can answer that.

MR. LAURENT. There was one that has been brought, a case in Montgomery County and the man had his license suspended for 6 months. My feeling is that after 2 years it should be very clearly made known to licensed brokers that enough time for education and adjustment has occurred and if you are caught discriminating you should lose your license forever.

VICE CHAIRMAN HORN. Thank you, Mr. Chairman.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. I have something of a comment, an observation, perhaps a question.

I am trying to make sense out of what has been said here in the last hour and a half, and there are a number of different strains that seem to be going through the testimony. One that seems to be implicit in a lot that has been said is that integration is a good thing and this is something that we need laws for, and this is something we need fair housing groups for, etcetera, to do something about it. You, also, Mr. Favor I believe, said that there are many blacks in the city of Baltimore who just don't care any more about integration, they just feel that that is a dream that has been lost.

We have also heard people say that you are not going to solve this problem through morality, that the priests and rabbis have not been doing a very good job on this, and Father Hesburgh's profession has been criticized.

Then we have heard people say it is not the law that will solve this problem and my profession has been criticized. And Mr. Favor has also said that we are on a collision course; that that is what the Kerner Commission said.

What are we going to do to deal with this problem? How are we going to get off the collision course? Don't we have to develop programs to demonstrate to people that it is in their self-interest to solve these problems? That it isn't just good; it isn't just moral, but it is in their self-interest, in fact, the survival of the country is dependent upon dealing with these problems in some rational way?

MR. SHERMAN. I will be the briefest probably in answer. I would like to pick up from what you have just said and say that we have to restructure our priorities and make this a number one domestic priority, not just in the field of housing but let's tackle housing, education, employment. Let's tackle it all together because it is all one problem. And it shouldn't be done by bits and pieces. It shouldn't be done by housing alone but that this has to become our number one priority and the leadership of the Administration on a Federal level has to make this our number one priority for us to address ourselves to.

And we have to understand what is going to happen if we are not able to resolve it. I would be repetitive if I went into that portion of it.

MR. LAURENT. I would say that our agency is not maintaining integration but rather freedom of movement and open housing. I don't think that we are going to have the kind of pepper and salt integration that idealistic fair housing councils 10 years ago thought we would have in a hundred years in the United States.

I think that if we give freedom for the blacks that want to move out of the city, that is a great step forward; if a great majority of blacks want to live together that is for them to decide. What we are trying to do is to create freedom and remove restrictions and let the black community make its decisions. Our feeling is that the black community at the present time cannot make this decision.

MR. FAVOR. I guess I am responsible for some of your consternation. As I sit here I am reminded of Stokely Carmichael and Rap Brown and any number of people whose names I could call that a few years ago I wouldn't have called their names because they hadn't become national figures or international figures. And they became international figures primarily because America lifted up to the world for the world to see what its goals were. It did this in the Reconstruction era and it turned around and did it in 1955 or thereabouts, and for 12 years we have pursued the goal of integration under the civil rights banner.

Somewhere along the line it didn't work and we could spend the rest of the afternoon talking about why it didn't work, but cer-

tainly no one who is sane would level the assertion that it didn't work because black people didn't want it to work.

Now we have some alternatives. We can continue to lament and to commiserate about it not working or some of us can—as Mal has pointed out—we are compartmentalizing problems; we are talking about housing; we are talking about education and we are talking about manpower and we are talking about health services and all these things that are separate but all these things go together that make up the man, and it is the black man who is being shortshrifed in every area that is germane to life. And he is not going to have very decent housing. So what happens? We spin off from this phenomenon some people who perhaps would not be acceptable in the circles where we find ourselves today.

At one time we could just forget that they were in the world but we can no longer forget that they are in the world. They have a very powerful voice. I have three children. My friends have children. And what do you say to a youngster who reads every issue of the Black Panther magazine and reads it with zeal? You can't tell him to put it down. You don't know what's right yourself.

The thing that you do know is that you are handing him a pretty shoddy world and with all of your understanding and with all of your openness and everything else, he still finds himself living in squalor, with a poor educational prognosis, and very little likelihood of ever joining the mainstream of American life.

CHAIRMAN HESBURGH. I have a couple of questions for the 9 minutes that remain.

Mr. Sherman, you spoke about Columbia having a kind of new approach to open housing, free market, and all of that. What has actually happened there? We are going to have a few words on it the last day, but I am just curious.

MR. SHERMAN. Well, what has actually happened there is that about 13.6 percent of our detached market is black and 10 to 11 percent of our rental market is black, and 4½ to 5 percent of our townhouse market is black, for an overall black population of just sitting right around 13 percent. This includes housing from 221 (d) (3) with rentals at \$99 a month to rentals of \$385 a month. This includes housing from \$14,750 sales price, builder-produced housing, tract housing, to builder housing for \$65,000 and custom homes up to \$85,000. And all peoples, black and white, have bought and leased in all these rent ranges. Now they have mixed together in the life of the community, in its recreational life, and in its institutional life. We have been living there for 3 years and have been witness to all this, our family.

Living together, exploding myths even of cheaper houses being—\$30,000 houses overlooking \$75,000 houses, apartments overlooking \$35,000 houses. All the problems that seem to exist in the marketplace before are not existing now as far as black-white are concerned. The black population in 221(d)(3) is running about maybe 32 percent. That would be the important thing, that is if 221(d)(3) had been 75 or 90 percent black, the outside world would have said that we are like every other place, that when we get down in the real low end of the marketplace we became all-black. But we didn't, and it looks like—I know Jim Rouse is going to come here and talk at greater length on this so I would rather not get into it further—he can much better explain the details.

CHAIRMAN HESBURGH. Let me just ask you some of your own experiences as a real estate broker, do you think that is pretty much what would happen if we could just forget about all our prejudices and forget all the hanky-panky and monkey-doodle business we keep hearing in every city we go to, and just say we have got the same kind of market for houses as we have got for automobiles, if you have got money to buy one you can buy it. Do you think your experience would be somewhat comparable to Columbia?

MR. SHERMAN. Well, your question could be answered in the affirmative if we could rework all the other things that go along with it—

CHAIRMAN HESBURGH. Availability and money and the rest.

MR. SHERMAN. I am talking about the education, institutions, employment, the whole rest of the scene, then we could do a job; we could do it in the inner-cities of America, but not the way we are going about it.

CHAIRMAN HESBURGH. What I am really groping for here is that maybe instead of just wrestling with these ineluctable problems that you find in a given city, go out and create a lot of new cities in America. We have got plenty of people coming on.

MR. SHERMAN. I would not agree with that and would suggest instead that that kind of work I guess Mr. Spear is going to talk to you about—the Hartford Renewal Plan we are involved in and Staten Island, and the plans for the inner-cities of America—are more important than creating these new satellite cities, which must also be created.

CHAIRMAN HESBURGH. So you are at both ends; you think we ought to create new cities and keep working on the old?

MR. SHERMAN. I am only with the people I am with for what it can lead to in the work we are doing in the inner-cities of

America. That we learn by the process of what we are doing out there, for what we can really do for the existing cities of America. That is where the real problem must be solved.

CHAIRMAN HESBURGH. Dr. Favor, there is a thing that you could really help us with, broader than the hearing today. It is not an immediate problem of this hearing today but it is a problem of the Commission, and that is that we have a feeling that in the whole field of education there is a lot of confusion today because of the *de jure-de facto* distinction, whereas I think it is becoming increasingly in the mind of this Commission that there really isn't much of a distinction and that practically all of the *de facto* segregation in education we have is pretty much the result of government programs in education, in housing, in employment, training, and in many other things.

I think you were touching on that earlier and it is a very important point because if you could underline a few of the factual points it would certainly help us in our broader case.

Can you give us a few words on that?

MR. FAVOR. Well, it just happens that I grew up in a city where I experienced *de facto* segregation; that city happened to be Pittsburgh, Pennsylvania. This is true of most northern cities. It is possible if you are on the periphery of a good school district to get a good education; if you are well within a lousy school district you get a lousy education.

There are some youngsters who survive in either equation and do a good job. But where the insidious nature of this thing really takes hold is at the college level. One of the big concerns here in the city of Baltimore is that we have a college which I represent that is a little better than 100 years old. It was 100 years old in 1967.

There is Compton State College, and when I juxtapose the city of Baltimore against Pittsburgh or Philadelphia or New York City or Boston, Massachusetts or Buffalo, New York, or Cleveland, or Chicago or any other northern important city that you care to name, you will find a higher proportion of blacks that have been rescued because there is this educational possibility which has existed for better than 100 years in the way of Morgan State College plus Compton State.

What disturbs me is whenever there seems to be the kind of behind the scenes tactics and black people are always—this is why I react like I do to getting evidence and going into a court of law—we are always trying to prove the obvious. But when I look at the behind the scenes tactics where there is an absence of sup-

port for the perpetuation of an institution like Morgan State College, allowing it to find its niche in the sun, then I am reminded of what goes on in other cities. When you juxtapose Baltimore with these other cities, you don't find the kind of escape valve that you find in the city of Baltimore.

There is a kind of insidious practice with regard to *de facto* segregation that is just as injurious as it is to *de jure*. You have good school districts; you have bad school districts; and if you use an overlay map you can take the whole concentration of problems that you find in a metropolitan area and they all will be condensed in the area where, not just because of the accident of the color of people's skins, but because of social undergirding, it is necessary for people to survive. Sometimes we act as though we don't know what a Government is for.

But in our creed we say a Government of the people, by the people, and for the people, but we tend to exclude black people from social undergirding, we tend to exclude black people from participation in the economic mainstream of the activity, and then we go so far as to use gerrymander tactics and all the rest to prevent black people from participating fully in the political machinations of a community.

Unless you participate in all these three you can't even begin to spell freedom. When I look at a city like Baltimore, almost 50 percent black population, and it is virtually all but impossible to send a black man to Congress; it doesn't make sense when you look at Cleveland and look at Detroit and look at Philadelphia.

But why is this? It is because we gerrymandered the districts in such a way that sometimes as I say to my good Jewish friends, you and I both are two fools. And they say why. I say because what Maryland has said to us is that you may have either a Jew or a black man in the Maryland congressional delegation. I say when we wake up you will have a Jew and a black man and then some in the Maryland congressional delegation because we will enter a suit and get the gerrymandered districts tossed out. And instead of having them running in a pie shaped fashion into the city, we will have them running across the city and we will get some good representation in Congress.

CHAIRMAN HESBURGH. Thank you. Mr. Laurent, one quick question because we are just about out of time. Who appoints the real estate commission of Maryland?

MR. LAURENT. The Governor.

CHAIRMAN HESBURGH. And this is the regulatory body for the whole State in the ethical practice of real estate brokers, right?

MR. LAURENT. Yes.

CHAIRMAN HESBURGH. And there is not a single black person on this?

MR. LAURENT. No. Nor is there a representative of the grass-roots public. The men on there I think with the exception of one man who is in the insurance and mortgage banking business, are all licensed brokers, and we have indicated that we feel there should be a change.

CHAIRMAN HESBURGH. Would it be possible for a substantial number of citizens interested in correcting some of the things we have been talking about this afternoon to petition the Governor, number one, to put minority group representation on the real estate commission of Maryland as a real issue?

MR. LAURENT. Yes.

CHAIRMAN HESBURGH. And, secondly, to follow up what Commissioner Mitchell always talks about, that every regulatory body in the whole United States beginning with big things like the FCC, FTC and anything else are all made up of the people they are supposed to regulate; that there ought to be some trustees, so-called public service trustees, who would not go into a Commission with the idea of preserving the status quo, if you want to call it that, but to somehow get at a new kind of law and a new kind of order?

MR. LAURENT. I think all the commissions of the State of Maryland could be examined to see what their black representation is, and also how well they are representative of the people most likely to be affected, the consumer, and what have you.

CHAIRMAN HESBURGH. I would hope that somehow this would be one of the results of this hearing, because we have found in almost every hearing we have had that the local actions that followed were much more important in some cases than our big national report, because things began to happen locally because people for the first time saw some of the innards of the question.

I would like to ask Commissioner Mitchell if he could ask his final question which will only require a yes or no or two words to answer it.

Do you want to do that, Commissioner?

COMMISSIONER MITCHELL. Thank you, Mr. Chairman. We held our last hearing in St. Louis, and there are characteristics to the St. Louis area in the State of Missouri that are identified as Southern. Are we in a southern city now?

MR. FAVOR. Well, it depends. By definition we are below the

Mason-Dixon Line, and by practice sometimes I think we are in the Deep South.

CHAIRMAN HESBURGH. Do you want to answer that, too, Mr. Laurent?

MR. LAURENT. I worked on this problem in Michigan and Kansas City, Missouri, and Kansas, and here. In the area of housing discrimination the bigotry is amazingly the same, whether it is a liberal State like Michigan or Missouri, Kansas or here. It doesn't negate what Dr. Homer Favor said, but housing prejudice is almost universal it seems to me from my limited knowledge and you find it everywhere.

MR. FAVOR. You might point out that up until just a few short years ago, if any of you gentlemen cared to have a drink with me when we finished, we couldn't have had one anywhere in the State of Maryland. So I think that is more of a Southern practice than Northern, though in the North they do it through economic means and it is just as effective, but it's pretty bad.

CHAIRMAN HESBURGH. Mr. Sherman, do you want to try to answer that?

MR. SHERMAN. I would like to see this part end with Homer Favor having spoken.

CHAIRMAN HESBURGH. Okay. We appreciate you, gentlemen; you have been very helpful and thank you very much.

(Whereupon, at 4:35 p.m., the hearing was recessed, to reconvene in 15 minutes.)

VICE CHAIRMAN HORN. We will begin the next panel. This panel will be on the role of the real estate brokers. We have, first, a panel of black brokers, which will be followed at approximately 5:30 by a panel of white brokers.

Will Mr. Martin, Mr. Sparrow, and Mr. Johnson please come to the stand.

(Whereupon, Mr. S. Lee Martin, Mr. Arthur Sparrow, and Mr. Ralph L. Johnson were sworn by the Vice Chairman and testified as follows:)

TESTIMONY OF MR. S. LEE MARTIN, MR. ARTHUR SPARROW,
AND MR. RALPH L. JOHNSON, BALTIMORE, MARYLAND

VICE CHAIRMAN HORN. Mr. Powell?

MR. POWELL. Would each of you please state your name, address, and occupation?

MR. MARTIN. My name is S. Lee Martin. I am a real estate broker with offices at 3006 West Cold Spring Lane, Baltimore City.

MR. JOHNSON. My name is Ralph L. Johnson. I trade as R. L. Johnson Realty Company. My office address is 3529 Edmondson Avenue.

MR. SPARROW. My name is Arthur Sparrow. I am a full-time employee with the Small Business Administration and working part-time with S. Lee Martin and Company. My address is 3121 Bluejean Avenue.

MR. POWELL. Mr. Sparrow, how long have you worked as a real estate salesman?

MR. SPARROW. I have been in the real estate business for about 8½ years.

MR. POWELL. Do you specialize in a particular area of the city or county?

MR. SPARROW. Generally speaking, most of our business is in the Northwest portion of Baltimore City and County.

MR. POWELL. Are you able to find many listings in this area, or does the bulk of your work consist of finding buyers for homes that are already listed by another broker?

MR. SPARROW. Actually, we work with buyers finding homes that have been listed by other brokers.

MR. POWELL. Typically, what is the race of persons selling property in areas where you sell homes?

MR. SPARROW. The race of the sellers for the large part are white. The race of the buyers, of course, are 100 percent black.

MR. POWELL. Would you say that most black salesmen follow a work pattern similar to yours? That is to say, finding black buyers for homes that have been put up for sale by white homeowners?

MR. SPARROW. Generally speaking, where the black broker's market consists of housing in the price range in excess of \$12,000, then he follows a pattern similar to ours.

MR. POWELL. Do black brokers have difficulty obtaining listings generally, and in Baltimore County particularly, Mr. Sparrow?

MR. SPARROW. In Baltimore County particularly, yes. There are several problems involved. I think one of those problems is the fact that a large portion of the listings that come in Baltimore County are done by women, and here the problem is that the women travel in the same social circles and we don't have that entre into that circle. Consequently, we don't get the listings.

Another problem often cited by the sellers is that they have relatives in the field of real estate and they intend to give the listings to their relatives. I think an additional problem is that a lot, or at

least many, of the whites, in particular, have a lack of confidence in the ability of the black brokers.

I would state that one additional factor would be the fact that particularly brokers operating on the fringes of the black areas tend to hire a few black employees and when we go out and talk with the seller, the white broker can come in back of us, he has got a mix of black and white salesmen and he uses this as a sales point in which case he implies to the seller that he can give her property more exposure, or his property more exposure by having an integrated operation.

MR. POWELL. Mr. Johnson, would you care to comment on the difficulty of black brokers finding listings in white areas in Baltimore County and in the city?

MR. JOHNSON. Well, it is virtually impossible in the county for a black broker to participate actively in the real estate business. In order to participate actively in the real estate business, you must have the availability of listings. Now, in Baltimore City, the reason why it is very difficult for me to obtain listings is a couple of years ago they passed an anti-solicitation law that affected real estate brokers and it kept me and my business and it keeps me and my salesmen from going out and actively seeking listings.

In Baltimore County—I think the real estate business is controlled in Baltimore primarily by the white real estate brokers. They control the business and they control the listings. And by controlling the listings, they control the business. Because the listings are the key to the real estate business. Without listings, you can't actively participate in the real estate business.

MR. POWELL. Mr. Martin, your firm is a member of the Multiple Listing Service and is thereby entitled to receive listings throughout the city and county. Is that correct?

MR. MARTIN. That is right.

MR. POWELL. And we have already heard testimony to the effect that the bulk of your sales are in the Liberty Road area of the city and county, the Northwest section of the city. Is that correct?

MR. MARTIN. Northwest section of the city and county, which is Liberty Road, right.

MR. POWELL. Mr. Martin, without naming any specific person, would you tell us whether or not you recently filed a complaint involving racial discrimination with the real estate commission of Maryland?

MR. MARTIN. Yes, I did.

MR. POWELL. Did you appear in a hearing before the real estate commission of Maryland in connection with his complaint?

MR. MARTIN. Yes, I did.

MR. POWELL. Did the real estate board express its reaction to your filing of this complaint?

MR. MARTIN. Yes. They weren't very happy about my filing the complaint with the real estate commission or with HUD. I filed with HUD and the real estate commission. They said that they didn't think it was correct for me to do that and that they wouldn't handle it either.

MR. POWELL. Did they raise a question of whether you would continue as a member of the real estate board?

MR. MARTIN. No, they didn't ask me to quit or anything, no. They did say that, however, I should bring any situations to their attention first and my understanding, only to them.

MR. POWELL. Mr. Martin, we are talking now about the real estate board?

MR. MARTIN. Yes, that is right.

MR. POWELL. Getting back to the hearing before the commission, what happened at the hearing?

MR. MARTIN. It was a joke. At the hearing of the real estate commission, they actually turned the case around and put my office on the stand as to, more or less, our incompetence. The commissioners made it look like we were at fault and not the company we were making the complaint against. They wouldn't let me use my own attorney. I brought my own attorney to the hearing and they wouldn't let me use him. They had an attorney from the attorney general's office. They made me use their attorney and this attorney from the attorney general's office, who is used by the real estate commission whenever they need cases done, sat up and told the commissioners that I didn't have a case.

MR. POWELL. I see. Mr. Martin, in order to make sure the record is absolutely clear, the real estate commission is a regulatory body, is that correct?

MR. MARTIN. For the State of Maryland, right.

MR. POWELL. Yes. And the real estate board is a trade association?

MR. MARTIN. That is right.

MR. POWELL. And you are a member of that board?

MR. MARTIN. That is right.

MR. POWELL. As well as being a qualified broker in the State of Maryland?

MR. MARTIN. That is right.

VICE CHAIRMAN HORN. Could I interject here, Counsel? Are there rules of due process for hearings before that real estate com-

mission that are available to all participants in the process? Were you given any rules by the commission as to what the procedure would be when you appeared?

MR. MARTIN. I don't understand your question.

MR. POWELL. Did you bring counsel to the hearing?

MR. MARTIN. I brought my own counsel with me to the hearing.

VICE CHAIRMAN HORN. To the hearing of the commission, which is a governmental body, is that right?

MR. MARTIN. That is right.

VICE CHAIRMAN HORN. Appointed by the Governor of the State of Maryland?

MR. MARTIN. That is right.

VICE CHAIRMAN HORN. And you were presumably denied a right to counsel before that body?

MR. MARTIN. A right to my own counsel.

VICE CHAIRMAN HORN. A right to your own counsel?

MR. MARTIN. Right.

VICE CHAIRMAN HORN. Were you given any counsel?

MR. MARTIN. I had an attorney from the attorney general's office, who is also an attorney for the real estate commission when he is not in that capacity.

VICE CHAIRMAN HORN. In other words, he is an agent of the State, helping a State agency, and you were told that this agent of the State would also be available to help you. He was serving two masters.

MR. MARTIN. Not be available. He would represent me.

VICE CHAIRMAN HORN. He would represent you. In other words, one attorney is representing two masters in a public hearing?

MR. MARTIN. That is what it boils down to.

VICE CHAIRMAN HORN. I must say, Mr. Chairman, I find that a shocking example of the violation of due process.

COMMISSIONER MITCHELL. I am not sure it is that simple. I think you would want to look at it a little more carefully.

VICE CHAIRMAN HORN. Well, I would sure like to see if they have any rules.

COMMISSIONER MITCHELL. Because it would be reasonable for either you or me coming before a State agency to file a complaint to seek advice from the attorney general's office about the validity of our complaint. This is quite different than if I came to the real estate commission or whatever State agency and complained against it, which is not what I understand has happened here.

MR. POWELL. I might say, Mr. Chairman, we have the rules and

we also have testimony from a representative of the real estate commission for this proceeding.

MR. GLICKSTEIN. Just again to clarify the record, Mr. Martin in this proceeding was complaining against someone else. He was not the defendant, so to speak. It was not a situation where you generally think of a need or a right to counsel.

CHAIRMAN HESBURGH. May I ask a question, because I am more confused than anybody else?

Was the person, without mentioning him, against whom he was complaining, was it a question of malpractice in real estate procedures? Was that the issue?

MR. POWELL. His complaint was, Mr. Chairman, against another broker.

CHAIRMAN HESBURGH. I see. And was the issue at stake malpractice?

MR. POWELL. It was a charge of racial discrimination, which is a form of malpractice.

CHAIRMAN HESBURGH. According to the ethics of this profession?

MR. POWELL. That is correct.

CHAIRMAN HESBURGH. One last question. This type of malpractice, if certified, would be within the competence of the real estate commission to adjudicate, is that correct?

MR. POWELL. That is correct.

CHAIRMAN HESBURGH. Now, may I ask, what did they adjudicate? What was their decision? No case?

MR. MARTIN. Right. They completely let the defendants off.

CHAIRMAN HESBURGH. And they were told by the man representing you, against your will, if you will, not your own man, that you had no case?

MR. MARTIN. Right.

CHAIRMAN HESBURGH. That is great representation.

MR. POWELL. Mr. Sparrow, do white brokers prevent black home buyers from seeing or buying property in predominantly white areas in Baltimore County?

MR. SPARROW. I would say that white brokers do prevent black home buyers from seeing and buying properties in Baltimore County.

MR. POWELL. What are some of the techniques they use?

MR. SPARROW. Well, I think the most obvious and the most commonly used technique is, for example, if I, a black broker, were to call a white broker requesting to show one of his listings or property that is listed with this firm, nine times out of 10—I shouldn't

say nine times out of 10, but the common practice is that they would tell me that the property is under contract if they didn't want me to show it. In many cases, I have found that, though they say this, the property really is not under contract, because I have had conversation with the seller prior to calling the broker. On other occasions, I have called the seller after the broker has told me that the property is under contract, only to find that nobody has even been in to see the house, and that consequently there was no contract that the seller knew of outstanding at the time.

I think another practice, I would say, secondly in term of its rank, is the fact that white brokers will frequently tell you that they can't reach the sellers. In cases similar to this, many times I have found that in reality, the broker has a key in the office which would permit him to show the property at any time that the seller is not available, but they simply tell you 2 or 3 days in a row that they can't reach the seller.

The third technique, which I have found, especially in certain areas, is that when you insist, they give you the appointment, but then nobody shows up to meet you. If another broker is scheduled to meet you, then he doesn't show up, and frequently neither is the seller at home. So, there you sit. You got your appointment, but you can't get into the property.

MR. POWELL. Mr. Johnson, I believe you have indicated that you do sell homes in the Baltimore County area. Is that correct?

MR. JOHNSON. I sell, yes, some homes in Baltimore County.

MR. POWELL. And where in the county is that?

MR. JOHNSON. Primarily, Liberty Road.

MR. POWELL. How do you account for the fact that the bulk of the black persons who are purchasing property in Baltimore County are buying their homes in the Liberty Road area?

MR. JOHNSON. Well, most of the black people or Negroes that are buying property in the county have to buy where the property is available, and I, as a real estate broker, have to sell properties that are made available to me as listings of other brokers. You see, in Baltimore, we have two separate and distinct markets. We have a black market and we have a white market. If a person comes into my real estate office and he wants a ranch home, then most of the ranchers that are available or the splits that are available, are available because the white people are moving away from the black people that have moved into a given area, and the Liberty Road area is the area now that is under change.

It is my opinion that within the next 2 to 3 years that Liberty

Road will be black, because of the exodus of the white people selling and because of the black people buying.

MR. POWELL. Has the national housing law had the effect of breaking down, to some extent, the dual housing market? Can you comment on that?

MR. JOHNSON. It has, to some extent, broken down the dual market. But, you see, in Baltimore, as I mentioned earlier, the market in Baltimore is controlled by the white broker or the white brokers, because the white brokers have the listings and you can only show what is listed by them. I have an agent with my company, just as an example, who is supposed to specialize in the sale of real estate in the Glen Burnie area, and in the last 2 years, she hasn't sold one home in a new development in the Glen Burnie area. The homes that she has sold down in Glen Burnie have been two or three ranch homes that were sold in black pockets in Glen Bernie. She has not been able to penetrate any of the new developments in the area.

The law, you know, it's nice to pass a law on the Federal level and anticipate that this law will eliminate the evils that have been existing for a number of years, but the implementation is something else. And as long as you have, as was mentioned earlier, the real estate commission of Baltimore—it is lily white—and as long as you have the white brokers controlling the real estate business here in Baltimore, you will have this dual market. Because in order to control the real estate business, the black brokers would have to control the listings and in order for them to control the listings, they would have to be able to have the availability of going out into the county and getting the listings and this is just not possible, because of the racial characteristic of the county and other things.

MR. POWELL. Mr. Martin, do you have any comments on the effect of the national fair housing law on breaking down to some extent the dual housing market in the area?

MR. MARTIN. Like Mr. Johnson said, it has done some things, but the main thing he said is that the listings are the key, and the listings are the key. One thing I can say is that in Baltimore County, there is no law as the city has, that you can't solicit door-to-door or you can't mail or can't call. In the city it is illegal. In the county, it is legal. But I am sure no black companies have gone into any of these areas door-to-door, knocking on doors, asking if people would like to list their houses.

I think this is probably the next step that black brokers should do—is do the door-to-door canvass, or call, but sometimes it causes problems with the white people in the area when they see a black

broker going door-to-door, knocking on doors, asking for listings, and I think that there might be a tension type problem if you see a black broker going door-to-door trying to pick up listings in Towson or in an area that is generally all-white where you don't have black homeowners.

MR. POWELL. Mr. Martin, is it true that there is a law here in Maryland which makes it illegal to solicit homes where the purpose is to change the racial characteristic of the community?

MR. MARTIN. Yes, but if I am not mistaken, I think it is only in the city. In the county, I don't believe there is a law at all. I may be mistaken.

MR. POWELL. Would you care to comment on that, Mr. Johnson?

MR. JOHNSON. There is an anti-solicitation law in the city. In the county, there is a law that states that you can solicit for listings as long as the purpose of your solicitation is not for the purpose of changing the characteristic of the area of the neighborhood.

MR. POWELL. Well, Mr. Johnson, with regard to an all-white community in the county, were you to have a black broker attempt to find listings in that community, which is all-white, would it raise a question of whether or not that black broker was acting contrary to that law, since his customers are all-black?

MR. JOHNSON. Well, it would seem to me that if you take a black person and put them in—if I go down to, say, Glen Burnie and I solicit for listings and 99 or 100 percent of my customers are black and I am soliciting listings for the purpose of putting a black person in this area, it seems to me that if I am going from black or white that that would be changing some kind of characteristic.

MR. POWELL. Wouldn't you think that law would be limited probably to a case of mass solicitation for finding homes? The mere soliciting of one or two or a few homes wouldn't raise a question of violation of the law, would it?

MR. JOHNSON. As far as I am concerned, I would not, you know, want to test it to that point, because I am sure that the reason for the law as the city law was passed was for the purpose of restricting the activity of black brokers.

MR. POWELL. Aren't there some civil rights groups that would disagree with that point of view, Mr. Johnson?

MR. JOHNSON. I am sure there are. I am a real estate broker, and as a real estate broker, I was in the business 11 years ago when they passed a solicitation law in the city and I am very, very familiar with—I know why it was passed. It was passed to restrict

the activity of black brokers. And, incidentally, when the city law was passed, the black brokers in the city didn't even know that such a law was being introduced to be passed. They didn't even know it was being introduced, let alone being passed.

MR. POWELL. Are you a member of the real estate board of Greater Metropolitan Baltimore?

MR. JOHNSON. Yes.

MR. POWELL. Doesn't it provide such information?

MR. JOHNSON. At that time, it wasn't possible for a black person to become a member of the real estate board.

MR. POWELL. I see.

MR. JOHNSON. This just happened in recent years.

MR. POWELL. Mr. Sparrow, or Mr. Johnson, or Mr. Martin, any one of you can answer this question. What do you see as the major impediment to the movement of black persons to suburban areas in Baltimore County? Mr. Sparrow?

MR. SPARROW. To start off with, I think that there are several problems involved.

One, I think you have to recognize that real estate brokers certainly contribute to impeding the flow of Negroes into the suburban areas. They do it through several ways. One is their method of advertising. This has been discussed previously, but when they advertise in a black paper or the black media, they only advertise properties that are located in areas that have already turned black or predominantly black or changing neighborhoods. This nowhere near reflects the inventory which they have to work from, so by not offering in the black media the houses that are located in other areas to blacks, then they are certainly curtailing the flow of blacks into the suburban areas.

I think another problem as far as the brokers are concerned is that brokers can usurp powers and authorities that are not normally implied in an agency contract. By this statement, I simply mean that assuming that you show a property and assuming that you find a qualified buyer who wants to buy the property, I think that all too often the brokers step in and he interjects his own requirements in terms of down payment, in terms of points, in terms of kinds of financing that would be acceptable. These are not decisions that normally should be made by the broker, but simply should be presented to the seller and let the seller determine whether or not they want to accept this particular contract. Brokers don't do that. They make the decisions for the sellers.

And I contend that this is usurping authority. It is not given and not normally implied in an agency contract with a seller.

I think another problem that has contributed to curtailing the flow of blacks into the county has been the builders. And I think one good example of that is what occurred when there was the problem about open occupancy, and when the law was passed requiring all developers and builders who were putting up projects, using Federal Government monies that these people would open their doors on an open occupancy basis.

The result was that many banks who formerly had good incomes from subdivisions lost a very important key market because the builders simply stopped using governmental money. And instead of using Government financing, they went with conventional financing. This was simply done to prevent opening their doors to minorities. It was a way of getting around the law. I think it is this kind of evasive tactics that have been employed by brokers and by builders to skirt the law, which has really curtailed the flow to a large extent.

I think you have to recognize that the bulk of the properties that go for sale on the market are listed with brokers. The brokers have the authority, or they have the influence, at least, to direct the buyer to a specific property or to direct him away from the property. Now, where neighborhoods have not been broken, they direct them away from it simply by telling them the property has been sold. If they can recognize that your voice is Negro, they simply tell you that property has been sold: "... but I got another one over in another area that I think you will like." That other area is going to be a black area or an area that is changing. They will not show them, for the most part, on a broad basis and get the proper disbursement of blacks throughout the county.

Now, I think that a third factor that enters in, would be the attitudes of the county residents. I say the attitudes of the county residents because you have to recognize again that it is really the people that elect your officials and I think there has been adequate publicity about the attitudes of some of the officials in the county as pertaining to low-income housing. Not that low-income housing need be black or mean black, but it is the connotation that goes with the term "low-income housing". And it implies to a white that you mean bringing in blacks.

So, consequently, they continue to elect officials who are not sympathetic to open occupancy or fair housing and they elect these people, put them in as officials, and there is no way that any official could get away with it if the public didn't elect him. So then, I think we have a problem here with the attitude of the residents

of the county which is not opening itself up to the acceptance of the movement of minorities into the county areas.

MR. POWELL. Mr. Chairman, I have no further questions at this time.

CHAIRMAN HESBURGH. Thank you very much.

MR. MARTIN. Excuse me. I want to say one thing, please. As another answer to that question, I think one of the main things is that if the larger white brokers who work in areas of the county would hire black sales agents, then the black sales agents would have a chance to learn some of these neighborhoods that are all-white and have a chance to take the black home buyers into areas that I don't have knowledge of because I don't work in those areas. I have knowledge only of the areas that I work in. But if the larger white Realtors would have black sales people on their staff, and most of them don't, I think that there would be more equal division of houses and housing opportunities for black home buyers. That is all.

CHAIRMAN HESBURGH. I would like to ask if our Vice Chairman has any questions?

VICE CHAIRMAN HORN. No questions, Mr. Chairman.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Johnson, either you or one of the other brokers stated that it is almost impossible for a black real estate broker to obtain a listing, a white listing. I would like to pursue that with respect to the FHA acquired properties. We received testimony that many of the homes in the county over the years have been purchased through FHA and I suppose we could assume that at some point through the years there also have been foreclosures.

Now, the rules and regulations of HUD required that the FHA acquired property be made available to individuals and brokers. When you say that it is almost impossible for the black broker to get a listing, are you including the FHA acquired properties?

MR. JOHNSON. Well, no, because—what you said is true, but, you see, you couldn't, you know, eat off of the FHA list and you certainly couldn't drive your automobile—it is such a small percentage of your business, the FHA lists. I am desirous of building a gigantic black real estate organization, not just the FHA list, but I want to build a gigantic black real estate organization.

I sat in the back of the building here and I heard Mal Sherman sit here and say that in his heyday he was selling 100 homes a month, and I multiplied that times 12. Of course, I knock off a couple of months, and I get maybe 1,000 homes a year, you know,

and I was home with my wife the other day looking at the Sunday paper and I saw where Russell T. Baker was congratulating the general market for allowing him to sell, I think it was, 350 homes a month. In one single month. And if I sell 350 homes a year, you see, then I would be doing a bang-up job.

So, when I say that it is almost impossible—we, as Negro brokers, don't realize it, but the fear of the white real estate broker is an economic factor. He knows that, even more so than we do, that in the next 8 to 10 years that there is going to be introduced in the city of Baltimore a new cycle of real estate business, and that if the cycle holds true to form that the next cycle, the black real estate brokers should be the ones that would be on top, because the homes that are being purchased now on Liberty Road and Lee Martin is selling, you know, a lot more homes out there than I am, he is selling most of the ranches or splits to the black community. That when they get ready to sell their homes, they are probably going to contact Lee, instead of contacting the white broker.

I wasn't aware of this until I was coming home from a hearing at the real estate commission with a white broker and he mentioned this to me, and I began to think about it. And where I am doing business now, I can see that this cycle has entered the picture and the white brokers are fearful that within 8 to 10 years they will be out of the business. And if we are allowed to go into the county and do an effective job in the county, that they will even be out of business in the county.

COMMISSIONER FREEMAN. The point that I am making, I don't think I got an answer to. The question is, have you received the listing of FHA acquired properties?

MR. JOHNSON. Oh, sure, yes. But I don't even—

COMMISSIONER FREEMAN. Have those lists included properties in Baltimore County?

MR. JOHNSON. Yes, but there are very, very few.

COMMISSIONER FREEMAN. If they are few. Say there are five or one, have you sold any of those homes to black people to live in the county?

MR. JOHNSON. Yes, some. Right. But they are so few. It is almost not even worth mentioning.

COMMISSIONER FREEMAN. I recognize they are few. I just want to find out what has been done with those that have been made available to you?

MR. JOHNSON. We have used them, and I have sold them, but they are very few. And you take all the brokers in the city that are

working off of that list and, you know, it is almost impossible to make a sale. I used to sell a lot of GI-repossessed homes and FHA-repossessed homes, but the list, when it comes out now, is so vicious now that I don't even mess with it, because I think for the first 72 hours after the list comes out, if you make a sale, they take all the sales for the first 72 hours and put them in a hat and shake them up and throw them up and draw out of the hat, and whoever is lucky enough to come out of the hat gets the sale and this sort of thing, so I don't mess with it anymore.

COMMISSIONER FREEMAN. Would any of the other brokers comment on their experiences with respect to the FHA policy in this regard?

MR. MARTIN. FHA policy is that they send out a list and I think that if brokers can sell one or two houses a year off the FHA list, they are lucky. There is just not that much being repossessed that there is something that you can make a living off of.

COMMISSIONER FREEMAN. Do you have anything?

MR. SPARROW. No, I think they have said it.

MR. JOHNSON. You see, the key in the real estate business is to get listings, private listings. This is the key, you see.

COMMISSIONER FREEMAN. I understand that.

MR. JOHNSON. This is the key for a number of reasons. For the first thing, whoever has the listing can advertise the house for sale. Okay? Whoever has the listing can put his sign up on the house for sale. And when the calls come from the sign, they go to the listing broker, you see. And I, as a black broker, have to give up one-third of the commission to a white broker simply because he is white and has the listing. I want three-thirds, you know, of the pie. I don't want two-thirds. I want three-thirds.

If the white person is getting one-third because he is white, I want three-thirds because I am good and black.

COMMISSIONER FREEMAN. You made it clear you are not getting that part of the action.

MR. JOHNSON. And not only that part of the action. You see, when I say it is a dual market here in the city of Baltimore, the white broker gets two shots. You know, like if I am a white person, I put my house up for sale. He gets a shot at selling the house for the white person, then he takes the white person and sells him another house, you see. So, actually, he doesn't mind giving up the one-third to me, because he is going to make a full commission when he takes the white person that is selling and sells him another house. We don't get anything in this market. He gets two shots, we don't get any. We don't sell white people. We sell black people,

and the only houses black people buy are the houses that white people are going out of getting away from black people.

COMMISSIONER FREEMAN. May I pursue the point with respect to the land and the new construction. Are the black brokers involved in building at all?

MR. JOHNSON. Not at all, no. Not at all. We haven't built and it doesn't look like we are going to build and we are not involved, not at all.

COMMISSIONER FREEMAN. Are you prohibited by law from—

MR. JOHNSON. What do you mean, selling new construction or building?

COMMISSIONER FREEMAN. Building.

MR. JOHNSON. No, we are not—

MR. MARTIN. We are prohibited by lack of financing. You can't get financing. I have done a lot of work on it—they say there is a lot of Federal money around to do building and there is a lot of building going on, but black people can't get ahold of it. Every time you try to get ahold of money, they want to know, where is your front money and your seed money, and this is what you have to have if you are going to get involved in building.

MR. SPARROW. I think an additional problem, too—we might as well face the fact—is that, I, a black man, own a piece of land. I decide I am going to build something on it. Where am I going to get a permit?

COMMISSIONER FREEMAN. Are you saying that the city of Baltimore would not grant you a permit?

MR. SPARROW. I assume that you are talking, for example, about the county, but in Baltimore, also, I think you are going to have the same problem. It is a matter of politics and unless you have got contacts and pull, you don't get these permits easily.

MR. JOHNSON. There is no place to build in Baltimore City. If you were to build, you are talking about building splits and ranches, this sort of thing, cottages, right, you wouldn't build them in Baltimore City. You would have to go out to Baltimore County, and I am sure you would run into a lot of problems in Baltimore County trying to build.

COMMISSIONER FREEMAN. Is there any vacant land in Baltimore County?

MR. MARTIN. Oh, yes, there is a lot of vacant land in Baltimore County.

COMMISSIONER FREEMAN. Is it for sale?

MR. MARTIN. Yes, a lot of it is for sale.

COMMISSIONER FREEMAN. Then, theoretically, you could buy it?

MR. MARTIN. Actually, you could buy it if you had the money and you could arrange the financing, there is no problem.

MR. SPARROW. I don't think the real problem will come in terms of buying the land, except for the financial part. I think the problem would come in terms of getting a permit. To put something up, they want you on the land. I don't think it is going to come easy.

COMMISSIONER FREEMAN. Have you considered, since there is no problem with Mr. Martin with the money, buying up a lot of land?

MR. MARTIN. I didn't say there was no problem with the money. I said you need the money. If the money is available and if you can arrange the financing, the land is available.

COMMISSIONER FREEMAN. Why don't you consider a private land bank?

MR. MARTIN. A what?

COMMISSIONER FREEMAN. Just buy some land and hold it.

MR. MARTIN. That is easier said than done.

MR. SPARROW. I think what you point out are real possibilities that really should be explored a little more by black brokers, of course. I think the matter of financing could be worked out as far as that part goes. That part would never scare me as far as trying to undertake a project like that. Not the financial aspect, but really the problems entailed dealing with the Government, in terms of getting permits and dealing with building inspectors. I know that these problems are going to come up and I have got money laying in land that I can't do anything with. Then I am going down there and file a bankruptcy.

MR. JOHNSON. See, Lee Martin and I—excuse me, Lee. I am not going to speak for Lee—but I am running night and day to try to keep above the water, you know, fighting odds to sell real estate, you know. To be a successful broker. You don't have time to go into a lot of research and, you know, this sort of thing. And like you said, you don't have the money. See, we don't control the brokerage in real estate in Baltimore yet. Do you follow me?

You have got a long way to go to control that. The whites control that, you know. By the previous testimony, you have about six white brokers in the city that control the market in Baltimore City.

COMMISSIONER FREEMAN. Pretty bleak picture.

CHAIRMAN HESBURGH. We have about 1 minute left.

COMMISSIONER RANKIN. I will pass.

CHAIRMAN HESBURGH. Are you two willing to pass?

COMMISSIONER MITCHELL. I will pass.

CHAIRMAN HESBURGH. I think our Vice Chairman has a question, and I will try to squeeze one in, if I may.

VICE CHAIRMAN HORN. Mr. Sparrow, you mentioned politics in building permits. Could you elaborate on that a little? Do you mean graft or do you mean friendship or what?

MR. SPARROW. I am not talking about friendship. You don't get much done economically on friendship. I think you do need some contacts which would help you if you are going to get involved with that kind of development. You do need some money. If you want to call it graft, okay.

VICE CHAIRMAN HORN. Do you have to pay off an individual to get a building permit in the city?

MR. SPARROW. Well, I think it is pretty much common practice that developers are having to pay off building inspectors. I think they frequently have to pay off people to get a permit. These things don't come out of love.

VICE CHAIRMAN HORN. I take it this is true of both black and white brokers?

MR. SPARROW. Yes. It is not a racial thing. It is an economic situation.

VICE CHAIRMAN HORN. I will leave the rest to the Baltimore Grand Jury.

CHAIRMAN HESBURGH. Mr. Johnson, can I have a little game with you before we close off this part of the testimony? If I were black and I had a good deal of money, and you were a white broker and I came in to you and said: "Look, I would like a split or a ranch and I want it out in a high-class section," how would you deal with me?

MR. JOHNSON. Well, you said, if you were black?

CHAIRMAN HESBURGH. I am black and I have got money. Let's say I have got \$100,000.

MR. JOHNSON. And I am white?

CHAIRMAN HESBURGH. And you are a white broker, and I come in and I say—

MR. JOHNSON. Well, see, I don't want black people to buy from white brokers.

CHAIRMAN HESBURGH. Well, let's assume I am doing it.

MR. JOHNSON. I want black people to buy from me.

CHAIRMAN HESBURGH. I know, but now you are advertising, and I want to see what would happen in the normal course of events. Now, you have observed white brokers and you are a black broker and I have never had to buy a house and I am curious. So, suppose I am a black man with money, up to a hundred thousand, let's say,

and I come to you and you are a white broker and I say I would like one of the splits or a nice ranch house and I will go to \$100,000 and I want it to be in a nice exclusive area in the county.

MR. JOHNSON. You wouldn't have any problem.

CHAIRMAN HESBURGH. I wouldn't?

MR. JOHNSON. No, because you see, when you start talking about \$50,000, \$60,000, \$75,000, \$100,000, you don't have too much problem.

CHAIRMAN HESBURGH. You wouldn't give me the run-around?

MR. JOHNSON. Well, I don't think so, because when you are talking about that kind of money, I think the problem would be eliminated, because I think the money would knock the problem out.

CHAIRMAN HESBURGH. Every man has got his price?

MR. JOHNSON. Right. If you are talking about \$15,000, \$20,000, \$25,000, then you have a problem. People with money can do just about what they want to do.

CHAIRMAN HESBURGH. Yes, all right. I thought from the previous testimony that someone would have said, well, if a white broker does that, he is going to lose credence in that whole area because he has put a black man in an exclusive area and he is not going to get any more listings. Everyone is going to be mad at him. The real estate board is going to be upset.

MR. JOHNSON. No. When you said \$100,000—if you had said, you know, a different price, I would have answered you differently.

CHAIRMAN HESBURGH. They wouldn't sell their soul for \$20,000?

MR. JOHNSON. Right.

CHAIRMAN HESBURGH. Dr. Mitchell, we are overtime but go ahead.

COMMISSIONER MITCHELL. I was just asking Mr. Johnson whether, as a white broker, you wouldn't be nervous about a black priest with \$100,000?

MR. JOHNSON. That is a problem, too, yes.

CHAIRMAN HESBURGH. You'd better worry about a white priest with \$100,000.

Well, I think we will call it finale on this particular section here. We are going to hear now from three white brokers, and we appreciate you gentlemen very much for your help in this.

I would like to call to the stand, Mr. William Antrim, Mr. James O'Connor, and Mr. Charles W. Hammond, please.

(Whereupon, Mr. William L. Antrim, Mr. Charles W. Hammond, and Mr. James J. O'Connor were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. WILLIAM L. ANTRIM, RUSSELL T. BAKER REALTY CO.; MR. CHARLES W. HAMMOND, EXECUTIVE VICE PRESIDENT, GREATER METROPOLITAN REAL ESTATE BOARD; AND MR. JAMES P. O'CONOR, O'CONOR & FLYNN REALTY CO., BALTIMORE, MARYLAND

CHAIRMAN HESBURGH. Mr. Powell?

MR. POWELL. Would you each please state your name, address, and occupation?

MR. HAMMOND. Charles W. Hammond. I am the executive vice president and corporate secretary of the Real Estate Board of Greater Baltimore. My business address is 7 East Lexington Street, Baltimore.

MR. POWELL. It is not necessary for you to stand.

MR. O'CONOR. My name is James P. O'Conor. I am a broker and I am also president of the Multiple Listing Service of Baltimore. My home address is 605 Meadowridge Road in Towson, Maryland.

MR. ANTRIM. William L. Antrim, vice president and sales manager of Russell T. Baker and Company. My business address is 6229 North Charles Street.

MR. POWELL. Mr. O'Conor, as president of the Multiple Listing Service, could you tell us what proportion of the residential business in the Baltimore area your members account for?

MR. O'CONOR. Mr. Powell, that statistic is not positively known. I would say a very substantial portion of the business is conducted by the members of the Multiple Listing Service. I would say a very high percentage.

MR. POWELL. Mr. O'Conor, in February of this year, did you and other real estate men meet at Loyola University to discuss how the real estate industry could better reach the black community?

MR. O'CONOR. Yes, we did, Mr. Powell.

MR. POWELL. What programs did the real estate people agree to adopt at that meeting?

MR. O'CONOR. Well, I think if I could just backtrack for a moment, the purpose for the group getting together, and the group was comprised of representatives of eight or 10 of our leading Realtor firms and some leading citizens from the black community, and the purpose for the meeting was to get together on an informal basis to discuss the problems that are involved in the subject such as we are speaking of today with the hope of coming up with some ideas which would further and help the situation.

Now, specifically, some of the subjects that were discussed—and this was brought up, as I recall, by one of the gentlemen from the black—one of the black gentlemen—was that the residents in black communities in Baltimore City do not have confidence in the fact

that they would be accepted by not only the residents of the county if they were to look there, but that also the Realtor members are not really interested or anxious to have their business. They suggested that the firms there that evening give thought to putting advertising in the Afro-American, because it was pointed out to us that the black people feel that the Afro-American is their paper and the paper in which they would take cognizance of properties that are for sale, and they suggested that we do consider a program of advertising in the Afro.

This has been done. The real estate board just recently has started a program of putting institutional type advertising into the Afro-American.

MR. POWELL. Mr. O'Connor, do you do most of your advertising in the Sun?

MR. O'CONNOR. Yes, sir.

MR. POWELL. Mr. Antrim, is that where your firm does most of its advertising, too?

MR. ANTRIM. Yes, we do.

MR. POWELL. Mr. O'Connor, was one of the subjects discussed at the meeting you just described, the question of whether or not in advertisements in the Sun there are code words used to describe whether the property is available for black people or white people?

MR. O'CONNOR. I am sorry, Mr. Powell, what kind of words?

MR. POWELL. Code words.

MR. O'CONNOR. Code words?

MR. POWELL. Did the question come up of the meaning of the suburban classification in the Sun?

MR. O'CONNOR. I would say the subject of the heading of the advertising columns was discussed, but not code words as such.

MR. POWELL. All right. Was there some comment about what the classification "suburban" meant?

MR. O'CONNOR. Yes, there was. The fact that the point was brought up and discussed that, by again, by the members of the black community—the reason I am saying this is that they were speaking for black people and presenting this thought to us—felt that the headings on the real estate columns did definitely convey or infer a particular thing to a black person.

MR. POWELL. What does "suburban" mean?

MR. O'CONNOR. They suggested that "suburban" meant to a black person that it was not for him, and that city property was that type that was for them.

MR. POWELL. Mr. O'Connor, what percentage of your firm's residential sales are made in the county?

MR. O'CONOR. I would say about 75 percent.

MR. POWELL. What percentage of your sales are made to black persons?

MR. O'CONOR. City and county, sir?

MR. POWELL. In the county.

MR. O'CONOR. A very, very small percentage, Mr. Powell. It would be very, very small.

MR. POWELL. You also make sales in the city, I take it?

MR. O'CONOR. Yes, sir.

MR. POWELL. Do you have a higher percentage of sales to black persons in the city?

MR. O'CONOR. Yes, sir, we do. I might point out that my particular firm specializes and deals almost entirely just in the northern area of Baltimore City and into the northern area of Baltimore County.

MR. POWELL. Mr. O'Conor, do you know whether there are any black real estate firms operating in the county?

MR. O'CONOR. Oh, yes, sir, there are.

MR. POWELL. Are there any black real estate firms located in the county?

MR. O'CONOR. As far as their main office address?

MR. POWELL. Yes.

MR. O'CONOR. I am not sure, Mr. Powell. I don't think so.

MR. POWELL. Do you think that a black firm could operate successfully, being located in the county and doing business in the county exclusively, or predominantly?

MR. O'CONOR. I think very realistically, Mr. Powell, I think a firm would have difficulty at this time in being competitive on just that basis if he were to operate just in the county.

MR. POWELL. Why so?

MR. O'CONOR. Well, just as my own firm, a lot of our buyers come from the city and a lot of our owners from the county on occasion return to the city, and I think to be effective, you have to have representation, or it is desirable to have representation, in both areas.

MR. POWELL. Do you think there are particular problems a black broker would have in operating in the county?

MR. O'CONOR. Yes, I think he would, very frankly, Mr. Powell, undergo some difficulties in operating.

MR. POWELL. What would these be?

MR. O'CONOR. Well, I think there are some areas of resistance that he would encounter and I think that from the standpoint of the racial situation as it is that he would encounter difficulty and

as the gentlemen before us said, as far as getting listings in the county—

MR. POWELL. What about the broker community in the county, would there be resistance from white brokers in the county?

MR. O'CONNOR. No, I do not think so, sir.

MR. POWELL. Mr. Antrim, your firm is one of the largest in the area. What percentage of your firm's business consists of residential sales?

MR. ANTRIM. Practically all of it.

MR. POWELL. Mr. Antrim, what percentage of your residential sales consist of sales to black people in Baltimore County?

MR. ANTRIM. In Baltimore County, I would say less than 2 percent.

MR. POWELL. Mr. Antrim, how many of the newly constructed homes which you sell in Baltimore County are sold to black persons?

MR. ANTRIM. Well, we sell very few new homes. We are not affiliated with a builder, as such, and I would have to say none, in this regard, but very few to white buyers as well.

MR. POWELL. Mr. Antrim, does your firm advertise in the Afro-American?

MR. ANTRIM. We have advertised as an experiment. We have had occasion where we have gone in the Jewish Times, or where we have gone in the Catholic paper, whatever it is, and also the Afro-American, where we had some specialized problem in a very low-cost house that we weren't able to move and we wanted to try to get it around to everybody. That is the only time we have advertised these.

MR. POWELL. Then, I take it, you don't advertise in the Afro-American on a regular basis?

MR. ANTRIM. That is right.

MR. POWELL. Why not?

MR. ANTRIM. We don't think it is necessary. We are reaching all of the people in the Sun.

MR. POWELL. Then you don't agree with the testimony we have heard earlier that black people don't feel that advertisements in the Sun are available to them?

MR. ANTRIM. Well, I certainly think that there must be some feeling like that, but I wouldn't subscribe to it 100 percent, no. We do get calls on the advertising that we do.

MR. POWELL. But you have indicated that the calls you get are on the order of 2 percent, have you not?

MR. ANTRIM. No, I wouldn't say that. There have been a number

of people that call, but because of what was available and the price lines that they were interested in, it didn't materialize. But I want to make one statement. We do not advertise on the basis of suburban and city. We have a full page of classified advertising on Sundays that is talked about in the way of northeast, northwest, this sort of thing. It has nothing to do with city, county, at all.

MR. POWELL. Mr. Antrim, how many persons are employed by your firm?

MR. ANTRIM. Agents?

MR. POWELL. How many agents do you have?

MR. ANTRIM. Ninety-two full-time agents.

MR. POWELL. How many of these agents are black?

MR. ANTRIM. None.

MR. POWELL. How many employees does your firm have, total employees?

MR. ANTRIM. Fifteen administrative personnel, plus four sales managers.

MR. POWELL. That brings it to a total of roughly 110?

MR. ANTRIM. Yes.

MR. POWELL. Are any of these employees black?

MR. ANTRIM. No.

MR. POWELL. Mr. Antrim, do you believe that you could broaden your market were you to hire a black salesman?

MR. ANTRIM. Well, we hadn't thought so. You know, there has been an over-simplification here today of some of the requirements in order to be able to sell real estate as an agent. And I think we felt for some time—maybe we are mistaken in this regard—that it would be next to impossible for a black agent to make a living in this business at this stage.

MR. POWELL. Mr. Antrim, does your firm sell property in the Middle River, Essex, and Dundalk areas?

MR. ANTRIM. Yes, we do.

MR. POWELL. Mr. Antrim, isn't it true there is a relatively high percent of low-cost housing in these areas?

MR. ANTRIM. Yes.

MR. POWELL. Well, wouldn't you think that if you—wouldn't you think that this is a potential market for potential black customers, and wouldn't you agree that the use of black salesmen might open up a new market for you?

MR. ANTRIM. That would be pure speculation on my part, because no black broker has seen fit to get into the area at all, and we are only able to be successful with two sales agents in the entire area. In other words, we have two agents that live in that.

general area out of our 92, so while there is a lot of business done down there, it is difficult to maintain people who can make a living.

MR. POWELL. Mr. Hammond, what are your responsibilities as executive vice president of the Real Estate Board of Greater Metropolitan Baltimore?

MR. HAMMOND. I am sorry, Mr. Powell, I didn't hear the question.

MR. POWELL. What are your responsibilities as executive vice president of the Real Estate Board of Greater Baltimore?

MR. HAMMOND. Well, my responsibilities deal with the administration of the board, working with committees, carrying out the policies of the board. I think as any executive of a trade association, the responsibilities are about the same.

MR. POWELL. What is the territorial jurisdiction of the board, Mr. Hammond?

MR. HAMMOND. Baltimore City and Baltimore County.

MR. POWELL. How large is your membership?

MR. HAMMOND. Our total membership is about 2,700. This comprises about 650 Realtors and, I think, the distinction was made earlier today between a Realtor and a real estate broker. About 1,700 real estate salesmen, and then 300 or 400 affiliates and property owners, people who depend on Realtors for the business—banks, savings and loans, building supply people and so on.

MR. POWELL. How does this number compare to the total number of people active in this business in the area?

MR. HAMMOND. Well, all I can do is give you an estimate, and I will not vouch for the accuracy of the estimate. In Baltimore City and Baltimore County, I am told there is a total of about 1,350 brokers, 750 in the city and 600 in the county. About a thousand salesmen in the city and about 1,300 in the county. These are estimates.

MR. POWELL. So your total would be on the order of 3,500 in both city and county?

MR. HAMMOND. Brokers and salesmen?

MR. POWELL. Brokers and salesmen.

MR. HAMMOND. Well, 2,300 and 1,350, yes, that is 3,650.

MR. POWELL. So you would agree, would you not, that the membership of your organization constitutes a substantial block of the business in this area?

MR. HAMMOND. Yes, I would concede that, yes.

MR. POWELL. Tell me, Mr. Hammond, has your board adopted a code of ethics?

MR. HAMMOND. Yes, indeed, we have a code of ethics which is

the code of ethics of the National Association of Real Estate Boards, and when a real estate board is chartered, one of its primary obligations is to make sure that its code of ethics is complied with by its members.

MR. POWELL. Under your code of ethics, Mr. Hammond, would a member of your board be discouraged from reporting to Federal or State officials instances of discrimination in the sale of housing which might be done by another member of your board?

MR. HAMMOND. I can't answer that question with a simple yes or no, and I think reference was made to this matter by the previous panel, which I would like to clarify. Our code of ethics says, primarily, that the Realtor should report any allegations concerning breaches of the code of ethics by a fellow Realtor to the board first. This is his responsibility under the code of ethics. We have counsel, as any organization does, and we pay for legal advice when it is needed. Several years ago, one of our members, as I recall, was indicted by a jury. At that point we wanted to get into the case and hear the complaint. In order to make doubly sure, our counsel called the then State's attorney for Baltimore City and his advice was: "Don't you tamper with my witness." He said: "As a matter of fact, if you hear this case, you may be cited for contempt of court." So, our counsel has reiterated his opinion. We consulted him just several weeks ago concerning the case that was brought up by the previous panel. He again said that the board should not hear any case which has been reported to an administrative agency of the government and we consider that the Maryland Real Estate Commission is, certainly, an agency of the State government; nor should the board get into any matters where suit has been initiated in a court of competent jurisdiction.

So this does not mean that the board cannot get into the matter after the court case has been resolved. But this is advice that has been given to us and we adhere to it.

MR. POWELL. Mr. Hammond, of the 31-man board of directors, how many of these persons are black?

MR. HAMMOND. At the present time, none.

MR. POWELL. Are any of the board's employees black?

MR. HAMMOND. Not at the present time. Again, I think I have to elaborate. We had a black employee of whom we were very fond. She was very capable and she became pregnant and left the office and she was there only a short time.

MR. POWELL. How large a staff do you have, Mr. Hammond?

MR. HAMMOND. Well, you see, the Multiple Listing Service is a wholly-owned board corporation, but a separate corporation. We

share offices. Now, we have a total of about 15 people in our office. Ten of them work for the Multiple Listing Service and five are employed by the real estate board.

MR. POWELL. Does the Multiple Listing Service have any black employees?

MR. HAMMOND. No.

MR. POWELL. Mr. O'Connor, as a member of the Baltimore County Human Relations Commission, what do you see as the principal role of that commission with respect to opening up housing opportunities for black persons in that area?

MR. O'CONNOR. Well, I see the role of the commission, Mr. Powell, as serving not only black minority members, but any person of the minority race who is being denied equal opportunities in housing and education and fields of that type and I see the purpose of the commission to assist any person who is not being given a full and fair advantage.

MR. POWELL. Do you feel that the commission is properly funded to achieve this goal, adequately funded?

MR. O'CONNOR. Well, I think, Mr. Powell, under the recent reorganization of the commission, and with the statement of the county executive in regards to the commission itself—for example, money has now been put into his personal budget for the hiring of a full-time director. He has made space available in a building where the commission will have its own offices for the first time, and he has given assurances of letting the commission be independent and letting the executive director be subservient to the wishes and instructions of the commission itself. Now, this reorganization, as you know, has just recently been accomplished. The new executive director has not been hired yet, so I mean, that question will better be answered a few months from now when the commission has had an opportunity to operate under its new reorganization.

MR. POWELL. Mr. Chairman, at this time, I would like to turn the questioning over to the Commission.

CHAIRMAN HESBURGH. Thank you. Mr. Mitchell, we will give you first place.

COMMISSIONER MITCHELL. I have no questions.

CHAIRMAN HESBURGH. All right. Dr. Rankin?

COMMISSIONER RANKIN. Mr. Antrim, I don't know anything about the real estate business, but it would seem to me with as many salesmen as you have and such a Negro clientele that exists in Baltimore City, that it would really be good business to have

some Negro salesmen. I can't understand why that hasn't occurred to your company.

MR. ANTRIM. Would you like to take a moment while I try to explain?

COMMISSIONER RANKIN. Surely, go ahead.

MR. ANTRIM. The point is, when you hire an agent, you hire him on the basis of—or she, it is either male or female—I guess we have 50-50—their initiative and their ability to produce listings. This is one of the businesses as a salesman that is far different from any other selling category in that you do not have a product. If you are selling paint, you have paint to sell, but you don't have any product in the real estate business until you get a listing.

Now, if you don't get a listing, you are not going to get any telephone calls, because when you get a listing, calls come into the office and we refer that person to the listing agent; so that, as you can see, if a person is unable to list property, and usually we start out on the basis of them doing it in the neighborhood in which they live, their friends, their associates. This is the way they start to build up this sort of thing. Well, we have yet to have a black agent come to our company for employment, in 23 years of operation.

COMMISSIONER RANKIN. Not a single one?

MR. ANTRIM. Not a single one. So I don't know whether they are afraid of us or not, but we would give them the same consideration that we give everybody else.

COMMISSIONER RANKIN. Well, I think I am going to suggest that they try. They should come around.

MR. ANTRIM. But, you know, if someone came from out of town, black, white, whatever, and came to our office, even though they may be experienced in real estate in the other city, we would very likely think that they wouldn't be helpful to us and that they wouldn't make a living because they have no nucleus here to start with. They must have associates. They must be in organizations. They must have family in this area.

COMMISSIONER RANKIN. Wouldn't blacks be more inclined to have that inside the city than whites?

MR. ANTRIM. Well, they might. Of course, we do hardly any business in the city.

COMMISSIONER RANKIN. Well, I thought you did.

MR. ANTRIM. No. Most of our business is done, 75 percent of it is done in the county and our four offices are in the county.

COMMISSIONER RANKIN. Well, 25 percent would still give you about 15 salesmen.

MR. ANTRIM. Well, that would be fine. The only trouble is that if we could get some black agent that would come in to us that lives in one of those areas, we would be very happy to talk to him; but we haven't had any occasion so far and we haven't just said that we are going to go out and look for people to try to come to work for us. We would like the thing to come the other way.

COMMISSIONER RANKIN. You don't look, even, for white agents?

MR. ANTRIM. No, we do not. We put an advertisement in the paper on occasion and then ask people to get in contact with us. So far, no black agent has come.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Antrim?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. You have how many employees who are not salespersons?

MR. ANTRIM. Fifteen.

COMMISSIONER FREEMAN. Fifteen?

MR. ANTRIM. That is right.

COMMISSIONER FREEMAN. And you have a total of—you have more than 100 employees?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. You are familiar with Title VII of the Civil Rights Act of 1964 in terms of employment?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. And does your office file employment records with the EEOC?

MR. ANTRIM. Well, you see, agents are independent contractors and, as such, we do not pay social security on them. They are in business for themselves under our jurisdiction.

COMMISSIONER FREEMAN. You have clerical employees?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. None of them is black?

MR. ANTRIM. That is right.

COMMISSIONER FREEMAN. And you sell mostly in the county. Would you give a guess as to the number of homes that you have available for sale now in the price range of about \$25,000.

MR. ANTRIM. In the city or in the county?

COMMISSIONER FREEMAN. In the county.

MR. ANTRIM. Well, I have to talk about the entire Multiple Listing Service, because, after all, we have available to us every

home that is multiple listed. I would say that in the county at this stage, I will not guess, there could be 20, 25, 30. If black buyers were to come in to our office, we would get those cards out and show it to them and let them pick it out. We would sell them the house if they were qualified to buy it.

COMMISSIONER FREEMAN. Well, the other question that I am asking is that if Mr. O'Connor had a buyer and he called you and wanted you to make available to him this list, would you make it available to him?

MR. ANTRIM. Oh, sure.

COMMISSIONER FREEMAN. If Mr. Johnson called you and asked for this list, would you make it available to him?

MR. ANTRIM. He has the list.

COMMISSIONER FREEMAN. He has the list of all of your houses for sale in the county?

MR. ANTRIM. That is right.

COMMISSIONER FREEMAN. Does Mr. Martin have such a list?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. And Mr. Sparrow?

MR. ANTRIM. Yes.

COMMISSIONER FREEMAN. So that you would then not offer any impediment to the sale by Mr. Johnson, Martin, or Sparrow, of any house in Baltimore County?

MR. ANTRIM. Not one bit.

COMMISSIONER FREEMAN. Are they aware of this?

MR. ANTRIM. Yes. As a matter of fact, Mr. Lee Martin just had a co-op sale with us not long ago. It was the first black customer that bought in a prominent area in Towson that had never had any black customers before. We had no problem whatever.

COMMISSIONER FREEMAN. Now, one of the points that was made was that it is practically impossible for a black broker to get a white listing. Have you considered indicating to some of the white sellers that instead of listing with you that they list with Mr. Sparrow, Mr. Martin, or Mr. Johnson?

MR. ANTRIM. Not a bit. We want all the listings ourselves. This is the life-blood of our business.

COMMISSIONER FREEMAN. They have indicated that about six real estate brokers kind of control the market and if this could be implied as a kind of conspiracy in restraint of trade, if this is true, wouldn't it be to the benefit of the real estate industry to sort of spread the wealth around?

MR. ANTRIM. I don't think this is in restraint of trade. As a matter of fact, the Russell T. Baker Company has spent 23 years

trying to get into the position that it is and through a course that has been followed of very high ethical standards, and hiring people who we guide very carefully with the management force that we have. I don't see any reason why we would think this is in restraint of trade.

MR. O'CONOR. Mrs. Freeman, may I offer or add a thought here, please?

The Multiple Listing Service is composed of 163 affiliate members. These are the individual offices as such. And as Mr. Antrim referred to a moment ago, all the information on every property within the jurisdiction of the Multiple Listing Service, every property that is listed, all that information is made known to the exact same degree to each and every member of the Multiple Listing Service.

COMMISSIONER FREEMAN. Is there any broker who cannot obtain the services of the Multiple Listing Service?

MR. O'CONOR. Yes. The primary requirement is that he must, first of all, be a Realtor. He must be a member of the Real Estate Board of Greater Baltimore before he is really eligible to be a member of the Multiple Listing Service.

COMMISSIONER FREEMAN. Well, this is the reason I am pursuing this, because in St. Louis, when we were looking into this, we found that you have to be a Realtor, but in many instances you have to be white to be a Realtor; so if you weren't white, you didn't get to be a Realtor in the first place.

MR. ANTRIM. That is not true here, Mrs. Freeman.

COMMISSIONER FREEMAN. How many black brokers are Realtors?

MR. HAMMOND. Well, this is difficult to say. We don't keep any records as to the race of a person. I would say we have about 15 black Realtors—

COMMISSIONER FREEMAN. What is the total number of Realtors?

MR. HAMMOND. 650, as I indicated some time ago.

COMMISSIONER FREEMAN. Fifteen out of 650. That is less than 10 percent—it is less than 5 percent. I am having difficulty with arithmetic, but it is a small percentage, isn't it?

MR. HAMMOND. To me, what you say is true mathematically, but we have had no black applicants who have been declined membership. No black applicants who have been declined membership. As a matter of fact, our membership committee is very interested in interesting some of the members of the realists, if you are familiar with the real estate business. The National Association of Real Estate Brokers is predominantly a black group and many of those

people have become members of the Real Estate Board. For those who are qualified, we would encourage the membership.

So I think the point that we only have 15 members really doesn't paint a true picture, because no black member has been declined.

COMMISSIONER FREEMAN. If he is a broker, does he just have to come in and say: "I want to become a Realtor"? What do you mean by "if he is qualified"?

MR. HAMMOND. Well, of course, any organization, I think, attaches some value to its membership. Our people attend an orientation session. As a matter of fact, three sessions. They last 3 days. There is an examination they have to pass. We don't test them on any knowledge of the law. We feel that the Maryland Real Estate Commission is competent in this field. They are lectured on mortgage financing, the services of the board. There is quite a comprehensive talk on the Civil Rights Act of 1968 and the Supreme Court decision of 1968, so they are completely familiar with open housing laws. These are things that we feel that they should know about the business in order to be extremely qualified in their profession.

COMMISSIONER FREEMAN. He has to pass this examination before he can join your organization?

MR. HAMMOND. After the orientation, yes. After the orientation is given, then he takes an examination on the material that has been presented at the orientation.

COMMISSIONER FREEMAN. How long has this examination requirement been in effect?

MR. HAMMOND. Oh, I would say for the last 6 or 7 years.

COMMISSIONER FREEMAN. How long has the real estate board been in existence?

MR. HAMMOND. We are the oldest real estate board in existence, period. We were originally organized in 1858, so we are well beyond our 110th year.

COMMISSIONER FREEMAN. In some cases, we have found that the examination requirement was determined upon about the same time that black people wanted to get into an organization. Is this true in your case?

MR. HAMMOND. It is not.

COMMISSIONER FREEMAN. Thank you.

MR. HAMMOND. Positively.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Mr. Hammond, where is your office of the Greater Metropolitan Real Estate Board physically located in Baltimore?

MR. HAMMOND. 7 East Lexington Street, Doctor.

VICE CHAIRMAN HORN. Is that near the downtown area?

MR. HAMMOND. In the heart of downtown.

VICE CHAIRMAN HORN. In the heart of Baltimore. If you went 20 blocks in a circumference around your office, what percent of that population is black? Is it all pretty much black around your office?

MR. HAMMOND. No. We are in an office building area. We are in the heart of Charles Center, and—

VICE CHAIRMAN HORN. Yes, but I am thinking now of the residences there and the apartments surrounding, say, for 20 blocks or 30 blocks around you, what percent of the population is black?

MR. HAMMOND. Well, this is hard to envision unless I had a map. North of our office is predominantly white. I would say east and west, if you go far enough to hit residential areas, they are predominantly black.

VICE CHAIRMAN HORN. Well, in the 20 or 30 block radius, or so, is what I am talking about.

MR. HAMMOND. I couldn't give you figures. The racial characteristics north are predominantly white, and east and west are predominantly black.

VICE CHAIRMAN HORN. How about south? What is that?

MR. HAMMOND. There is not a great deal of housing to the south. It is harbor and the road down to Annapolis. What little residential development—it is a mixture of black and white to the south. There are some public housing to the south. There are also some white residential areas.

VICE CHAIRMAN HORN. Now, how many employees did you say you had in your organization, the Greater Metropolitan Real Estate Board?

MR. HAMMOND. It is the Real Estate Board of Greater Baltimore. We have five employees, but the Multiple Listing Service has 10. Now, we are all in the same office. It is really one group and, as I said before, the Multiple Listing Service is a separate, but wholly owned, corporation.

VICE CHAIRMAN HORN. These are secretarial, or what type of employees?

MR. HAMMOND. Clerk-typists, three secretaries, some people who work in the machine room and in our IBM room, a bookkeeper. And three men, executive type employees.

VICE CHAIRMAN HORN. What percent did you say were black of those employees?

MR. HAMMOND. No, I said we had one black clerk-typist.

VICE CHAIRMAN HORN. Who left?

MR. HAMMOND. Who left, that is correct.

VICE CHAIRMAN HORN. In other words, despite the large population concentration of blacks on the east and the west, in a convenient range to get to the job—I am just trying to get an idea of the downtown business in Baltimore—your business, at least, has really no black employees, despite this convenience of their getting to work, whereas people out in the county would have to struggle through freeways and all sorts of transportation difficulty?

MR. HAMMOND. That is correct. And, again, I can't remember ever having a black applicant for a job opening.

VICE CHAIRMAN HORN. How do you get employees? Where do you go to seek a typist or a secretary or a machine operator? Do you go to the U.S. Employment Service or a private employment service?

MR. HAMMOND. Well, generally, the newspapers or one of the employment agencies.

VICE CHAIRMAN HORN. Private employment agencies?

MR. HAMMOND. Yes. I think it depends on the wage level. I think for a secretary or an executive type person, we probably would go to one of the private agencies. For a clerk-typist or somebody in one of the lower salary levels, we would probably resort to the paper. We have done both.

VICE CHAIRMAN HORN. Have you ever specified in dealing with a private agency that you want a person of one particular race or the other?

MR. HAMMOND. No, sir.

VICE CHAIRMAN HORN. They just sort of all end up that they turn out to be white when they come there?

MR. HAMMOND. That is the way it has happened.

VICE CHAIRMAN HORN. Thank you, Mr. Chairman.

CHAIRMAN HESBURGH. Thank you. Mr. Glickstein?

MR. GLICKSTEIN. Mr. Antrim, as I understand your testimony about the qualifications of a good broker, it is very important that the person live in the community, have roots in the community, know the community, and that is the nucleus of business to start with. Is that correct?

MR. ANTRIM. Well, of course, preceded by the fact that he must have, or she must have, reasonably good reasons why they would want to get into the business.

MR. GLICKSTEIN. Right.

MR. ANTRIM. That kind of thing, yes. We think this gives them some kind of a start, because otherwise if they didn't have some-

thing to fall back on, at the end of 6 months they wouldn't have made any money.

MR. GLICKSTEIN. As our data indicate in Baltimore County where, I believe, you said you do 75 percent of your business, is that correct?

MR. ANTRIM. That is right.

MR. GLICKSTEIN. Three percent of the population is black, so the likelihood of being able to find a black person in the county who has clientele that would produce a lot of business is probably a very slim one. Would you say that is correct?

MR. ANTRIM. I would say it is, yes.

MR. GLICKSTEIN. We heard a lot of talk this morning and this afternoon about why there is only 3 percent of the population in the county that is black. Why do you think that there are so few black people living in Baltimore County?

MR. ANTRIM. Well, of course, this is simply an educated guess. When we talked about this a week or so ago, I am somewhat surprised to find that there are not more black people who want to look at homes in the county. I have to take exception to a couple of the things that I heard a little earlier. Anybody that wants to come into any of our offices and tells us that they can spend so much money—after all, you know, the matter of money is the difference here. If you want to buy a house that is up to \$15,000, there is nowhere to find it in the county. There isn't any point in taking anybody there. But, if somebody comes in and asks us for a property that is \$25,000 or \$30,000, there are many properties and we will show them every property. We will take out the cards and go over every one of them individually with them and ask them which ones they would like to see, just like we do everyone else.

MR. GLICKSTEIN. Why do you think that more black people aren't in the county?

MR. ANTRIM. I have a feeling that many of them feel that maybe they are not going to be wanted in these areas and so they don't bother to ask us, or maybe they don't want to afford it. I certainly am not thinking that they can't afford it, because there must be lots of people that can. And I am truly surprised that we haven't had more people coming in asking about properties.

MR. GLICKSTEIN. You have just suggested that there probably was a substantial market or possible market of black people in the city.

MR. ANTRIM. Well, of course, that question is kind of out of context, because if you look at it, we are in four areas. And I would say that if you divided that black population up, some of these

areas wouldn't be areas in which people would be generally interested. It wouldn't be a prime area.

MR. GLICKSTEIN. Why is that?

MR. ANTRIM. Well, I think some of the properties have gone down. They are more or less a ghetto arrangement in there and I think there is not much demand for it. People don't want to live in it. We have many properties—when I say “we”, I am talking of the Multiple Listing Service—we have many properties that are in nice areas in the city that we can't get black buyers to come look at.

MR. GLICKSTEIN. I am talking about in the county.

MR. ANTRIM. Well, in the county, the only thing that I can say is that people don't come to us when they are talking about property above \$15,000. This is our hang-up. If we could get more people, I think if we could educate the black public to understand that it is 100 percent open, every time we take a listing, we sit down and talk to the owner about their responsibilities so far as civil rights is concerned. Every person that signs a listing with us, and we are ready to go to bat on that situation.

MR. GLICKSTEIN. Don't you think that you might get some more black customers if you had some black brokers working for you?

MR. ANTRIM. Well, you know, when Lee Martin was talking here a few minutes ago, he is a pretty fine guy—they all are as far as that is concerned—but they have black agents and they haven't been able to make any inroads. They don't sell anything in the counties and I don't know why. They have the listings available to them. Everyone of the ones that we have. So if they are not able to do it under a black broker, I am not so sure how it would work for a black agent to be working for a white broker. I don't know that it would make that much difference. This is the point.

MR. GLICKSTEIN. You think that there is just not that much interest in moving into the county?

MR. ANTRIM. I would feel that.

CHAIRMAN HESBURGH. Mr. Hammond, when was the board opened to Negro Realtors, or real estate brokers? How long ago?

MR. HAMMOND. I think our first black member, Mr. Chairman, came in in 1960 or '61, 9 or 10 years ago.

CHAIRMAN HESBURGH. Mr. Antrim, and all of you gentlemen, Mr. O'Connor, Mr. Hammond, I think if you have heard some of the testimony here today it is pretty obvious to you that there is some misunderstanding somewhere. I think you would have to admit that what you have said gives us Picture A; what the previous three speakers said gives us an entirely different picture. And

my guess is that most white people believe that what you are saying is what the true situation is and most black people think that what our previous speakers said is what the true situation is. And it can't be both. Otherwise, we are living in a crazy world where black is white and white is black and truth is false, etcetera.

I don't think we are living in that kind of world. Now, have any of the three of you an idea of what we might do to dispel some of this misunderstanding in the interest of what I would call civic peace. That is what we are here for. We are not here to create a riot or something. When you stop to think of it, if you asked any black person, is there a black and white market for cars, the answer obviously is no. Is there a black and white market for groceries, the answer is no. Is there a black and white market for liquor, no. Is there a black and white market for just about anything under the sun that people are trying to sell today, and the answer is no. If you have got money, you can buy it.

And yet, when we have these hearings around the country, in every single locality we come to, it emerges that there is at least a belief that there is a black and white market in real estate.

Now, you gentlemen, I think, are telling us there isn't, because anybody who comes in, has the money, looks at all your listings, you will sell them the house. There isn't all this hanky-panky we have been hearing about earlier. Yet when you talk to the black people who try to get houses, they tell about, well, it is already sold, or it is under contract, or I don't have the key, or I can't find the owner. And it can't be both ways.

Now, I am willing to grant that all men are sincere in what they say. We have to assume that. Everybody comes here on their own. But isn't there some way that we can—that these two conflicting stories can be brought into some kind of composite truth, if you will.

What would happen if you gentlemen were to repeat some of the things you said today, or had the real estate board repeat it in a full-page advertisement in one of the black newspapers, simply saying—I am not trying to sell advertisements for the black newspapers, in fact, that would be conflict of interests because one of the men who runs it is on our Advisory Committee and we are not trying to give him free advertising—that there is no black and white market for housing. Every house is available for everybody that has the price to buy it. This is the law of the United States. We are a respectful profession. We don't want to break the law. Our organizations are open to any applicants from the black community who want to work with us.

And just say in public in an advertisement what you have said here today. It seems to me then we have got to try it out in the community. This is a community problem. See whether or not it is true, in fact, whether or not anybody can come up and say: "That is a false advertisement."

My guess is that what really frustrates us most as a Commission is that everybody that talks to us is practicing virtue, and that includes both the black as well as the white, and yet the country seems to be having enormous problems in racial understanding, in racial friendliness, if you will, and racial peace, and in the development of human relations and all the rest of this, and yet, nobody is ever responsible.

I have never heard a real estate agent, labor union leader, a banker, or financier, a construction man, anybody stand up and say: "I am at fault in any way in creating this situation. If I have an all-white organization, it just happens that way. If people somehow can't get satisfaction out of my organization, it is their fault, they never come around and ask or they misunderstand it." And I must say at the end of this day, and I am only speaking as the Chairman of the Commission, one member, I am not speaking for the other Commissioners, that I get a case of galloping frustration every time I sit in one of these hearings. Because everything seems to be wrong and nobody is responsible. Everybody is practicing virtue.

And I, for one, just don't believe there is that much virtue around. I am willing to concede we are all trying to, but I think somehow I would like to hope that there is a way through this impasse, that somehow, somewhere, we can find ways of a white man saying something about real estate, if he is in the business, and the black community saying, yes, that is true, or a black community member saying something about real estate, if he is in the business, and the white community saying, yes, that is true.

But I think what is happening today is what has happened in every hearing I have ever been present at. The black community gives you one story and every black person in the room says: "Amen, that is true." And then the white men come up and give the white side of the story and every white person in the room says: "Amen, that is true."

Now, two conflicting stories on the same material can't be true. And I don't know what the answer is.

Mr. O'Connor, it looks like you are bursting to say something.

MR. O'CONNOR. Well, I just wanted to make this comment, Mr. Chairman. Referring back to the first question that was directed

to me this afternoon by Mr. Powell about the meeting at Loyola College. Now, this meeting was really inspired by the Realtors and it came about as a desire on the part of Realtors to know and to understand this situation better. And I could not mean this more sincerely. And I think the group of Realtors, and they were all-white, who went to this meeting did so with a completely open mind. They were very sincere, and the outgrowth of it was, Mr. Chairman, to do something like you said. Admittedly, it is quite small in relation to the total problem, but it is a start, and I am not trying to make a plea here or to say that we are all virtue, but I do know that there are people in our industry and many, many of them and the great majority of them who are interested and sincere in doing something to better this situation. And I think we are on the way to doing so.

CHAIRMAN HESBURGH. Thank you. Do you want to say something, Mr. Hammond?

MR. HAMMOND. Mr. Chairman, I have sort of gathered an air of pessimism here today, really, and I am not inclined to be this pessimistic. There are problems, of course, that we have to overcome. This is why we are here today. But great progress has been made in this field. Great progress has been made. I mean, I can speak from the standpoint of the real estate board and certainly from the standpoint of the opinions of Realtors individually. There is a long way to go, but while we are doing it, let's think about some of the good things we have done and some of the positive steps, frankly, that we have made.

I say this in a friendly way. I am sure there was some reason for it, but I think the discussion we are entering into now would have been much more fruitful and much more objective if all six of us had been up here at one time. Not three black brokers at one time and then three white people practically immediately following.

CHAIRMAN HESBURGH. I agree with you.

MR. HAMMOND. And we, all of us, commented on this, before the meeting. Here you are, really perpetuating one of the things we are here to try to solve and I think the discussion may have been a little more fruitful if we had all been here together.

CHAIRMAN HESBURGH. You know, I think you have got a very legitimate point, and it is probably our fault for not organizing it that way. I am willing to admit we don't practice virtue all the time, either, but like your own lack of virtue at times, it was unintentional. Mr. Antrim?

MR. ANTRIM. Well, I think there was a time a couple of years ago when you did have definitely a white and black market. There wasn't any question about it. It was still at that stage proper for

a homeowner to indicate on a listing that they had the right to approve the purchaser, which was tantamount to letting most everybody know that if they didn't see what they liked, they didn't have to sell the house to them. But since the Supreme Court decision was rendered, I think it has just been a complete about-face. There has been a lot accomplished in these last couple of years. And so much so, that we could now get to a point where it is possible that you could sell a property to a black person without the owner having even known it was a black person. In other words, the theory being that there is not a lot of "Is it black?" or "Is it white?" or "Should you do this?" or "Should you do the other thing?" Just taking it on face value as everybody being equal and this is what we have really been trying to do in the last 2 years, and in the last 6 months to a year I think it is becoming fruitful.

CHAIRMAN HESBURGH. Do you think this will have an ultimate effect on the housing situation in the county?

MR. ANTRIM. It is improving. The fact that there has been some breakthrough in three of the all-white areas is an indication of this. It sounds minor, but it isn't minor. You might be interested in knowing that in one of these cases, our company received over a dozen letters from other homeowners in that same area commenting on the fact that they were pleased and that they thought that this was in the best interest of everybody and that they hoped we would continue to work along these lines.

CHAIRMAN HESBURGH. Could I ask you one final question, because we are overtime?

This refers to something you said earlier. You said that the question of finding property in the county for many black people looking for a better house is out of the question if you are beyond the \$15,000 range.

Would that seem to indicate that it would be a good thing to create some housing, possibly even public housing in the county, that would be under the \$15,000 range or at least subsidize it?

MR. ANTRIM. I don't know whether it can be done. It would have to be subsidized, I am certain.

CHAIRMAN HESBURGH. There are programs for this.

MR. ANTRIM. Yes, but I do think that it would be better for all people.

CHAIRMAN HESBURGH. Would you favor that?

MR. ANTRIM. I would.

CHAIRMAN HESBURGH. Do you think the people in the county would—

MR. ANTRIM. This is not just the black situation. I think it is good for everybody.

CHAIRMAN HESBURGH. Okay. What do you think, Mr. O'Connor?
MR. O'CONNOR. I agree, sir.

CHAIRMAN HESBURGH. What about you, Mr. Hammond?

MR. HAMMOND. There certainly is the need for it, I would say.

CHAIRMAN HESBURGH. Well, you three gentlemen, I think, are out ahead of the membership of the county, as has been reported to us, at least in recent elections on fair housing and what the county executive, Mr. Anderson, has said.

I appreciate very much what you have said here today and I think we got down to a little frankness and I appreciate that, too, because, as I said earlier today in my opening statement, ladies and gentlemen, the Commission does not come into a city to pick on it or to try to say it is worse than other cities or worse than other communities in any of these problems.

We come in because we think that somehow the Commission can hold up a mirror to the local community and that somehow, in looking in that mirror, the community sees things that it is not very proud of, that it, through its own leadership, political, private and all the rest, will do something about these situations.

In almost every case where we have had a hearing in a city, this has happened long before we said anything about the hearing in the public reports.

And for everybody that testified today, we are very grateful, because you helped us hold up a mirror. We may not have brought out all the lineaments of this community, but we have two more days. If anybody wants to give us any free advice on the side, we are available during our recesses.

And we thank you all for attending and for your comments. Following this, we will have a meeting tomorrow beginning at 12 o'clock. And it will continue on until 10 o'clock tomorrow night, with breaks for eating occasionally.

The meeting for this day, now, is adjourned, and thank you gentlemen very much.

(Whereupon, the hearing was recessed at 6:25 p.m., to be resumed at 12 noon the following day.)

UNITED STATES COMMISSION
ON CIVIL RIGHTS

TUESDAY AFTERNOON SESSION
AUGUST 18, 1970

CHAIRMAN HESBURGH. The second day of the hearing of the U.S. Commission on Civil Rights in Baltimore County will kindly come to order.

Just to refresh your memory, yesterday afternoon we took up a third point in our hearings, obstacles to blacks obtaining residence in Baltimore County.

The first subheading under that was history and mechanisms of residential isolation in Baltimore County, and then we had the role of the real estate broker and we heard from white and black real estate brokers.

This afternoon we are hearing, first of all, on a third point, efforts by builders to bring low-income housing to the county. We will first have a panel of builders between now and 1 o'clock who will talk on this.

Following this, there will be a short break of 10 minutes. Then we will get into the financial institutions, since financial institutions have a large bearing on whether or not low- and moderate-income housing is built.

The panel of builders is made up of the following persons, who I hope will come up here as I call their names: Henry J. Knott, Melvin Colvin, Harry D. Myerberg, Carl T. Julio, and Samuel Trivas.

If you gentlemen could kindly come to the stand and be sworn. The stand is right here. There are five places for you.

(Whereupon, Mr. Henry J. Knott, Mr. Melvin Colvin, Mr. Harry D. Myerberg, Mr. Carl T. Julio, and Mr. Samuel M. Trivas, were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. HENRY J. KNOTT, MR. MELVIN COLVIN AND
MR. HARRY D. MYERBERG, BALTIMORE, MARYLAND; MR. CARL
T. JULIO, COCKEYSVILLE, MARYLAND; AND MR. SAMUEL M.
TRIVAS, TOWSON, MARYLAND

CHAIRMAN HESBURGH. Mr. Powell?

MR. POWELL. Mr. Chairman, Mr. Lawrence Glick, Deputy General Counsel of the Commission, will question this panel of witnesses.

CHAIRMAN HESBURGH. Mr. Glick?

MR. GLICK. Gentlemen, will you please each state your name and your business address for the record, and the name of your company.

MR. KNOTT. Henry J. Knott, 2 West University Parkway, same company.

MR. COLVIN. Melvin Colvin, Security Management Corporation, 805 Lanerton Road.

MR. MYERBERG. Harry Myerberg, 715 St. Paul Street, Baltimore. Same name of the company.

MR. JULIO. Carl T. Julio. 10 Park Avenue, Cockeysville, C. & E. Julio.

MR. TRIVAS. Samuel M. Trivas, Home Builders Association of Maryland, Towson Plaza, Towson, Maryland.

MR. GLICK. Mr. Colvin, you are also an officer in the Maryland Home Builders Association. Will you state the name of the position you hold?

MR. COLVIN. Chairman of the FHA-VA committee, Home Builders Association of Maryland.

MR. GLICK. And Mr. Trivas, what position do you hold with the Maryland Home Builders?

MR. TRIVAS. I am president of the Home Builders Association of Maryland.

MR. GLICK. Thank you. Beginning with Mr. Knott, could you tell me how many units of rental housing you now have in Baltimore County?

MR. KNOTT. Now, I can't give you a breakdown on it. We run about 6,000 units in the city and the county.

MR. GLICK. About 6,000 in the city and county. Could you give me a rough estimate of how many are in the county?

MR. KNOTT. Oh, I guess half of them are in the county.

MR. GLICK. Half of them are in the county. Thank you. And can you give me any idea of what the price range—the rental price ranges of the units in the county, what they might be?

MR. KNOTT. They run from \$60 a month for a two-bedroom, to about \$100 for a three.

MR. GLICK. Thank you. Mr. Julio, you have built a development called Franklin Park Apartments in the Middle River area, which I understand was an FHA 236 subsidized program. Could you tell me if you ran into any opposition from local residents because of your plans to build this development?

MR. JULIO. The only opposition we incurred was a little noise from—because of a petition for reclassification to apartment zon-

ing, which is customary in most applications for rezoning to multifamily housing.

MR. GLICK. What do you think the basis of that opposition for the rezoning was?

MR. JULIO. When I purchased the property 20 acres of it was zoned RA, residential apartments. We had calculated that we could build approximately 299 apartments. We prepared a plat and submitted it to the county for tentative approval. They, in turn, submit these plats to various departments, including the State roads commission.

The State roads commission, their comment was, when we had the joint subdivision meeting in the county was that the new Windlass Freeway, which was supposed to be the center—the center line of the freeway was to be the zoning line, was to come down into my property and more or less sever it into two parts. And this would jeopardize the commitment that I had, or application I had pending with the FHA for 236 housing.

I then contacted the adjoining property owner, negotiated a sale. I purchased it and withdrew my petition from zoning.

MR. GLICK. So then the problems you had were more with Government agencies rather than with the local residents?

MR. JULIO. More, perhaps, with the State roads commission.

MR. GLICK. I see. Now I would like to ask Mr. Knott whether, in his experience developing in Baltimore County, is it difficult to get land rezoned for apartment construction?

MR. KNOTT. It would depend on the area where you are asking for the zoning. In most instances it is difficult to get zoning in any subdivision. People don't want changes.

MR. GLICK. So it depends on local opposition, rather than other factors, as was just mentioned?

MR. KNOTT. That is right.

MR. GLICK. What do you think is the basis for the opposition? You say people don't want change.

MR. KNOTT. People don't want changes. They think that their schools will be overcrowded, and the roads will be crowded, and you get four million reasons why the zoning shouldn't be changed.

MR. GLICK. In your experience do you think that they might believe that there might be some question of change in the racial characteristics of the area?

MR. KNOTT. We run into more of that in Baltimore City than we have in Baltimore County.

MR. GLICK. In recent years?

MR. KNOTT. Yes.

MR. GLICK. Thank you.

Would any of you other gentlemen care to comment on the difficulty that may be encountered in getting land rezoned for apartment dwellings?

One thing that we did note in doing our research before these hearings was that in the Catonsville area, there were something like nine applications for rezoning submitted, and all of them were granted, whereas in the Cockeysville area, in that general geographic area, six out of eight applications were denied.

Would you, Mr. Colvin, care to comment on why you think that might have happened?

MR. COLVIN. Well, I am not building in the Catonsville area. I am building at Loch Raven and Taylor on Goucher Boulevard, and when that parcel of land got rezoned it went all the way to the court of appeals, because basically the residents in the area stated that the schools would be overcrowded, roads would be overcrowded, the utilities would be overtaxed, and they just don't want any change. And I find that in all areas, even in Middle River when you are building, in Essex, where we are also building, when you try to get a change from any classification, whether it is to RA or to Group Homes, that the residents usually oppose the change.

Actually, in the Cockeysville area, which is a little higher-income area, I guess they just have more money to fight the reclassification so, therefore, it usually is fought through the courts a lot higher up than in the Middle River or Essex area.

MR. GLICK. Would this also be true in areas where there already are existing apartment units?

MR. COLVIN. You mean, do the residents—

MR. GLICK. Yes.

MR. COLVIN. They oppose changes in any areas, even if it is adjacent to apartment zoning at the present time.

MR. GLICK. In your opinion, do you think that race might be a factor, that is, a potential change in the racial characteristic of an area?

MR. COLVIN. It could be a factor. It has never come up in any of the hearings I have been to.

MR. GLICK. It has not been openly brought out?

MR. COLVIN. Never been mentioned.

MR. GLICK. I would like to ask, Mr. Colvin, with respect to the project that you built near Towson, apparently in an upper middle class area, in which you built luxury apartments, and then we understand, just from the public record, that a 235, that is, FHA

235 subsidized housing project, was built in Essex. Why did you select—what were the factors in your determination to build one in one area and one in another?

MR. COLVIN. Well, the land cost in the Towson area is a lot higher, and the income of the people that live in the Towson area are basically higher than the Essex-Middle River area; the land was zoned, which we got rezoned for apartments in the Towson area so, therefore, we couldn't go to 235 there. We were building a lower-income rental units in the Essex and Middle River area and we built group homes in the Essex area, or Country Ridge, where this 235 development is now under construction, built those several years ago and at that time we were stopped from building this last section of 122 houses because the State at the time didn't know where the expressway was going. And, finally, when they located the expressway, we were able to go ahead with our plans and we felt under today's money market for private financing, that the only way that you could sell houses easily in that area, would be under a 235 subsidy program.

MR. GLICK. Thank you.

The next area that I would like to inquire into, I want to ask all of you gentlemen, but I think I will probably start with Mr. Knott. Just from the research that we have done in the last few months in the area, sometimes by talking to people and sometimes by visual observation, we note that in some apartment complexes in the county there are black residents, while in others there are not. And that isn't necessarily associated with the cost of the apartments, that is to say, they range all the way up and down.

I am wondering, really, whether you think there are any areas in the county where there would be some inhibition, or some idea that black people would not be welcome, then they wouldn't move to the complexes, and others they would? Mr. Knott, would you care to comment on that?

MR. KNOTT. All of our jobs have been completely integrated since a couple of years before the Supreme Court made the decision, so we don't have any trouble with any of the jobs that we are renting. I wouldn't know about other people's jobs. On our jobs, we have had no difficulty at all.

MR. GLICK. So that there are black residents in all of the—

MR. KNOTT. Everyone of our projects have blacks and whites living together.

MR. GLICK. Thank you. Mr. Colvin?

MR. COLVIN. We have had applications and we have contracts and nobody is living in the 235 project yet, because utilities aren't

finished, but we have had contracts which have been submitted to the FHA for approval, and both blacks and whites, and of course we don't have any—we don't know what the attitude of the whites are, because nobody is occupying these homes.

As far as the apartments go, we have black residents in the apartments and we haven't found any opposition as of yet.

MR. GLICK. Mr. Myerberg?

MR. MYERBERG. I have no rental units in Baltimore County.

MR. GLICK. Well, you do have units that you have sold?

MR. MYERBERG. I have sold units in Baltimore County, yes, but not rented.

MR. GLICK. Have you had any comparable experience of some areas in which black families have come to live and others not?

MR. MYERBERG. No, we have no black families. We have had no applications for sale of homes to black families.

MR. GLICK. Could you give me an idea of the price range of the homes that you build and sell?

MR. MYERBERG. Between \$16,000 and \$17,000 in fee.

MR. GLICK. Is there an area of the county in which you concentrate your projects?

MR. MYERBERG. Yes, in the Essex area.

MR. GLICK. Is the racial composition of the families in existing housing there all-white?

MR. MYERBERG. All-white.

MR. GLICK. Could you suggest any factor that might have led black families not to come to the Essex area to acquire new homes?

MR. MYERBERG. We don't know. We have had visitors, black prospective customers, but no purchasers.

MR. GLICK. Mr. Julio?

MR. JULIO. I have approximately 15 projects in Baltimore City and the county, and all but two are integrated. We have black tenants and white tenants.

MR. GLICK. Mr. Trivas, I don't know whether you are currently engaged in construction for sale or rental, but could you give any comment as an officer of the Home Builders Association on why black people have gone to some areas of the county and not to others?

MR. TRIVAS. No, I have no comment on this.

MR. GLICK. Mr. Julio, yesterday during the course of the hearing we heard testimony to some extent about Columbia, Maryland—we will be hearing more about Columbia. The comment was made by one of the officers of the Rouse Corporation that in a 221(d)(3), that is an FHA low-income, lower-middle-income project, assisted

project, that something like 30 percent of the residents are currently black. And yet we see from our investigation that Fox Ridge project, under 236 which is also subsidized in a certain way, construction that you have, there have been very few, if any—we are not really sure in the detail—but certainly very few black persons coming. Would you offer a comment as to what different factors have played a role?

MR. JULIO. We advertise in the newspapers that reach all the people, and we rent with no bias.

We have had the blacks visit the model apartments at Fox Ridge. Why they don't want to rent, we don't know. We treat them the same as any others.

MR. GLICK. Mr. Chairman, I have no further questions at this time.

CHAIRMAN HESBURGH. I would like to ask our Vice Chairman if he would like to pose questions to the panel?

VICE CHAIRMAN HORN. Gentlemen, I just have one question. We heard yesterday, and I guess we have heard for years, that private enterprise, if given a chance, can meet some of the problems of low-income, medium-income housing.

I would just like the reflections of you gentlemen on that question in terms of the existing HUD programs. I would like you to describe the difficulties, if any, you have had with HUD or other governmental programs in terms of just the implementation of a particular project, the bureaucracy and red tape you might have had to go through, if any, and just how you feel. What would it take to get private enterprise to face up to the needs of this country to build the low- and medium-income housing?

MR. KNOTT. There is no problem involved. Give builders the money and they will wall you up. That's all you need is money.

If you had a project to start tomorrow morning and went down to the FHA, you couldn't do anything with it. They are out of money.

VICE CHAIRMAN HORN. In other words, you are saying that it isn't the red tape, it is just the lack of money.

MR. KNOTT. It is both. It is red tape and no money. But no money is the problem right now. Red tape or no red tape, you couldn't build anything without money.

VICE CHAIRMAN HORN. Where is the red tape?

MR. KNOTT. Down at the FHA.

VICE CHAIRMAN HORN. What kind—what are we talking about?

MR. KNOTT. It takes a year to get a job out of there.

VICE CHAIRMAN HORN. Now what do they have to do that takes them a year, in your judgment?

MR. KNOTT. I don't know. You ask them that question.

VICE CHAIRMAN HORN. Well, I will, but what are the kind of things that you have had that you have submitted that have been sat on for a year?

MR. KNOTT. You go in and you file for a preliminary, and it takes a couple of months to get a preliminary out.

VICE CHAIRMAN HORN. Now what do you think they have to do in evaluating that preliminary?

MR. KNOTT. Oh, I can't answer your question. I don't work for the FHA.

VICE CHAIRMAN HORN. But you must have had to nurse these papers through, or you must have attempted to prod them to speed it up?

MR. KNOTT. I guess it is just Government red tape. Forms, forms, forms.

VICE CHAIRMAN HORN. Well, I take it if there are forms, you had to fill them out. Do you feel they are unnecessary forms, or what?

MR. KNOTT. I think 90 percent of it is unnecessary. They are insuring a loan and it is based on a rent, and the rent supports the mortgage or it doesn't, and all this jazz about, well, you put a closet here, you put a closet there, no builder goes in with a lousy job, in my opinion. If you don't think he can rent it, he wouldn't design it in the first place.

VICE CHAIRMAN HORN. In other words, you feel that they are too restrictive in terms of how they specify the actual details of construction?

MR. KNOTT. That is right.

And you have got another problem, when the FHA gets done with it, then you go to the planning commission at the seat of the county and the planners are all butterfly catchers, all of them.

VICE CHAIRMAN HORN. Are butterfly catchers equated with dreamers?

MR. KNOTT. Right.

VICE CHAIRMAN HORN. Okay.

MR. KNOTT. And the whole thing resolves, they want to design your job for you and whether it is going to work economically or not, they couldn't care less.

VICE CHAIRMAN HORN. In other words you are saying that the planners have never had a hammer in their hands?

MR. KNOTT. They never made a buck in their life.

VICE CHAIRMAN HORN. Let me ask you, okay, we have had now—you say the problem is with the Federal bureaucracy and the

local bureaucracy in terms of delay and they really don't understand the builders' problems.

What have you, as builders, done to sit down with the various governmental people involved, or your local legislative representative to try and clean up some of this mess?

MR. TRIVAS. I would like to answer that.

One of the things that I can say on behalf of the Home Builders Association, and I have to agree with Mr. Knott, that given the opportunity and the money, builders and private enterprise can build all the housing this country needs. They proved that shortly after the Korean War when we built two million units a year.

A good part of our problem right now, in addition to what Mr. Knott said, is the lack of funds, even on your 235 and 236 programs, and you are here to investigate problems in the Baltimore metropolitan area, specifically Baltimore County. And the Baltimore FHA insurance office has never gotten its fair share of funds for the 235 and 236 programs.

And in answer to your question, we wrote to our Congressmen and Senators and everyone involved in this, and to Secretary Romney, requesting that Baltimore get its fair share so that builders can build more of this moderate- and lower-income housing, and we have been shortchanged each time.

In the last supplementary request of \$25 million, Baltimore, which probably had as big a backlog as any other area—and I say Baltimore, I mean the city and county and region—got approximately 1 percent of the funds that were allocated, which was very disproportionate to the needs.

Builders in private enterprise were ready, willing, and able to build this housing in all areas of Baltimore County and Baltimore City if given the opportunity, and we feel that the Federal Government in this particular case, in the area you are talking about, has shortchanged us in the Baltimore area.

VICE CHAIRMAN HORN. But this seems to be based on the general tightening up of governmental money as far as the budget and the state of the economy and so forth. It isn't just picking on Baltimore.

MR. TRIVAS. I think part of it is that, and I think part of it is political.

VICE CHAIRMAN HORN. What do you mean, political?

MR. TRIVAS. I mean that maybe decisions are made not just on the needs and the merits. You are concerned about Baltimore County, but maybe some other areas get more money than they

actually should get in relation to the demand and the ability to produce the housing.

I just feel that maybe favoritism, maybe political decisions, are sometimes used instead of putting the money where it is needed the most.

VICE CHAIRMAN HORN. Gentlemen, do the others of you, Mr. Colvin, Mr. Myerberg, Mr. Julio, have any comment on that original question as to, do you agree that builders, if given the money, can meet the needs of low-income, medium-income housing?

In other words, it isn't a question of giving you \$80,000 to build a one-unit house, which is going to rent for \$100 a month. I am talking about in realistic terms, can you build that type of housing—

MR. COLVIN. I agree with Mr. Knott and Mr. Trivas.

As chairman of the FHA-VA Committee, we have a meeting once a month, usually attended by 10 to 15 builders as well as usually three members of the FHA and three members of the VA, and it is usually Alan Clapp, the Director of the FHA for the Baltimore area, and Tom Farrell, the loan guarantee officer, and we are always kicking these points around about the slowness in getting commitments out, the red tape involved, and also the need for money.

Now as of this morning, checking with Tom Farrell, the loan guarantee officer, he said there are approximately 50 cases in his office requiring 236 subsidy money, and they need about \$5 million in subsidy money and they got—in the month of July, he told me they got \$300,000. They funded two cases. In the month of July they still have a backlog of 50 cases.

Now, as Mr. Trivas said, we wrote to all the Congressmen, we wrote to Romney. In fact, on April 15 of this year, Congressman Sam Friedel even read our request into the Congressional Record, and so far, since then, we have got the \$300,000, which funded two projects of approximately \$5 million.

VICE CHAIRMAN HORN. Mr. Myerberg?

MR. MYERBERG. I couldn't agree more with what has been said here. The greatest problem is funds. If you had the funds, I think you would have a great portion of the problem solved. Not all of it, but a great portion.

VICE CHAIRMAN HORN. If you had the funds, how much—well, were you ever constructing in an era when funds were available?

MR. MYERBERG. Yes, we have.

VICE CHAIRMAN HORN. Now, what were your difficulties when the funds were available? Was there still this red tape and lack of commitment?

MR. MYERBERG. A certain amount of it, but I don't think this is paramount. I think the paramount thing is funds. If you give a developer funds, they will find a way of doing it.

VICE CHAIRMAN HORN. Mr. Julio?

MR. JULIO. We have not run into any red tape.

We have approximately 700 units funded under the 236 that we are now building in Baltimore County and we have applications in for more. Just as soon as they are funded, we are prepared to build.

VICE CHAIRMAN HORN. Okay.

As I take the summary of your testimony then, you are saying what the basic problem here is is a lack of sufficient Federal funding to the builders to enable them to engage in low- and medium-cost housing. That if you had the funding, even though red tape exists, there is a slowness in getting commitments, this is not insurmountable.

MR. MYERBERG. That is correct.

VICE CHAIRMAN HORN. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Knott, and gentlemen, I would like to pursue the questioning, not from the standpoint of funds, but with respect to your occupancy pattern after you have gotten the funds and built the projects. Mr. Knott, you have said that you have 6,000 FHA units?

MR. KNOTT. No, not FHA.

COMMISSIONER FREEMAN. You have 6,000 units.

MR. KNOTT. Most of them not FHA.

COMMISSIONER FREEMAN. But you do have 6,000 units in the city and county. Would you describe these in more detail in terms of the names of the project and where they are?

MR. KNOTT. Well, we have got four jobs at Lansdowne.

COMMISSIONER FREEMAN. At Lansdowne. What—give me the names of those projects.

MR. KNOTT. Highland Village.

COMMISSIONER FREEMAN. Highland Village. How many units?

MR. KNOTT. I think it is 1,200 there.

COMMISSIONER FREEMAN. 1,200. What is the next one?

MR. KNOTT. I forget the name of the other job—it is right across the expressway from it. It is about 800 there.

COMMISSIONER FREEMAN. 800 across the expressway. And what else? You said there are some in the city. You have apartment complexes in the city?

MR. KNOTT. We have about 1,200 at McClean Boulevard and Perring Parkway.

COMMISSIONER FREEMAN. McClean Boulevard, 1,200. What else?

MR. KNOTT. Freedom Apartments on Federal Street.

COMMISSIONER FREEMAN. Freedom Apartments. Now at Highland where there are 1,200, how many occupants are black?

MR. KNOTT. I haven't the faintest idea. We don't even keep a record of it.

COMMISSIONER FREEMAN. Would you give that information to the Commission?

MR. KNOTT. There isn't any way for us to get it unless you go around and knock on doors.

COMMISSIONER FREEMAN. We would like to have the information with respect to Highland, Express, McClean, and Freedom Apartments, the racial breakdown as to each—

MR. KNOTT. We don't have it. We don't keep any race records.

COMMISSIONER FREEMAN. We are requesting that you get it.

MR. KNOTT. Well, then somebody will have to go down there and do it, I guess.

COMMISSIONER FREEMAN. I would like to ask the same question of Mr. Colvin, Myerberg, and Julio. With respect to each of you, if you have the information now—

MR. COLVIN. I don't have any information now on the number of white or black occupants on any of it.

MR. MYERBERG. I don't have any projects in Baltimore County.

COMMISSIONER FREEMAN. But you are still maintaining and operating the apartments?

MR. COLVIN. Yes.

COMMISSIONER FREEMAN. Right. Then you can get it?

MR. COLVIN. If we go around and knock on doors, as Mr. Knott said.

COMMISSIONER FREEMAN. We would like to ask for it. Mr. Julio, do you have apartments?

MR. JULIO. Yes, I will try to furnish it for you.

COMMISSIONER FREEMAN. Mr. Colvin, are you operating any—

MR. MYERBERG. Mr. Myerberg.

COMMISSIONER FREEMAN. Myerberg.

MR. MYERBERG. No, I don't have any apartments in Baltimore County.

COMMISSIONER FREEMAN. Do you have any houses that you have for sale?

MR. MYERBERG. I have houses that I have sold. Nothing for sale at this time.

COMMISSIONER FREEMAN. Of the housing that you have sold, how many houses were in the subdivision?

MR. MYERBERG. I am sorry, I didn't understand your question.

COMMISSIONER FREEMAN. How many houses have you sold?

MR. MYERBERG. 109.

COMMISSIONER FREEMAN. Of the 109, how many were sold to blacks?

MR. MYERBERG. None.

COMMISSIONER FREEMAN. Do you have any under construction?

MR. MYERBERG. Not at this time.

COMMISSIONER FREEMAN. The other question Mr. Knott indicated that the FHA persons were concerned about where a closet is or not.

I would like to ask each of you gentlemen when the FHA supervisor asked about the closets, did anybody from the FHA inquire of you concerning your racial policies or practices?

MR. JULIO. Oh, yes. Often when I visit the FHA, I am asked, on the FHA projects that I am building, what is the racial mix? I have a fair knowledge of our mix, because I am asked the question and I have to make it my point to know.

COMMISSIONER FREEMAN. Did anyone from FHA ever come to the site of any of the projects which you built during the construction?

MR. KNOTT. Well, we have inspectors.

COMMISSIONER FREEMAN. During the time of the inspection, did the FHA supervisor inquire concerning your racial policies or practices?

MR. KNOTT. He wouldn't be in that role. He is inspecting construction.

COMMISSIONER FREEMAN. Did anyone from FHA ever, during the time of the construction, ask you on the site concerning your policies or practices?

MR. MYERBERG. Yes, they have.

COMMISSIONER FREEMAN. When was this? Will you tell us about that?

MR. MYERBERG. We were informed on subsidy housing such as 235, as all FHA projects, that this is open occupancy and we must, under all conditions, make the houses available to all groups and people, which we do do.

We advertise them in the local media, both on radio and other means and make them available to everyone. FHA has requested that this policy be followed.

COMMISSIONER FREEMAN. Now, part of the "red tape" that you referred to, the documents that you signed, is the assurance that there will be no racial discrimination. Did each of you sign such an assurance?

MR. MYERBERG. Yes.

COMMISSIONER FREEMAN. Now I would like also to ask for your opinion concerning the effect of the zoning ordinance.

We have received testimony here that indicates that the effect of the zoning ordinance, in many instances, is to exclude the construction of apartments and also to exclude occupancy by race.

Would you have an opinion as to whether the lifting of a zoning ordinance would be of value to the home building industry?

MR. KNOTT. You mean no zoning law?

COMMISSIONER FREEMAN. With respect to zoning that there would be generally for residential or for commercial or industry, rather than one-story, two-story or one-apartment—

MR. KNOTT. How about density?

COMMISSIONER FREEMAN. Yes. That residential and—changing in density.

MR. KNOTT. You mean build anything you want as long as it was residences?

COMMISSIONER FREEMAN. Residential or commercial or industrial.

MR. KNOTT. In any place you want?

COMMISSIONER FREEMAN. Yes.

MR. KNOTT. Man, that would be a builder's dream.

COMMISSIONER FREEMAN. Perhaps, Mr. Trivas, you might want to respond to this. Have you proposed any legislation along these lines to the Congress or to the State of Maryland?

MR. TRIVAS. Has the home building industry?

COMMISSIONER FREEMAN. Yes.

MR. TRIVAS. I think the home building industry, for a long time, has advocated density zoning, as Mr. Knott has mentioned before.

COMMISSIONER FREEMAN. Has the home building taken the position that the zoning ordinances in some areas are too restrictive?

MR. TRIVAS. Very much so.

In fact, in a time when we need housing more than ever, we find that areas, Baltimore County, Baltimore City especially—I take it back about Baltimore County—Baltimore City just had a zoning ordinance passed which we objected to very vehemently that you couldn't build multifamily housing on any land less than an acre.

In an area where you have decaying neighborhoods, this is the most appropriate type of housing, multifamily housing, in the city.

And then there was just an article in the paper the other day where they are using the idea that there is not enough schools to take care of people, to turn down housing. So I think that the housing industry has been facing a lot of obstacles in the face of the politicians and city administrations.

COMMISSIONER FREEMAN. Has the housing industry recognized the implication of racial discrimination in the zoning ordinance?

MR. TRIVAS. I don't think so.

COMMISSIONER FREEMAN. You have not recognized it?

MR. TRIVAS. I don't relate zoning to racial discrimination. I don't see the connection. I really don't.

COMMISSIONER FREEMAN. In those areas where there are no black families whatsoever, there are no poor families whatsoever, have you ever given consideration, or could you give consideration to the possible effect of the zoning as a tool or device to perpetuate racial discrimination?

MR. TRIVAS. Well, if you are going to go under the assumption that you are going to have 6-acre zoning as a hypothetical case, and that it will be of a cost where you are going to have to build a \$100,000 house and there are not that many black people that can afford a \$100,000 house, then in effect you would be precluding a particular group. But I don't think it is done in that manner. I think—

COMMISSIONER FREEMAN. It is more subtle, isn't it?

MR. TRIVAS. I don't even think it is that subtle. I think in Mr. Knott's introductory remarks, this is the pattern here and all over the United States, because I read about it and these gentlemen, I am sure, will share my opinion, that people don't want change. Everyone who moves into a neighborhood, wants to be the last person to move into that neighborhood, regardless of whether somebody yellow, white, purple, green or red is going to move into the neighborhood. They want to be the last one.

They don't want the schools to have more children. They don't want more traffic on the streets, and this is why they so vehemently oppose all types of zoning.

Before the racial problem was as much of an issue as it has been in recent years, before we had the national law that we have now, which requires people to rent or sell to anyone, we had the same problems, the same screaming in zoning hearings, and the same practices.

COMMISSIONER FREEMAN. I have no further questions. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Mr. Knott, you mentioned in your testimony that the blacks and whites were living together in the projects that you had.

MR. KNOTT. Yes.

COMMISSIONER RANKIN. I want to follow that up. How are they getting along, living together?

MR. KNOTT. Well, I haven't found any problems. You move a black family into an apartment, and a woman from Georgia, who just moved to town finds it out, and she moves out. If she wants to move out, that is her business. But we had no fights or arguments, any that I know of.

COMMISSIONER RANKIN. There has been no slackening in the demand for these apartments, is that correct or not?

MR. KNOTT. The apartments we build, we don't even advertise them. They rent so cheap, they just rent.

COMMISSIONER RANKIN. Is there a stronger demand for apartments than for single family residences?

MR. KNOTT. Definitely.

COMMISSIONER RANKIN. Definitely there is, isn't there?

MR. KNOTT. That's right.

COMMISSIONER RANKIN. And isn't there less objection to Negroes moving into apartments than into single family residences in this area? Is that true or not?

MR. KNOTT. I haven't found that to be true.

COMMISSIONER RANKIN. There is just as much—

MR. KNOTT. If there is any opposition, there is as much opposition in one place as another.

COMMISSIONER RANKIN. Do you all agree with that? That there is just as much opposition to moving into apartments as into single family areas?

But it is working very well in these apartments that Mr. Knott has mentioned. What about in your projects? Anybody that would like to comment?

MR. JULIO. No problem in my apartments.

MR. COLVIN. I haven't had any problems yet.

COMMISSIONER RANKIN. And that is true of the county as well as the city, is that correct?

MR. JULIO. Yes, sir.

COMMISSIONER RANKIN. That is all, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Mitchell?

COMMISSIONER MITCHELL. I have no questions.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Mr. Myerberg, discussing with Mrs. Freeman one of your developments, I think it was the Kingston project, Kingston Road in Middle River—

MR. MYERBERG. I am sorry, I can't hear you.

MR. GLICKSTEIN. I said you were discussing with Mrs. Freeman, one of your developments, the one on Kingston Road in Middle River that you said was—

MR. MYERBERG. Yes, sir.

MR. GLICKSTEIN. And you said that that was occupied 100 per cent by white people?

MR. MYERBERG. That is correct.

MR. GLICKSTEIN. And you also indicated that that was an FHA insured, is that correct?

MR. MYERBERG. Yes, it is.

MR. GLICKSTEIN. And you also indicated that you filed a commitment that there would be no discrimination and FHA presumably checked on that?

MR. MYERBERG. That is right.

MR. GLICKSTEIN. Did FHA require you to undertake any affirmative program to insure that there were black people living in that development?

MR. MYERBERG. It all depends what you mean by an affirmative program. They didn't specify any particular program, no.

MR. GLICKSTEIN. Did you have any black salesmen?

MR. MYERBERG. No.

MR. GLICKSTEIN. Where did you advertise? Did you advertise in any of the black newspapers?

MR. MYERBERG. No. We advertised in those media that we thought covered the entire area, the Sun, the News American, radio stations, billboards, that cover the entire area.

MR. GLICKSTEIN. Funds for the development of this project, were they secured from savings and loan institutions?

MR. MYERBERG. Yes, they were.

MR. GLICKSTEIN. Did the savings and loan institution inquire of you whether your development was open to all persons regardless of race, color, creed, religion, or national origin?

MR. MYERBERG. Not that I recall.

MR. GLICKSTEIN. They didn't—the savings and loan institutions didn't ask you to provide them with any reports of any sort to indicate—

MR. MYERBERG. Not to my knowledge, no.

MR. GLICKSTEIN. Mr. Julio, you spoke about the integration in some of the rental developments that you have.

Do you have any program in your company to determine whether your apartment managers are following your policy of nondiscrimination?

MR. JULIO. We have a general manager that visits each project every day, and our managers are—talk with him. We meet with tenants. We have social workers who also meet with tenants. We have never had any complaint from anyone, any telephone call

that they have been discriminated upon by any of our rental agents.

MR. GLICKSTEIN. And your managers, from what you just said, it sounds as though they spoke to you almost on a daily basis.

MR. JULIO. That is correct. Either a visit to the development, or by telephone.

MR. GLICKSTEIN. Mr. Trivas, we heard testimony yesterday that when the Executive order on housing was issued in 1962, outlawing discrimination in federally insured housing, builders in the Baltimore area stopped using FHA and VA financing in order to avoid having to sell to blacks.

Was this an accurate description of what happened, or was there another side to the story?

MR. TRIVAS. I think that builders were concerned about that order. I think that builders were concerned as to whether or not it would affect their businesses. I think that builders at that particular time were concerned about—they weren't—and I really believe this—weren't concerned with the moral issue, although I know you may take issue with that. But they were concerned about whether or not it was a good business practice.

And builders, as a group, advocated for a long while, not forced integration, or nondiscriminatory clauses in FHA housing, but we wanted on a national basis, and a local basis, a uniform national law. This is what we advocated. And I think that when we did get such a law, builders have followed the law in the vast majority—to my knowledge—in all of the cases.

And to only say what the gentlemen have said before, I don't think we have had any problems in this area since the law has been passed, and builders do not feel that they were at a disadvantage competitionwise as 1962. I think they were concerned about that.

But when we got the law, I think builders uniformly have adhered to it, and I don't think there have been any problems.

MR. GLICKSTEIN. What has the Home Builders Association itself done to encourage compliance with the law or making the provisions of the law well known?

MR. TRIVAS. Well, we have a grievance committee and we have a committee that operates to handle complaints that we might get, just like your Commission works.

Truthfully, we haven't had any problems brought to us. We haven't promoted or advertised the fact as to what you are alluding to, that there is housing available to everyone. I think that the

news media has done a pretty good job of that. We haven't had any special programs in that regard.

MR. GLICKSTEIN. What is the budget of your association?

MR. TRIVAS. Well, our gross income is approximately \$125,000, of which we probably spend that much or a little more. We are a nonprofit corporation and most of that is spent in the way of salaries, and a good portion of it to support our national association in Washington.

MR. GLICKSTEIN. This is largely a trade association?

MR. TRIVAS. That is correct.

MR. GLICKSTEIN. I have one final question.

Mr. Colvin, when land is being prepared for residential development, does the builder have to pay the costs for streets, for sewers, and parks and similar improvements?

MR. COLVIN. Well, it works different ways. On an apartment development in Baltimore County, the builder pays 100 percent of the streets, 100 percent of the storm drain, and there is a front foot allowance on water and sewer, so that he only—he pays part of the cost for the installation of the water and sewer lines, plus the fact he pays an area connection charge for water and sewer for each unit.

MR. GLICKSTEIN. That is an apartment development?

MR. COLVIN. That is an apartment.

Also, there is an area connection—in houses he pays for the streets, the storm drain—basically the same thing. The area connection charge for houses is twice as high as for apartments in Baltimore County.

MR. GLICKSTEIN. About how much would you say, approximately, does this add to the cost of construction of houses or apartments?

MR. COLVIN. Well, I have built apartment projects where it has increased the cost anywheres from \$500 a unit to \$1,800 a unit, depending on the amount of storm drain, which can run pretty high in certain areas.

And also the area connection charge in Baltimore County isn't a fixed figure. It is broken up into different districts. In one district the sewer connection might be as high as, say, \$700 a house, and it might be as low in other areas as \$100 or \$150 a house.

MR. GLICKSTEIN. I take it if those costs were paid by the county, or by the State or by the Federal Government, that would be a stimulus to the business of all of you gentlemen. Is that correct?

MR. COLVIN. Oh, any time you decrease the cost for the builder, it is going to be a stimulus.

MR. GLICKSTEIN. I have no further questions.

MR. TRIVAS. I would like to add one comment to that, Mr. Glickstein, because it hits home with me.

For the information of the Commission, we locally have made a study of what it costs to build a typical house. Now we are talking about a moderate-income house, but the point is that it would relate proportionately.

In a \$31,000 house, if you broke it all down, going into the sticks and nails and plaster and cement that go into the house, it might involve like \$14,000. The rest of it is area connection charges, tremendous interest charges, the land development costs, transfer taxes, and every other thing that has been added on to the cost of housing by municipalities to get additional sources of income.

So it is not all just the cost of the house, but all these other things that are added on, and this would relate to apartments the same way.

MR. GLICKSTEIN. I guess if the county, or the State or the Federal Government wanted to encourage the building, let's say, of houses that sell for less than \$15,000, it would be possible to say that if you build houses that will sell for less than \$15,000, we will pay all of these costs, and if you build houses that cost above that, you have to maintain the costs. Would that stimulate the building of houses selling for less than \$15,000, do you think?

MR. TRIVAS. It certainly would. All the Federal Government has to do is make up its mind what they want to do in regard to housing. They have been concerned with too many other problems, and housing has been way down at the bottom of their list in regard to priorities compared to the other obligations of the Federal Government.

When they make up their mind that they want to produce the housing, and stop treating the housing industry as a yo yo, every time they have a recession or inflation or what-have-you, they pick on housing, then we will get the housing built.

And if builders are given an opportunity to make a profit, again, they will build all the housing we need, whether it be below \$15,000 or above it.

MR. GLICKSTEIN. Thank you.

VICE CHAIRMAN HORN. I just have one request, gentlemen. When we discussed earlier, red tape—I would like each of you in the next couple of weeks to take a look at the forms you have had to file on the various Federal projects you have been involved with, and would you mind submitting a letter to the Commission stating

which of these forms you believe are not necessary to get the job done.

I would appreciate it if you would reflect on that and respond in a few weeks.

CHAIRMAN HESBURGH. Steve, I think that you probably would be agreeable, also, that on a given form, you could draw a line through information that seems to be irrelevant.

VICE CHAIRMAN HORN. Sure. Give us the form and X out how you think—

MR. KNOTT. You realize this is not the local FHA office? These forms emanate from Washington.

VICE CHAIRMAN HORN. This is a Federal Commission, and if we can do you any good in terms of cleaning up the processes by which governmental decisions are made, we will be glad to do it. That is why, I just want your reflection as the guy on the firing line, trying to build the houses, as to what is wrong with the bureaucratic process that is involved in getting those houses built.

CHAIRMAN HESBURGH. It is a question of the whole hearing. We are not just hearing here for Baltimore and local conditions. We are hearing for the whole country. Anything we can learn here that is applicable across the country, we try to make progress nationally.

Do any of you gentlemen build low-cost housing or middle-low-income housing in the county?

MR. KNOTT. I do.

CHAIRMAN HESBURGH. You do? Do any of the rest of you?

MR. JULIO. Rental housing?

CHAIRMAN HESBURGH. Yes, rental or—

MR. JULIO. Yes, I do.

CHAIRMAN HESBURGH. Are there any special problems with this kind of housing in the county?

MR. KNOTT. I didn't understand what you said.

CHAIRMAN HESBURGH. Is there any special problem connected with the building of this kind of housing in the county?

MR. KNOTT. Well, it costs just as much to get the sewer and the water and the streets and the utilities in for a house that is—for an apartment that is going to run \$7,000 as it does for one that is going to run \$70,000, so that the apportionment of cost weighs more heavily on the poor than it does on the rich.

But this is a—there is no discrimination in this. This is a stock charge that the guy levies on everybody for the utilities. There is no discrimination in it, other than if the Federal Government wants these people to have cheaper rent, they would step in and pick up the tab for this, then you develop a cheaper rent.

CHAIRMAN HESBURGH. Do you think we have enough programs, but not enough money? Or, do we need more programs for the—to facilitate the building of—

MR. KNOTT. I think if you kill half the programs and put people to work on the other half that were left, you would get something done.

CHAIRMAN HESBURGH. On low- and middle-income housing, I am talking about.

It seems to me that we heard yesterday, talking to the real estate dealers, that maybe 10 percent of the people in the city—I am talking about minority groups, generally—could afford houses of \$15,000 and over. But most of all of their listings were \$15,000 and over, which would seem to indicate that while housing in the city of Baltimore is 11 times more dense than it is in the county, there is not much hope of alleviating the situation if you can't get lower- and middle-income housing in the family, especially, say, for young families.

And it would seem to us from the Federal point of view that the Government has said it wants to do something about middle-income families and low-income families through rent subsidy and other programs, as you know.

What I am asking, are these programs adequate, or is it just simply a question that they may be adequate, but there is not enough money funded for them?

MR. MYERBERG. You just need the implementation of the program itself by funding.

CHAIRMAN HESBURGH. That we already have. You think they are adequate?

MR. MYERBERG. They are adequate to do a great portion of the work, if you want to do it. Not completely adequate.

CHAIRMAN HESBURGH. If they put 10 times the money into these kind of programs, you think—

MR. MYERBERG. You will have 10 times the housing.

CHAIRMAN HESBURGH. It is as simple as that?

MR. MYERBERG. Yes, sir.

CHAIRMAN HESBURGH. We had a hearing recently before the Banking and Finance Committee about a year ago, and we asked them at that time, testifying for the Commission, why they didn't get as excited about putting people in good houses as putting somebody on the moon, for example.

They said, I believe in 1968, Mr. Glickstein, we had a national goal of 29 million housing units the next 10 years, of which six million would be for people now living in condemned housing and

dilapidated housing, which would be low- and middle-income groups.

I believe in the first 2 years of that program they put \$800 million into the program nationally, whereas during those same years in the space program, they put something like \$8 or \$10 billion—excuse me, \$8 billion, about \$4 billion a year, and \$60 billion in Vietnam just to blow up the place.

So what I am saying is that the national priorities may be our problem, not the mechanisms of getting things built.

MR. MYERBERG. No doubt about that.

CHAIRMAN HESBURGH. Well, let me ask you about one more problem. There has been a lot of talk about building houses cheaper through modular construction and the like.

Do any of you gentlemen have feelings on that?

MR. KNOTT. We prefabricate everything we build now.

CHAIRMAN HESBURGH. I see.

MR. TRAVIS. Many of the programs advocated through Breakthrough are really nothing new. Builders have been doing a lot of these things for years, and because you build a house in a factory it might come out with headlights that people aren't going to buy anyway, isn't the answer.

Breakthrough with modular housing may help a labor problem, because we are losing labor in the construction industry, but we wouldn't lose that either if again we weren't treated as the proverbial yo yo, and were building 1 year, and then for 3 years—you know, it is either feast or famine. And many of things though in the Breakthrough program, if they break through zoning regulations, if they break through where you can use plastic pipe instead of copper pipe, and use a lot of the newer materials, we will be able to produce housing a lot less expensive and just as satisfactory.

CHAIRMAN HESBURGH. Mr. Knott, if you were made housing czar tomorrow morning, which is unlikely, but just let's dream about it for a moment.

I am not saying it isn't a good idea. I am just saying it is unlikely—and you could do whatever you wanted to really get this housing thing up and moving, what would be the two or three top things you would do?

I will ask any one of you to answer that—I just mention Mr. Knott because he is doing a lot of building.

MR. KNOTT. I would funnel all the money into 235 and 236 and stop all the other programs under the Federal Housing Administration.

CHAIRMAN HESBURGH. What would you do about—would you do anything about zoning?

MR. KNOTT. Well, the Federal Government, as I understand it, can't do anything about that.

CHAIRMAN HESBURGH. No, but they could do a lot of encouraging. Tell a community you rezone, and we will give you a program. If you don't rezone, you don't get a program.

MR. KNOTT. Of course, as I said before, a builder's dream is no zoning anywhere. This would be—gee, this would be great. You have no idea what we go through to get zoning.

CHAIRMAN HESBURGH. What would you do about codes?

MR. KNOTT. Codes! There ought to be a national code so you could build a house in Indiana and haul it into Baltimore, or vice versa. This business about—you know there are 5,200 local building codes in the United States?

CHAIRMAN HESBURGH. I didn't know there were that many, but it is worse than I thought.

MR. TRIVAS, what would you do if you were housing czar? Would you go along with this program, or would you add something to it?

MR. TRIVAS. Well, first I would see that I could encourage the Administration to put the proper priority on housing.

CHAIRMAN HESBURGH. I think we are all agreed on that.

MR. TRIVAS. Then, after that, I would advocate proper funding of the programs we have, 235 and 236, and I would try to come up with whatever programs I would think would be adequate.

And I wouldn't be so worried that builders were going to make a profit out of it, but I would encourage them to make a profit, encourage them by making funds available, and I think we would see the construction started, and building.

CHAIRMAN HESBURGH. Do you think the builders would be perfectly willing to settle on a given profit and just take it from here? Just say you can make 6, 10, whatever percentage you need and—

MR. TRIVAS. No, I don't think—I think that is one of the problems when FHA and the Federal programs, you know, you can make 5.4 percent profit, and they are so paternalistic. I think if a builder is ingenious and if he can come up with ideas, the way to save money and he can make more money and still do a satisfactory job, that is what made this country great. I think that they ought to be able to make the profit. Not be limited.

CHAIRMAN HESBURGH. Would any of you other three gentlemen, Mr. Julio, Mr. Colvin, Mr. Myerberg, would you like to add anything if you were the housing czar?

MR. COLVIN. The only thing I would add, that as I said before,

that we have 50 projects in the local FHA office that need funding on a 236, I think that on a 235, as it was discussed previously, if we could do something where the Federal Government would pick up part of the cost of the utilities or streets for, say housing under \$15,000, to try to encourage lower cost housing in the county, that would be a help.

CHAIRMAN HESBURGH. Mr. Myerberg?

MR. MYERBERG. Nothing.

CHAIRMAN HESBURGH. Mr. Julio?

MR. JULIO. I have nothing for you.

CHAIRMAN HESBURGH. Well, let me ask you one thing that is really a matter of national policy, not Baltimore policy.

Is it highly unlikely we are ever going to make a breakthrough on getting people out of dilapidated and condemned housing into decent, wholesome housing, without a fairly strong national priority and national subsidy?

MR. TRIVAS. I don't think we ever will. We are just scratching the surface.

CHAIRMAN HESBURGH. We seem to get this message all over the country.

Now the second thing, do you think there is anything immoral about a national subsidy to take people in dilapidated and condemned housing and get them into decent housing?

MR. KNOTT. I think it is immoral not to do it.

CHAIRMAN HESBURGH. Granted. I agree with you.

Now, the reason I brought that up is, we are constantly hearing on the Commission that there is something immoral about this kind of subsidy.

In other words, it is okay to spend \$30 billion—\$25 to \$30 billion to put a man on the moon. That is a big deal. But you can't get the money to put people in decent housing, because sometimes—it is true, it is moral if three guys walk on the moon. I didn't get to walk on the moon, you didn't get to walk on the moon, but that is okay to do it that way.

Some of the greatest, and most strong corporations in this country, even say big newspaper corporations, can send all their second-class stuff around, second-class mail, mail it all over the country, all over the world, if you will, for a very small percentage of what it actually costs to deliver it, and get it there. That is a subsidy.

People don't stop to think that when the railroads were put across this country, they got every other section of land along the way, all the way across State after State after State, and then

they found oil on the land and here were very wealthy railroad companies owning more land in the West than the States do, but nobody felt bad about that subsidy, because we needed to get the railroads through.

MR. MYERBERG. I think you will find that the men on this panel will all agree to one thing, that decent housing should be had by every citizen of the United States.

CHAIRMAN HESBURGH. And you think that everything you build ought to be open to anybody that has got money to buy it?

MR. MYERBERG. Absolutely.

CHAIRMAN HESBURGH. Do you all agree to that?

PANEL. Yes! Aye!

CHAIRMAN HESBURGH. Thank you very much, gentlemen.

VICE CHAIRMAN HORN. Mr. Chairman, before the next panel steps up, I would like to make a request—

CHAIRMAN HESBURGH. Just a minute, ladies and gentlemen. We are going to have a recess in a second, but Commissioner Horn would like to make a request here.

VICE CHAIRMAN HORN. Mr. Chairman, I would like to have the staff secure from one of the witnesses yesterday some additional information so we can complete our questioning.

Mr. Hammond, we discussed I believe, the number of people that had taken the Realtor's examination. I would like to have the staff secure, for the record, after Mr. Hammond's testimony, the number of people that have applied for this examination since that examination was put into being, and the number that have passed and failed, based on race.

COMMISSIONER FREEMAN. Mr. Chairman, with respect to the question that was asked by me of the previous panel, I would like to have the staff secure the information that was asked.

CHAIRMAN HESBURGH. Lastly, ladies and gentlemen, I call your attention to a sign outside the hall which says no smoking. We are the guests of the Social Security group here, and that is their rule here, not ours, and we observe it up here, and we hope you can observe it down there. We are suffering as much as the rest of you.

Thank you very much.

We are going to be adjourned here for 10 minutes, and then we will reconvene here at 10 after 1.

CHAIRMAN HESBURGH. We will now come to order.

The first order of business will be a staff paper relating to financial institutions in Baltimore County.

MR. GLICKSTEIN. The witness is Mr. Everett Santos, staff attorney with the Commission.

(Whereupon, Mr. Everett Santos was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. EVERETT SANTOS, STAFF ATTORNEY,
U.S. COMMISSION ON CIVIL RIGHTS

CHAIRMAN HESBURGH. Please be seated.

MR. GLICKSTEIN. Mr. Santos, have you prepared a report on home mortgage financing and racial economic integration?

MR. SANTOS. I did.

MR. GLICKSTEIN. I would like to show you a copy of this report. Is this the report that you prepared?

MR. SANTOS. Yes, it is.

MR. GLICKSTEIN. Mr. Chairman, may this report be introduced into the record?

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 8 and received in evidence.)

MR. GLICKSTEIN. The various staff reports that we are introducing into the record are still available for those who are interested in obtaining copies.

Mr. Santos, would you summarize your report, please?

MR. SANTOS. Yes.

Few persons can afford to purchase their homes for cash. To a great degree, the availability of credit determines whether a person will be a homeowner. Financial institutions are responsible for creating credit and are essential to the purchase of a home.

Yet, despite the impact which financial institutions have on the access by minority persons to desirable residential areas, little attention has been paid to them by civil rights organizations.

There are several reasons for this lack of concern. Until recently, primary emphasis has been given to the more obvious forms of discrimination in the rental and sale of housing. In addition, because civil rights groups have had little understanding of the processes by which a mortgage is created, and because of the lack of relevant statistical information on access of minorities to the mortgage market, civil rights groups have not focused their attention on the financial community. The Federal financial regulatory agencies have not attempted to compile racial data on the various aspects of the mortgage market.

The financial markets may operate to the disadvantage of

minorities in numerous ways. Some of the ways fit readily into categories which can be recognized as traditional racial discrimination. The financial institution, for instance, which has varying standards for whites and blacks as to the interest rate charge, or the term of the mortgage extended, discriminates.

However, there are some practices which, while not associated with traditional discriminatory practices, have an adverse impact on minorities. An example of this is a refusal to lend on properties in certain geographical areas. The financial institution bases such a refusal to lend on nonracial factors, such as an area's rundown condition, the distance from quality education, ineffectiveness of law enforcement, or similar factors.

Another practice adversely affecting minority neighborhoods is the low appraisal value given to homes in minority communities. The appraised value of a home determines the maximum amount of loan which will be made. This, in turn, determines the amount of down payment and, hence, determines whether the prospective buyer will be in a position to purchase a home.

Still further removed, but having an equally adverse impact on minorities, is the unprofitability for financial institutions of small home mortgages. Each institution has a breakeven point, a point at which the expenses of handling a mortgage just balance the return on the mortgage. A mortgage loan which, because of its small size, would have a return not substantially greater than the expenses involved, may not be acceptable to a financial institution. The operation of this simple financial principle makes it difficult for a low-income person to obtain home mortgage financing.

Another aspect of discrimination by financial institutions arises from their dependence on brokers and developers for mortgage business. In some cases mortgage financing is obtained for a home purchaser by a broker or developer. To the extent that the broker and developer do not sell to minorities, their discrimination is carried over to the financial institution.

There are several avenues of redress for such discriminatory patterns as these.

Many financial institutions are approved by the Federal Housing Administration as lenders on home mortgage loans insured against the default of the home buyer. Yet, no investigations are made of the lending practices of these institutions to determine the extent to which they will provide credit to minority persons. The power which FHA has, has not been used to require its approved mortgagees to develop affirmative plans for extending credit to minority and low-income persons. Nor have other Federal

financial regulatory agencies, such as the Comptroller of the Currency, the Federal Deposit Insurance Corporation and Federal Home Loan Bank Board, used their extensive powers over financial institutions which they oversee to require the institutions to assure that minority persons and the low-cost housing sector are adequately serviced.

CHAIRMAN HESBURGH. Thank you very much. We appreciate it.
MR. SANTOS. Thank you.

CHAIRMAN HESBURGH. We now have a panel on financing. This panel will address itself to financing institutions and low-income housing, which is one of our central problems of this hearing.

The people on this panel, who will identify themselves when they arrive at the stand, are Mr. Michael D. Quinn—will you please come forward—Dr. Winfred O. Bryson, Thomas J. Guidera. These three will form a panel together.

If you gentlemen will kindly come forward to the witness stand on the left—to your right—and if you will raise your hands, we will get the oath.

(Whereupon, Mr. Michael D. Quinn, Dr. Winfred O. Bryson, and Mr. Thomas J. Guidera were sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. MICHAEL D. QUINN,
DR. WINFRED O. BRYSON, AND MR. THOMAS J. GUIDERA,
BALTIMORE, MARYLAND**

MR. GLICKSTEIN. Would you each please state your name, address, and occupation in your respective organizations?

MR. QUINN. My name is Michael D. Quinn. I am the assistant vice president of Weaver Brothers, Inc., which is a mortgage banking firm located at St. Paul Street, Baltimore, Maryland.

MR. GUIDERA. Thomas J. Guidera, Jr., executive vice president, Union Federal Savings and Loan Association, Howard and Fayette Street, Baltimore City.

DR. BRYSON. Winfred O. Bryson, Jr., president of Advance Federal Savings and Loan Association, 1611 West North Avenue, Baltimore, Maryland.

MR. GLICKSTEIN. Mr. Quinn, I think that your co-panelists' businesses are well known to all of us. Most of us know what a savings and loan institution is.

Would you tell us what the business of Weaver Brothers is, please?

MR. QUINN. Yes. Well, the company is a mortgage banking firm—mortgage banking and real estate. We are engaged in the business of making first mortgage loans on real property.

The funds that we use in achieving this objective essentially comes from institutional investors. That is to say that the long-term mortgage capital comes from life insurance companies, very large savings banks, pension funds, and the like, usually located out of the State of Maryland.

MR. GLICKSTEIN. To simplify it greatly, the savings and loan institutions use funds from individuals that have savings accounts in general, and you, on the other hand, use funds from large institutions like life insurance companies?

MR. QUINN. That is correct. Sometimes we use the example, and I think it is appropriate, that savings and loan associations in a city like Baltimore, have a certain supply of funds. Our role, to a large extent, is to act as an importing agency of additional capital from out-of-State.

MR. GLICKSTEIN. Mr. Quinn, would you tell the Commission, please, what problems exist, if any, in gaining adequate financing for low-income housing?

MR. QUINN. Well, that is a very large question.

Let me start by saying that the staff report that Mr. Santos read into the record a few minutes ago is very true, to the extent that he identified one major problem that at least those of us in my business have, and that is the very, very small mortgage loan.

The income that we receive from servicing a loan is a percentage of the principal mortgage balance. Typically, this runs from a quarter of 1 percent, to three-eighths of 1 percent. The trend is toward one-quarter of 1 percent.

Well, obviously, if we are collecting one-quarter of 1 percent on a \$10,000 loan, that is \$24 a year. Now that is not very much money to service that loan when, in fact, our cost approximately runs \$2 per month per loan. That is \$24, and a quarter of 1 percent would be \$25. So, obviously, that is the breakeven loan that Mr. Santos was talking about. Below this point, at least for our firm, and I am sure that, although each firm may be different, that is to say their costs may be more or less, therefore their breakeven point would be higher or lower, there is no escaping the fact that the small loan is very much of a problem, simply because you lose money on it.

And although there are many things that people in the mortgage business can do, losing money is not one that they can afford to do. We are a profitmaking enterprise, or we try to be.

MR. GLICKSTEIN. To your knowledge, is there any Government program that would make up your losses in a situation like this, or provide you—

MR. QUINN. Sir, at one time there was. I have been in the business 10 years, and back many, many years ago there was a provision with FHA loans at least, if my memory holds true, that on a loan, and I think it was \$12,000, but let's just say it was a small loan amount, they paid an additional fee simply because it was a small loan. They recognized the fact that it was more costly to originate and service relative to larger loans. This was done away with.

And as I said before, the cost won't go away. It is inescapable, and has to be borne somehow by someone. So I think that one potential solution to this problem is that perhaps HUD along the lines of the Section 235 loan, where they do pay the mortgagee an additional fee for servicing a loan, they could do the same thing on a loan that was not a 235, that had no direct subsidy to the borrower because he did have the income and the ability to make the payments without subsidy, but rather a payment to the mortgagee, recognizing the fact that unless they—if they didn't do it, there is no way in the world he could afford to service it.

They have done it in the past, and I think with the 235, that concept, at least, is back with us.

I can see nothing wrong with recognizing the additional problem that we must face with the small loan.

MR. GLICKSTEIN. In addition to this problem that you have been describing, what has been the effect of inflation and high interest rates on making adequate financing available for low-income housing?

MR. QUINN. Well, I think it has been a two-headed monster, to put it mildly. Without any question it has taken away enormous amounts of mortgage capital funds out of the housing market in general, period. It has disappeared.

MR. GLICKSTEIN. People could get more interest elsewhere?

MR. QUINN. Well, to put it this way, the major investors in America, historically, have looked at bonds, capital bonds and mortgages as competing elements in the market. And if they can get more yield, a higher yield than a bond, then that is where the money is going to go, because again, they are in the business to make money. To a man at a trading desk, and a very large New York investor, to him, yield is yield. He couldn't care less about what kind of paper it is. He wants to see what the yield is.

Unfortunately for us in the housing sector, we have suffered because of the high interest rates, and the monetary supplies dwindle relative to what it was a few years ago, and the mortgage

sector has been unable to compete on the basis of simple yield with other types of investments.

The second part of this monster, the second head, is the fact that not only has the amount of money dwindled, the interest cost that had to be borne by the borrower has gone up substantially. You don't have to be a mortgage banker or a mortgage expert to know that if interest rates accelerate, the more interest you have to pay, the less house you can afford, because again, cost is cost. If you have a low rate of interest on the mortgage, you can afford more house. If you have a low rate of interest on the mortgage, you can afford to pay more real estate taxes, if that is the case.

But with real property taxes increasing, with interest costs increasing, it has put a terrible burden on the back of the home buyer, and I think it is fair to say, all home buyers. But particularly the low-income buyer, because he is the guy who can least afford these increases. He is the one who has the least ability to pay. Any variation that is up in terms of cost has got to hurt him the worst, and the first.

MR. GLICKSTEIN. Mr. Quinn, you have indicated you have been in this business about 10 years?

MR. QUINN. That is correct, sir.

MR. GLICKSTEIN. You have just described some practices that apparently affect blacks and whites alike, particularly low-income people.

What has been your experience in the 10 years that you have been in business with respect to lending practices of financial institutions in the Baltimore area and their impact on minority group persons?

MR. QUINN. Well, the only thing that I can say, the only basis of authority that I have is the mortgage banking business, because that is where I have been for 10 years.

I think that our particular industry has been a leader in the area of not discriminating. There is some good reasons for this, and I don't mean to apply some super altruistic motive behind this, because the reasons are economic and legal rather than the social motive.

I think those are the facts, and I will stick to the facts. Most of the loans that the people in our business make, a large percentage are federally insured, or guaranteed by the Veterans Administration. I am not saying that people in the mortgage banking business don't make conventional loans because they do, but a large percentage of what they do does involve the Government. The Government of course has had, and has accelerated their restrictions

against discrimination, so that it has become unlawful, particularly for those of us in our business, to discriminate.

The second part of that is, and this is the economic part—most people in the mortgage banking business are looking at a volume. That is to say that making an isolated loan will produce one sure thing for us, and that is bankruptcy. We operate on a volume. We are trading paper. That is to say we are, in effect, selling legal obligations mortgages to out-of-State investors. It is very important to us to maintain a high volume, a high level of business.

Well, if you discriminate, particularly in a market like Baltimore, with a very, very large number of black families we have, in effect what you are doing is cutting out a very large market that negates the very thing you must do, and that is maintain a high volume, a high level of business.

MR. GLICKSTEIN. Mr. Quinn, I assume that you are familiar with the general market in the Baltimore area, not just your business and practices of financial institutions for the last 10 years. Some of what you are talking about was affected by the Fair Housing law which was passed in '68, or by the Supreme Court decision which was rendered in '68.

What was the practice before then—has there been in this town a practice of black people finding it more difficult to obtain mortgages than white people?

MR. QUINN. Well, I will answer the question two ways:

One, from our standpoint, our firm, and then in general.

As I mentioned to you before, most of the funds that we have come from institutional lenders. A very large part of this money comes from life insurance companies. Certainly, no one would be more vulnerable to a charge of discrimination than life insurance companies, they are very touchy about that, and did need a law to make them conscious of the fact that they had at least the potential for a problem.

So I think that it is a fair statement to make that well before the Federal legislation, we were advised very clearly by the institutions we represent in Maryland, that this was not to be done—not that we were doing it, but they wanted to be doggone sure we didn't practice it. So, as I say again, the economic reason for that is, we are dealing with a national market, and dealing in paper that yields profit. So I think that is a very peculiar situation.

As far as the general market goes, that is including all lenders, the only thing I can say about that, that comes from knowledge is, that I know for a fact that the large lenders in this city, at least in my experience in the 10 years, have not discriminated against mi-

nority groups. I think basically for the same reasons that we haven't and that is to say, economic reasons.

I think sometimes people assume that if a family is black, that means he is a bad loan. That is not the case. It has not been the case for us, and I am sure it has not been the case for many of the local large lenders in the city.

MR. GLICKSTEIN. Dr. Bryson, what has been your experience with respect to the willingness of financial institutions to lend to black persons?

DR. BRYSON. You mean with Advance Federal? We specialize in lending to black individuals.

MR. GLICKSTEIN. No, the industry in general.

DR. BRYSON. Well, we have only 600 loans. All other loans have been financed by someone else.

But we could say this: our association was founded 13 years ago, and at the time that it was founded, the reasons given to a large extent by the individuals who were in part in the real estate business, and part in the construction business, all of these being colored or black as they are sometimes referred to, was that the mortgage loan money was not freely available to the individuals and on exactly the same terms, even though mortgages were being granted. And the purpose of the institution was to make mortgage loan money more freely available to colored individuals, as well as to make mortgage commitments available to individuals who were purchasing homes from agents who happened to be colored.

We, of course, have attempted to see that those loans are made, but of course other lending institutions are making part of the loans.

MR. GLICKSTEIN. But when you were founded, you did find that you had a group of clientele that found it easier to get a loan from you than it was to get a loan from other financial institutions?

DR. BRYSON. We think we did. As a matter of fact, we have seldom advertised for mortgage loans. Our advertisements have primarily been for savings from individuals, and nearly every period of time during the history of the institution, fortunately we have had more people requesting mortgage loans than we have had money available to lend.

MR. GLICKSTEIN. Do you have any impression about what persons that come to you for mortgage loans, black persons, what their perception of white financial institutions is?

Do you think black people might feel more comfortable and come to you more readily than they would to a white financial institution?

DR. BRYSON. I think that some feel more comfortable there. Of

course, one of the things you would have to realize is that we do not finance any construction projects for the subdivisions. The savings and loan association which has only \$6½ million in total assets is too small for that. So the mortgage loans that we make are largely made on existing pieces of property, even though a few individual construction loans are made.

The people who come to us are frequently people who already have savings accounts in the savings and loan association. A number of them are referred by a certain real estate agent, and others by attorneys and, in some instances, when individuals get turned down by other institutions they find out that we are in existence for the first time.

MR. GLICKSTEIN. But you have had people come to you, who were turned down by other institutions that you have made a loan to?

DR. BRYSON. Yes. I think that would be true of every lending institution, though, because we have the individuals coming there, and I think we probably spend more time trying to qualify them for loans, if they are eligible. Sometimes that may call for having adjustments in the contract, which may require hypothecations that were not available in their contracts originally, or it may call for a change in the number of points, for instance, in an FHA insured mortgage loan from the ones that were there.

But in other instances, it may call for giving maybe more careful attention to following up credit reports, which are frequently rather bad by comparison for individuals who happen to be colored.

MR. GLICKSTEIN. Mr. Guidera, what problems exist for savings and loans in institutions wishing to lend money in the inner-city?

MR. GUIDERA. You mean in the inner-city, or to inner-city families buying?

MR. GLICKSTEIN. To both.

MR. GUIDERA. Inner-city property, you have to have FHA insurance to get a home loan.

Inner-city families, it is—we do have a low-income program. We have had it for several years. We have dealt with a number of these type of applications. And I think the biggest problem we found is papers, papers, papers. It takes us three times as long to process a low-income family loan as it does, say, a conventional loan to a higher-income borrower.

We don't have a loan department. I do this together with one of the ladies in the office. For an association our size, it is a problem.

As Mr. Quinn pointed out, you do get a large number of applicants for rather low-priced homes they are buying in Baltimore City, and the average size of your mortgage is quite low.

We closed one the other day, I think was \$3,900. It took us 3 months to process it. That is not a profitable enterprise.

MR. GLICKSTEIN. Does that represent a substantial portion of your business, loans of that sort, or is that just a—

MR. GUIDERA. This year it has because we have cut down in virtually every other category because of the money conditions. We committed some money 2 years ago to low-income loans and surprisingly to us, though I had worked in this field before and found the same thing, I didn't really identify it until we got this program. There is a distinct lack of communication in reaching low-income families. The applications that we got were far under what we expected.

MR. GLICKSTEIN. Far under than you expected?

MR. GUIDERA. Yes.

MR. GLICKSTEIN. Dr. Bryson mentioned that a good portion of his business came from his depositors.

Do you find that a lot of the mortgages that you make are to so-called walk-in business, or do you generally deal more extensively with brokers and builders?

MR. GUIDERA. Well, we get virtually no walk-in business. We are in the center of town, and I would say primarily we depend on—at least in times where we have got a substantial amount of money to lend, we depend strongly on the real estate broker to provide the borrowers.

MR. GLICKSTEIN. How about builders?

MR. GUIDERA. We haven't done any large-scale new construction development for some years in that place, but in those times, we did, from what I can see, we did—

MR. GLICKSTEIN. Well, don't builders sometimes come to you and tell you that they are going to put up a development and want a commitment from you to make mortgages on the various units they will construct in that development?

MR. GUIDERA. Yes, I think if a builder comes to a lender for construction financing, he depends on the lender to take his permanent loans.

We haven't been in that field to any extent, for some years.

We also depend—I say we depend—we don't depend on it—we look to—we expect from our present borrowers, our present savers, we look to them for some of our mortgage business. We look to referrals from our directors. I think those are the four main sources of business.

As far as our low-income loans, as I say, we have only been in it as a definite program for a few years. We have gone to the real

estate brokers that we know from experience handle sales to families in that price range. We work with the nonprofit housing organizations around town, the Community Action Agency, to some extent, in Baltimore County. But even with those contacts, the level of applications has been considerably less than we expected.

MR. GLICKSTEIN. When you deal with a broker, do you take any steps to insure that the broker follows a nondiscriminatory policy in his own business?

MR. GUIDERA. No, sir.

MR. GLICKSTEIN. But you, as a Federal savings and loan institution, are required by the Federal Government not to discriminate. Is that correct?

MR. GUIDERA. That is correct.

MR. GLICKSTEIN. If the Federal Home Loan Bank Board also told you that they wanted you to make certain that the brokers that you dealt with, and builders, when you do deal with builders, didn't discriminate, would that be an unreasonable burden to place on you?

MR. GUIDERA. We could get the certifications, affidavits, whatever is required there. As far as policing that sort of thing, I don't think we could effectively do it.

MR. GLICKSTEIN. Unless there was some system whereby they filed reports with you that could be fed into a computer and gave you a total of what their business looked like from a racial point of view?

MR. GUIDERA. I couldn't think of any other way.

MR. GLICKSTEIN. Can you describe what happens when an examiner from the Federal Home Loan Bank Board comes around to your institution, in terms of what he does to determine whether or not you have a nondiscriminatory policy?

MR. GUIDERA. Well, we are required to give a letter in the course of each examination, to the effect that we subscribe to the Home Loan Bank's resolution of 1961, whereby they opposed discrimination in lending. Give a certification that we were following that resolution, and then we are asked to give a statement as to what, if anything, we are doing to encourage loans to minority families.

That is in the form of a letter. That is the extent, as far as I know, of any certification in that respect.

MR. GLICKSTEIN. As I understand your previous testimony with respect to what you are doing to encourage loans to minority families, you would tell them something about these efforts you have described to us in making funds available to low-income people. Is that correct?

MR. GUIDERA. Yes, on the assumption that most of the low-income families in the city of Baltimore are minority families. That is the extent of what we convey to them.

MR. GLICKSTEIN. And this has been a requirement of the Federal Home Loan Bank Board since '61, is that correct?

MR. GUIDERA. Well, the resolution is dated 1961. I don't know how long it has been a requirement.

MR. GLICKSTEIN. But the program you just described for making funds available to low-income, moderate-income people, that is relatively new, isn't it?

MR. GUIDERA. Yes. We have had this, I guess, for 3 years.

MR. GLICKSTEIN. Before then, what did you tell the Federal Home Loan Bank examiners about what you were doing to assure that minority group persons were not discriminated against?

How did you answer that question?

MR. GUIDERA. We simply made the statement that we accept applications from anyone without regard to race, creed, or color, as far as I remember.

MR. GLICKSTEIN. That was the statement you made?

MR. GUIDERA. Yes.

MR. GLICKSTEIN. Dr. Bryson, you were speaking before about persons that have come to you that were not able to get loans elsewhere.

When a loan is denied to a black person, is it always possible to tell that this was because of race? Can you ever tell if it was because of race?

DR. BRYSON. It is not.

Where we have seen the actual rejection of the loan, no reason had been given, so that you could not determine whether the individual was rejected purely because of the fact that he was black or not.

MR. GLICKSTEIN. In your experience, have there been some portions of the city that—in which red-lining has been practiced? What is that practice? Could you tell us about that, please?

DR. BRYSON. You place me at a slight disadvantage, because I have never been on a lending committee for any other institution, except Advance Federal, and I really don't know what the committees are doing. Now of course, we make loans throughout the city and—

MR. GLICKSTEIN. Have there ever been areas of the city where FHA would not insure loans?

DR. BRYSON. I have heard that there were, but we have never submitted an application to FHA and received any kind of a state-

ment to indicate that it wasn't being made because of the location in the city. I just read about it in the newspapers.

We have approximately 100 FHA insured mortgage loans at the present time, and all of them are in Baltimore City.

MR. GLICKSTEIN. Mr. Guidera, in your experience, was there a time when FHA would not insure loans in certain parts of the city?

MR. GUIDERA. I can't recall—I know there was a system for distinguishing areas in the city. Maybe Mr. Quinn remembers a little more about this, the A area and B area, but I think that was more to define possibly different or modifications in the standards by which they would qualify the properties. I don't clearly remember what the purpose of the A and B was.

MR. GLICKSTEIN. Do you recall, Mr. Quinn?

MR. QUINN. I will try. The—as I recall, this was after the riots. I got the impression—I have to caution you that what I am telling you is strictly my impression of what happened—I got the impression that the central office of HUD made a determination at that point that it might be a very good idea to insure that loans were being made within the inner-city, and that properties—we are talking about properties now rather than people—that properties not be declined simply because they resided on so and so street.

My impression of the thing was that this was a directive from the central office, that the—the effect of which was to force the local offices into complying with a regulation that I have to assume already existed.

That A and B system didn't last very long. I am not sure how long it did last. But it was not very long.

MR. GUIDERA. I remember shortly after World War II, when I was in the construction business—

MR. GLICKSTEIN. You were in the construction business at that time?

MR. GUIDERA. Yes. FHA, as I recall, we looked at it as an insuring agency for new housing. As I recall then, we also did real estate brokerage, you usually didn't go to FHA with an existing house. The VA handled new and existing, but that modified, I think, to a considerable extent, shortly after World War II, but the standards, as I remember, with FHA and qualifying properties, were geared to qualifying new houses.

You have had sort of an evolution, as you have gone along, and you say, did they exclude properties in certain sections of the city, there were certain architectural restrictions on properties that I think fell primarily on old inner-city properties. You couldn't have a bathroom without a window, or you couldn't walk through one

bedroom to get to another, that sort of thing. Skylights in bedrooms.

These sorts of things did cut out a wide range of properties, as I say, that largely fell in the older parts of town.

And to that extent, I think that the idea of cutting out certain areas of the city came about, as far as FHA insurance.

MR. GLICKSTEIN. Is it also fair to say that this FHA policy that you have just described was encouraging a new construction that primarily benefited the suburbs, rather than the inner-city?

MR. GUIDERA. That is where—well, the outer-city is where virtually all the new construction after World War II took place and the suburbs. No question about that. Particularly row-house construction looked heavily to FHA insurance of permanent loans.

MR. GLICKSTEIN. Just one final question, Mr. Guidera.

You have been telling us a little bit about—and I didn't let you develop it fully—what some savings and loan institutions are doing to increase the availability of mortgage money to low- and moderate-income persons.

As I understand it, something called the Service Corporation has been developed, in which a number of savings and loan institutions participate. Would you describe that to us, please?

MR. GUIDERA. Well, it was set up last year, I believe, as a vehicle to gather together money from the savings and loans that would be directed into low-income home purchase loans for inner-city rehabilitation.

I think there are 36 associations now that own stock in the Service Corporation, giving us with stock and the borrowing pledge or the lending pledge that they have made to the Service Corporation, something around \$2 million to work with.

We have now applied, I think, to GNMA to qualify to sell loans and we are working with Mr. Embry's department to—we have given them commitments for, I think 25 loans under Section 235 on these Turnkey rehabilitation jobs, whereby they can be offered to people to purchase them rather than rent them. The first of those loans was settled last week.

Again, we haven't had the number of applications for home purchase loans in anything like the volume we expected. There is a definite need somewhere to bring the people, the houses, and the available funds together in this area. No question about it.

MR. GLICKSTEIN. Was this Service Corporation a spontaneous idea of some savings and loan institutions, or was it encouraged in some way by the Federal Government?

MR. GUIDERA. It was certainly encouraged by the Federal Home

Loan Bank in that they authorized this type of Service Corporation.

There are other types that are authorized, but this one was made, I would say, in relatively simple form as long as it was going to deal only in this area of loans to low-income families.

MR. GLICKSTEIN. It is probably fair to assume that the reason this was encouraged was because there was some feeling that there weren't adequate funds available for low- and moderate-income housing.

MR. GUIDERA. I would say that is safe to say. Also, with the idea that a great many smaller associations, particularly, find it pretty difficult to process FHA loans and they have never got into it.

And you find it even more difficult to contend with what you have to go through with 235 loans, interest, subsidy, dealing with low-income applications. This was one way it was felt this could be resolved.

One of the largest associations in town, Baltimore Federal, has volunteered their staff in the initial stages to do this origination and do the processing and do the servicing on these loans, until the Service Corporation develops enough volume to do it on their own.

But I think we have got now the majority of the Federal savings and loans in the Baltimore metropolitan area that have joined into it, isn't that right?

DR. BRYSON. We have 36 now. There are about 80 of them. But part of those that we have are not Federal savings and loan associations.

MR. GUIDERA. Well, there are 80 in the State. I think all of the federally insured associations in the State were invited in. That goes out to Cumberland, Hagerstown—there are a couple of hundred State-insured associations. Most of those are quite small. But I think the majority in the Baltimore area, anyway—

DR. BRYSON. Most of the money, anyway.

MR. GLICKSTEIN. I have no further questions.

CHAIRMAN HESBURGH. Mr. Santos, would you like to ask any questions?

MR. SANTOS. No, I wasn't prepared to. I can think of some in a couple of minutes.

CHAIRMAN HESBURGH. Well, let's start with Dr. Mitchell this time. Dr. Mitchell?

COMMISSIONER MITCHELL. Thank you, Mr. Chairman. Gentlemen, I should say, so you don't feel entrapped, that I am a savings and loan director, and I have been a bank director for some years, and I have served on loan committees, and many of the things that

you were talking about are not unfamiliar to me in terms of my having had to deal with some of them.

Now let's talk a little bit about the small size of the loan that is requested by a low-income family or minority family.

I keep getting mail at home that says fly now, pay later. Take your wife to Hawaii, or somebody else's wife to Hawaii. You too can afford brain surgery. Just use our handy plastic card.

We really have an economy that is accustomed to encouraging very small borrowing, and under really shoot-from-the-hip conditions. Some days, just without having done anything to deserve the honor, I open the mail in my house and there are two credit cards I never sent for, which, by the way, come from banks.

And I guess what I am really asking is: if we can develop an installment economy that takes care of, really, in many cases, frivolous needs. Mr. Guidera, I suppose I would ask you this question, why isn't it possible for us to develop a small-loan economy or processing concept, or rate structure, if you will, that will take care of the needs of the kind of person who can't afford to buy a big house?

MR. GUIDERA. Well, I think one problem is, your trip to Hawaii, TWA is going to want that money back within 3 years.

I think the shortest term FHA loan we have made under these low-income programs the last couple of years, has been a 20-year loan.

COMMISSIONER MITCHELL. Well, how many people live in a house for 20 years, Mr. Guidera?

MR. GUIDERA. Well, that is so. You are talking about—in other words, making a larger loan, but cutting the payments much—

COMMISSIONER MITCHELL. Some people buy another house before you finish paying for the last trip to Hawaii.

MR. GUIDERA. That is so. I personally believe that a lot of the concepts, particularly in home improvement financing, could be introduced into the low-income home area.

We can, for instance, we are not in the home improvement lending field, but we could be, and if we were, we would grant these loans and take the application, process them like any personal loan, and act on them and send FHA, in effect, a list at the end of the month of the loans that we have granted. They would be insured.

Now, I think there could be some thought given to giving the lender that autonomy.

COMMISSIONER MITCHELL. Haven't we attached some kind of ritualistic, and really totally undeserved, super significance to the

possession of a piece of land versus last year's Cadillac, or something?

Aren't we more willing to lend somebody, relatively speaking, on an automobile, or a consumer object with fewer restrictions, with less concern about his social status or minority status, than we are his home, or a piece of land which you can't really dig up and drag off somewhere, or run into another piece of land and knock the headlights off it.

MR. GUIDERA. I agree. Land has been around much longer to gather up these rituals than Cadillacs, and there is—

COMMISSIONER MITCHELL. Mr. Guidera, the savings and loan were started to finance the desperate needs of the then ethnic minorities in this country. It is interesting to stop and think about that.

I remember as a child, walking down the streets of New York City and, in the downtown area, seeing little store fronts, little gold letters pasted on the window that symbolized the savings and loan. And the immigrants would go in—the only place they would trust with their money and the one place they knew someone would know them and understand them, and want them to better themselves and finance the building of their homes or their needs.

Now that is really what a savings and loan symbolizes.

I often think sitting around directors' meetings in the savings and loans I am involved in, that we have gotten too fat and too sassy and we have forgotten the people who needed the savings and loan when it started.

Maybe what the Government is going to have to do—maybe what somebody is going to have to do—is to develop a new level of institution, because the banking system in this country, it seems to me, has clearly either rejected, outgrown, or priced itself out of the area in which it can serve those people who really most desperately personally need banking services and fiscal faith, if they are going to slug their way out of the traps we see them in.

MR. GUIDERA. I would buy some of that.

COMMISSIONER MITCHELL. Doesn't the savings and loan industry want to be a part of that? Shouldn't it be taking a leadership in that field?

MR. GUIDERA. I think they should. We are home finance specialists. This is probably the most critical area of housing.

On the other side, you say the—how the savings and loans have grown up. Some of the large institutions around town here now were burial societies within the last generation. Some of the direc-

tors, I think, are still there that were on it when they were burial societies.

I think that the industry has grown up with the group that it was born with, no question about that. Their perceptions are pretty much—our whole way of looking at things, at needs in home financing, are built around what we experienced.

I don't think, from my experience in low-income lending and working with housing groups, that that does apply in the problems today.

COMMISSIONER MITCHELL. Well, the purpose of these hearings, from my seat, and I am sure from those occupied by my fellow Commissioners, is not simply to explore what is almost always the obvious, that there are problems—and these problems are far greater in our society for a minority people, for people in low-income areas—but try to find solutions to them.

And one of the things that I think we are going to have to do sooner or later, is to take the position that institutions which have been identified over the years as being those which we expect to handle these kinds of problems in our society, may have outgrown, or may have been outgrown, or may no longer be capable of handling those problems.

And it is to people like yourself, and people like the gentlemen on this panel in particular, to whom I think one must turn for some kind of creative suggestion, for some kind of leadership. You are specialists in the handling of money and meeting the needs of individuals seeking the most common commodity in this country, which is a place to live. It seems to me, we have got to ask you to point the way.

MR. GUIDERA. Well, I think it is a largely unexplored area. Today in the highly sophisticated type of financial system we have today, as opposed to what it was 30 or 40 years ago, I think one thing you have to look at there, it is pretty difficult—and I say this with some direct observation—to start a group that is committed—you know, really has a dedication to housing, to getting low-income families—

COMMISSIONER MITCHELL. Well, maybe the Government is making a mistake in allowing banks to handle the VHA loans—VA loans, FHA loans. Maybe it ought to save that incentive for the establishment of a new process, of new institutions.

MR. GUIDERA. I think new processes—I am not saying don't give any thought to new institutions, but I think you might be better—it might work better if you blend the commitment of

people that know the problems that are really out to work in this area.

From what I have seen, once these groups get into areas where you have got to deal with the sophistications of the market today, you run into a whole lot of problems.

COMMISSIONER MITCHELL. Except, remember the old savings and loan proprietors weren't very sophisticated, but they had a lot of faith in the people they tried to serve.

Mr. Quinn, what would you say was the average rate at Weaver Brothers last month for a mortgage loan on a home?

MR. QUINN. The average interest rate charged?

COMMISSIONER MITCHELL. Yes.

MR. QUINN. Well, we haven't made very many, and the ones that we have made have been FHA or VA loans.

COMMISSIONER MITCHELL. No, I am talking about private need. Don't you make private loans?

MR. QUINN. No, sir. No.

COMMISSIONER MITCHELL. Well then, Mr. Guidera, perhaps I can ask you.

MR. GUIDERA. You have got a usury statute in the State of Maryland that limits conventional loans to 8 percent, and that is the rate.

COMMISSIONER MITCHELL. Now, are there fees in addition to that?

MR. GUIDERA. The law doesn't permit any origination fees.

COMMISSIONER MITCHELL. So that the most you can pay on a mortgage for a home in this State is 8 percent.

MR. GUIDERA. On a conventional loan.

COMMISSIONER MITCHELL. No service charges at the initiation of the mortgage, no fees of any kind?

MR. GUIDERA. No. Only reimbursement for whatever the association pays, whatever appraisal charges, credit reports, that sort of thing.

COMMISSIONER MITCHELL. You have a credit reporting fee and you have an appraisal fee?

MR. GUIDERA. Provided you can show you were billed that by an appraiser from outside the institution. You can't charge them if your staff appraiser does the appraisal.

COMMISSIONER MITCHELL. Well yes, but you know you could bill me for that portion of your monthly rent that I absorb by sitting in a chair across from your desk. These are fees that you would or wouldn't be charging in a competitive situation. There

are times that you have made loans in past years without those fees, right?

MR. GUIDERA. I would say so, yes.

COMMISSIONER MITCHELL. Well, that is a reasonably attractive rate, isn't it? And you do get a lot of your costs covered in fees for handling these loans of any size?

MR. GUIDERA. Well, you say reasonably attractive rate. Three years ago you said it was an unbelievable rate. But our borrowed money costs then were like $5\frac{1}{2}$ percent. They are now between $7\frac{1}{4}$ and $7\frac{3}{4}$ percent.

If we don't have a savings inflow, if we are going to lend, we depend partly on borrowed money. In fact, largely on borrowed money. You are talking about a spread rather than a rate. If you are borrowing at $7\frac{1}{4}$ and $7\frac{3}{4}$ and lending at 8 there isn't much spread in there for the time being.

COMMISSIONER MITCHELL. Are you a publicly held corporation? Are you required to publish a statement indicating your profits?

MR. GUIDERA. We are a mutual institution. We publish a statement.

COMMISSIONER MITCHELL. And on that one-quarter point, what would you say your profit was last year, your last fiscal year?

MR. GUIDERA. Last year, after we met our reserve requirements, our profit for the year was around \$4,000.

COMMISSIONER MITCHELL. Mr. Quinn, do you have any black employees?

MR. QUINN. Yes.

COMMISSIONER MITCHELL. Are they engaged in contact with people who are borrowing?

MR. QUINN. No, the loan production staff is not black. It is all-white.

There are two reasons for this. We don't discriminate in employment. The simple fact is—well, it may sound funny but it is true—the simple fact is that, we were talking before about the complications in this business. It is a highly complex business. Anybody who is involved in mortgage lending can tell you without any qualification whatsoever, that it is highly difficult to find a qualified person, that is a person who understands what he is doing. There is an awful lot of body-snatching in our business.

The second part of the problem is that as all of us here know, with the housing industry in general, the mortgage industry in particular, has suffered some grievous economic losses in the last couple of years. And our organization is no different. So rather than expand personnel, this is the one area—and we have been

involved in many, many, many social programs that had to do with lending to minority groups—but the one thing that we have been unable to do because we can't afford it, is to expand our personnel to hire additional personnel, to train them for this difficult job. That, frankly, is going to have to wait until economic conditions turn around, and we can afford to get involved in that.

And I think you will find, if you talk to anybody in our business, they would tell you pretty much the same thing, because it is true.

COMMISSIONER MITCHELL. Thank you. No further questions, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Rankin, do you have any questions?

COMMISSIONER RANKIN. Mr. Quinn, you are in this business, as you mentioned previously, for a reasonable return, am I correct?

MR. QUINN. That is correct.

COMMISSIONER RANKIN. You do give service, though?

MR. QUINN. We certainly try to.

COMMISSIONER RANKIN. Well I wondered, down home it seems to me like all the savings and loan have names like, The Friendly Service and Loan, the Open Hand Service and Loan, Beneficent Savings and Loan. How do you get those names attached to you, and why?

MR. QUINN. You mean Weaver Brothers, the name Weaver Brothers?

COMMISSIONER RANKIN. Not Weaver Brothers, I am speaking in general. I guess you have all these characteristics.

MR. QUINN. Well, we try to.

Are you asking me about the name, the service aspect of the business, because I am not sure I understand your question?

COMMISSIONER RANKIN. Why do you have such names, if it is just a cold business proposition? Well, not friendly, beneficent, and all that, is it?

MR. QUINN. No, sir. No. I am afraid not, because business, to a certain extent, is cold and hard. There is no way to escape that, because you are dealing with money.

I will say this, and I think this is equally relevant, and that is that you can engage in business today, hopefully make a decent profit and still engage in activities of a social nature and serve some social need.

COMMISSIONER RANKIN. But really what I am getting to is this point: what is the purpose of having black and white building and loan associations and savings and loan associations, if it is a cold business proposition? Why do you have black and white?

MR. QUINN. I couldn't answer that except to say that to me it is an indication of history, and perhaps a very bad history.

I think a lot of things that we face today, a lot of problems that we face today have taken many, many, many years to build up, and I think any time that you have separate institutions, that one is white, one is black, I think that is evidence firsthand that things in the past have not worked the way they should have, and certainly not in an equitable way.

COMMISSIONER RANKIN. Does this mean that the white building and loan associations have really not been quite fair with the black people?

MR. QUINN. No way I can answer that.

COMMISSIONER RANKIN. I wonder if Dr. Bryson would like to comment on this point?

DR. BRYSON. Well, I think I said that we started this one primarily because of the fact that we thought that the money was not generally available.

Now, we make loans to any kind of people who apply for loans, too. I think we have settled exactly one loan this month. It was to an individual who was white. We have two today and they are both to individuals who are colored. And for those who would like to know what size loans they are, unfortunately, I hate to admit it, but we have two conventional loans that are being settled today. One is for \$1,300, and one is for \$3,600. It helped run the expense ratios up for us, but that size loan is made, now.

We have probably only 10 or 12 loans that have been made to individuals who are white. We have savings accounts from either kind of individual, but—part of the problem for starting this—part of the basis for starting this one—was that other savings and loan associations couldn't find any individuals who were colored, who were competent, to work in them, and in some kind of way, we have managed to get along with all colored employees handling mortgage loans and otherwise. We do handle mortgage loans.

See, my position, essentially, was not in the contracting business like Mr. Guidera. I was, at one time, chairman of the department of economics and business at Morgan State College, and still am professor at Morgan State College in business, and I had an idea that we could get individuals trained who could do the work if sufficient time and effort was spent in developing them.

COMMISSIONER RANKIN. Okay. Thank you.

CHAIRMAN HESBURGH. Ladies and gentlemen, I appreciate enthusiasm. I admitted to that yesterday, but this is not an audience participation show.

COMMISSIONER RANKIN. May I ask one more question?

CHAIRMAN HESBURGH. Yes. We have 5 minutes left, so let's hurry along.

COMMISSIONER RANKIN. Then, in theory, there should be no difference, except possibly personnel inside of the firm. Is that correct?

You make loans to whites and to blacks, and, therefore, there should be no distinction. Is that correct?

DR. BRYSON. That is true.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Quinn, will you give me the total number of employees of Weaver Brothers?

MR. QUINN. I believe it is around 85.

COMMISSIONER FREEMAN. Eighty-five?

MR. QUINN. That is correct.

COMMISSIONER FREEMAN. Will you state the total number of black employees?

MR. QUINN. I don't know exactly. The best I can do is give you an estimate, and it is somewhere between six to 10.

COMMISSIONER FREEMAN. What are the classifications of jobs in Weaver Brothers?

MR. QUINN. Mrs. Freeman, I would have to say this: I am not the personnel officer for the company. I am a loan officer, so I don't know what their classifications are.

COMMISSIONER FREEMAN. How long have you been with Weaver Brothers?

MR. QUINN. Ten years.

COMMISSIONER FREEMAN. You have been there 10 years. Do you—this is a 9 to 5 kind of job?

MR. QUINN. That is correct.

COMMISSIONER FREEMAN. You are in the office during the day?

MR. QUINN. Well, the 10 years that I have been with the company has not all been spent at our headquarters. I have been there for about 2½ years the last time around.

COMMISSIONER FREEMAN. During the time you spent in headquarters, have you had occasion to see the employees?

MR. QUINN. Yes, certainly.

COMMISSIONER FREEMAN. So then you have observed the kinds of jobs that—

MR. QUINN. Without any question.

COMMISSIONER FREEMAN. Now, on the basis of your observation, could you tell me which of the loan officers are black?

MR. QUINN. As I stated before, none.

COMMISSIONER FREEMAN. None. Which of the stenographers are black?

MR. QUINN. Well, the best I can do with this again is by observation, because our office is established on a floor basis. There are no private offices, these people just sit out.

COMMISSIONER FREEMAN. I mean, you see them?

MR. QUINN. Yes, yes.

COMMISSIONER FREEMAN. On the basis of your observations, could you tell me—

MR. QUINN. Most of them work on the second floor. The last time I was there, there were about two or three people up there who I think were colored employees. Whether they were or not I can't tell you for sure.

COMMISSIONER FREEMAN. Could you obtain for the staff, the information concerning the classifications of the employees of Weaver Brothers, information concerning the requirements on the basis of race, and submit that to the staff?

MR. QUINN. I can certainly ask them to do that.

COMMISSIONER FREEMAN. Would you have information concerning the total number of loans that were made during the past year?

MR. QUINN. I don't know the number. I can tell you this much: most of the loans that we have made in the last 3 years have been to black families—that is residential loans insured by the Government or guaranteed by the VA.

COMMISSIONER FREEMAN. I believe you make loans to builders of multifamily dwellings?

MR. QUINN. That is correct.

COMMISSIONER FREEMAN. Do you have information as to whether those builders are white or black?

MR. QUINN. Well I can tell you the ones that I deal with, most of them are white. We have about six—legally they are developer clients—that are black, nonprofit corporations and as far as we are concerned, they are no different than a profit motivated builder.

We have two that have broken ground on apartments in Baltimore City. We have one who is in FHA now for approval on a project, and that is again, is completely black—it is CORE, as a matter of fact. So what percentage these groups make up of our total clientele I can't tell you. But the ones that I work with I do know.

COMMISSIONER FREEMAN. You can just give this to us later. That will be all, thank you.

MR. QUINN. Fine.

COMMISSIONER FREEMAN. Thank you. I have no more questions.

CHAIRMAN HESBURGH. Give you 2 minutes.

VICE CHAIRMAN HORN. Fine, I will get a couple.

Gentlemen, what has been sort of just an average, impressionistic view of your foreclosure rate for your respective institutions in the last year, let's say?

MR. QUINN. Well, again, I am not trying to hide behind job covers—that is not my department, either. But I do know that by location, we don't identify loans by name or what-have-you, but we certainly know the addresses of property.

Our experience in the last, I'd say, 2 years, particularly in the area of investments that we made for the life insurance company with a billion dollar program, has been looked at and the delinquency and default ratio on those loans is somewhat higher than the overall portfolio.

I say somewhat—what am I talking about? I would say that they are 2 percent higher.

VICE CHAIRMAN HORN. Two percent higher than what?

MR. QUINN. Than, say, 1 to 2 percent, which might be the average.

VICE CHAIRMAN HORN. In other words, you are saying it is roughly 4 percent?

MR. QUINN. Approximately. Now of course it fluctuates up and down, but the point is, it is somewhat higher. It is not high enough to make those loans as a category, bad loans. But it is somewhat higher.

VICE CHAIRMAN HORN. How about you, Mr. Guidera?

MR. GUIDERA. We have statistics we compare by. They are furnished by the Home Loan Bank. We have got one of the lowest slow loan ratios of the associations around town.

We have had two foreclosures this year. Insofar as our low-income loan lending, I know we do have a number of these loans on the books. We do find that there is some additional problems as far as delinquencies from time to time, but as Mr. Quinn, with his, they don't get to the point that they are considered serious delinquencies.

VICE CHAIRMAN HORN. How do you define a low-income loan? Where is the cutoff point?

MR. GUIDERA. I would judge today, any family with an income less than \$7,000 a year.

VICE CHAIRMAN HORN. In other words, it is the family income, not the size of the loan?

MR. GUIDERA. Yes.

VICE CHAIRMAN HORN. And you are saying with family income below \$7,000 you have a slightly higher default rate, or delinquency rate?

MR. GUIDERA. Not default, but delinquency.

VICE CHAIRMAN HORN. Delinquency?

MR. GUIDERA. Yes.

VICE CHAIRMAN HORN. Okay. How about you, Dr. Bryson? What is your experience?

DR. BRYSON. We have a little higher ratio of slow loans than I think the average institution has in the city. We have had two FHA foreclosures, but they had nothing particularly to do with the people. A broken home, I suppose for one, and some individual just left the city.

That is two out of 100, which is 2 percent for the last year. We have had five other foreclosures on conventional mortgage loans on approximately 500 conventional mortgage loans, approximately 1 percent.

VICE CHAIRMAN HORN. In other words, your institution is lending primarily to blacks.

Your respective institutions primarily to whites, although you have some black loans.

MR. QUINN. Mr. Horn, that is not correct. As I have stated before, for the record, that most of the residential loans that we have made in the last 3 years have been to black families.

VICE CHAIRMAN HORN. Have been, most of them.

MR. QUINN. Have been. Have.

VICE CHAIRMAN HORN. So what you are really saying is, there is no significant difference here on low-income, high-income loan delinquences, and no significant differences between blacks and whites? Is that correct? Or am I stretching it?

MR. QUINN. The only qualification I would add to it is that I think when you get, as Mr. Guidera said, below \$7,000, in pure economic terms, that is to say in terms of income, there is a definite difference in the delinquency ratios as far as our company is concerned. We can see a little upward trend.

VICE CHAIRMAN HORN. But not enough to get sufficiently alarmed about at this point?

MR. QUINN. Yes, I would say that is true. When I say alarmed, what I am talking about is deciding not to make those loans.

VICE CHAIRMAN HORN. You see, I agree basically with Dr. Mitchell's point here. I think a lot of—you mentioned the sophisticated economy—our financial institutions are really so complicated and vast, that I am equally concerned about the poor white

as well as the poor black and the poor American Indian, and the poor Mexican American, and I was glad to hear you say, Dr. Bryson, you do loan to whites on small loans, because there actually are more poor whites in the country, although there is a higher percentage of black poor.

And I think the important thing is to try and figure out a system, as Dr. Mitchell suggests, that can get funds in to that person that is only earning \$7,000 to \$8,000 a year, so that he can get some small plot of land to call his own.

Let me ask one or two more brief questions.

What is the amount of funds or return, or payoff, if you will, that you give the real estate broker for referring loans to you? Any?

MR. GUIDERA. We have never given any.

MR. QUINN. We don't pay it either.

DR. BRYSON. None.

VICE CHAIRMAN HORN. That is all I have, Mr. Chairman.

CHAIRMAN HESBURGH. Gentlemen, if I were the head of a small family making under \$10,000 a year, but somewhere near that, somewhere between \$9,000 and \$10,000, and I wanted to buy a new house for my family and I would come to any of your institutions, what would be the chances of my getting it, assuming that new houses today run \$18,000 to \$20,000?

Would I have a pretty poor chance without anything to fall back on, like a Federal subsidy program?

MR. GUIDERA. I think, if you are talking about a new house, \$10,000, I would say \$10,000 a year, you would find a home. A new home.

CHAIRMAN HESBURGH. But that wouldn't be enough for me to buy into a—I wouldn't have any equity to put into it. In other words, a down payment. I am only making \$9,500, and if I have a wife and two or three children, you wouldn't have that much left over in the way of savings.

MR. GUIDERA. Well, I think people in that income category, by and large, are buying through FHA, where you don't need much equity.

CHAIRMAN HESBURGH. What I am really striving for here is, we just talked to the builders, and the builders said that we can't lick the low- and middle-income family problem as far as getting a decent house in a decent neighborhood, someplace you want to live, near a good school, etcetera, no matter what your race is. If you are low-income, or middle-income, you simply can't lick that problem, as far as the building the house, unless you get some kind of Government support.

Now what I am asking you gentlemen is, do you also need some kind of Government support for the financing of that house?

Let's assume it can be built at a reasonable price because of Government support of one kind or another, do you also need Government support in the financing for that group of people in our economy?

MR. GUIDERA. Well, for myself I would say the 235 program is way underfunded.

CHAIRMAN HESBURGH. But is the program as written adequate, if there were enough funds in it?

MR. GUIDERA. It is a good program. I think it could be streamlined as far as processing these loans, so that more people get interested in them.

I think the first year it came out, there was enough for what—50 loans in the city of Baltimore.

In the second year, 100 loans. And most of them to new houses. Probably the builders would like to have it all go into new houses, but I know in the Service Corporation we had loans for interest subsidies on existing houses and the subsidy money ran out last January.

To me the division, as far as, you know, whether 75 percent as it is now, goes to new housing and 25 percent has to go into existing housing, only 25 percent goes into existing housing. I think the division should be made more in the direction of the family, what is their need, what are they living in now, and give them the choice of—there was only three new houses built in the city of Baltimore this year, so far.

CHAIRMAN HESBURGH. See, what concerns us is that actually in the United States today, there are a minimum of six million families living in housing that is condemned. It is not just poor, or not very good. It is condemned. It is dilapidated, it should be knocked down and replaced.

So these people, somehow—it is incredible a country of this wealth and affluence can't take care of that problem.

In addition, we need over this 10-year period, another 22, 23, 24 million housing starts, which we aren't just getting anywhere near that.

So what we are trying to do in this hearing is to pull together the building problem, the financing problem, the Government subsidy problem, whatever, and also, of course, the problems attendant on these, the willingness of all communities to give some help to this segment of our society which is in certain kind of need of help

at this moment for many reasons, many of which they don't have any control over—where they were born, what kind of educational opportunity they had, what kind of houses they grew up in, et cetera.

But racial discrimination certainly has a bearing on it. And I think we have to find that in almost every one of these areas that we have looked into, not only has there been discrimination against the racial minority, whatever it happens to be, it happens to be largely black here, but the San Antonio hearing we had last year, it was largely Mexican American, and if we were in the West in some places, it would be Indian, in Alaska.

But what we find is that not only are these groups discriminated against as far as their individual needs go—in other words, as Dr. Mitchell and Dr. Horn were pointing out, that it is a segment of society everybody kind of isn't concerned about, because even unions that have started out to help the poor guy get his rights are now not letting blacks work in certain unions. The employment pattern in practically all of these industries is far below what it ought to be for minority groups.

And we always have to fall back on the argument that people can't do the job, or they aren't trained to do the job whereas I think training programs are as much American industry as anything else is.

So, what we are trying to do is find an opportunity across the board, and the reason I think we have been asking all these questions is to try to find out, are there adequate Federal programs to get at this segment of our society to get them out of hovels into houses, and how can we make the best contribution with the most imagination.

We thank you gentlemen, very much.

VICE CHAIRMAN HORN. Let me just say, before you leave, could you file for the record, the same as the builders, at your convenience in the next month or so, a letter as to any process in dealing with FHA or HUD programs you feel could be improved and streamlined, just as a matter of record. Thank you.

CHAIRMAN HESBURGH. Thank you very much, gentlemen.

Our next panel—and we are going to cut a little bit down on the time, because we have to have a break after this next panel—our next panel is relating to the Federal Home Loan Bank Board. There are three people on this panel, Albert Hampton, Francis M. Passarelli, and Harris C. Friedman. If these three gentlemen will kindly come up and be sworn.

(Whereupon, Mr. Harris C. Friedman, Mr. Albert Hampton, and

Mr. Francis M. Passarelli were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. HARRIS C. FRIEDMAN, ASSISTANT DIRECTOR, OFFICE OF ECONOMIC RESEARCH, MR. ALBERT HAMPTON, SPECIAL ASSISTANT TO THE CHAIRMAN FOR MANAGEMENT TRAINING, AND MR. FRANCIS M. PASSARELLI, ASSISTANT DEPUTY DIRECTOR, OFFICE OF EXAMINATION AND SUPERVISION, FEDERAL HOME LOAN BANK BOARD, WASHINGTON, D.C.

MR. QUILLIAN. Mr. Chairman, my name is Harry Quillian and I am General Counsel—

CHAIRMAN HESBURGH. We don't swear in the counsel. If we get to the point where you want to testify, we will have to swear you in.

I would like to say for the benefit of the audience that the other gentleman is counsel for these gentlemen and if he is called upon to testify, we will swear him in. But for simply advising his counselees, there is no need to swear him in.

MR. GLICKSTEIN. Will each of you please state your name, address, and titles with the Federal Home Loan Bank Board?

MR. PASSARELLI. Francis M. Passarelli, Assistant Deputy Director, Office of Examination and Supervision, 101 Indiana Avenue, Washington, D.C.

MR. HAMPTON. Albert Hampton, Special Assistant to the Chairman for Management Training, 101 Indiana Avenue.

MR. FRIEDMAN. Harris Friedman, Assistant Director, Office of Economic Research, 101 Indiana Avenue.

MR. GLICKSTEIN. Would you each briefly tell us what your responsibilities are?

MR. PASSARELLI. Our office is responsible for the examination and supervision of insurance of savings and loan institutions to determine compliance with applicable laws and regulations and sound financial practices.

MR. HAMPTON. The primary area of concern that I have had since joining the Board some 9 months ago has been relating to the minority savings and loan associations around the country.

In that process I have developed a management assistance program that I have been implementing over the past 4 or 5 months.

In addition thereto, I serve as consultant to the Bank Board in those cases where applications for charters for new institutions and those applications for branch charters in existing institutions for the inner-city areas, and relate to the respective departments and give my advice and consultation.

MR. FRIEDMAN. The Office of Economic Research has the respon-

sibility of collecting and disseminating data regarding the savings and loan industry and housing markets, and we are also responsible for performing research to aid the Federal Home Loan Bank Board in making policy decisions.

MR. GLICKSTEIN. As I understand, for the benefit of the audience, what the Federal Home Loan Bank Board does, various savings and loan institutions around the country receive charters from the Home Loan Bank Board. There are 12 Home Loan Banks in various regions of the country that stimulate and work with the industry to provide sources and the Federal chartered and some of the State chartered associations also are insured by the FSLIC.

Is that a fair description? In other words, in some respects, you are a regulatory agency for the savings and loan industry, putting it very broadly and generally.

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. Mr. Passarelli, one of the last witnesses, an officer in a savings and loan institution, briefly described what happens when an examiner comes to his institution to determine whether or not the institution does or doesn't discriminate.

Would you describe what the examiners do to ascertain this fact, please?

MR. PASSARELLI. Right after start of the examination, the examiner will present a letter to the managing officer. In this letter, he will quote the Board's resolution adopted in June 1961, opposing discrimination, and specifically request the managing officer to state the association's policy relative to this Board policy statement.

MR. GLICKSTEIN. And the statement that is made is accepted and that concludes the examination on that issue?

MR. PASSARELLI. No. In other words, when we receive the reply and then we check the association record to see if it is consistent with the policy of the association.

MR. GLICKSTEIN. In what respect do you check the association's records?

MR. PASSARELLI. We check the loans, the loan files, the Board resolutions and approval of loans, and other practices that we think are pertinent.

MR. GLICKSTEIN. Would you look at the geographic areas in which loans were made to determine whether there is any racial pattern?

MR. PASSARELLI. No, we don't attempt to do that.

MR. GLICKSTEIN. Well, how can you by checking the records then determine whether or not there has been or has not been discrimination?

Do you ask the institution how many loans have you made to white people? How many loans have you made to black people?

MR. PASSARELLI. We don't make such requests.

MR. GLICKSTEIN. Well, how do you determine it then?

MR. PASSARELLI. Well, what we do, we check the files and if there is no indication—

MR. GLICKSTEIN. Well, what would you be looking for in files?

MR. PASSARELLI. What we look for is the soundness of the loan, the financial ability of the buyer to perform to pay the indebtedness. We don't—

MR. GLICKSTEIN. What does that have to do with racial discrimination?

How would that tell whether the bank or the institution was discriminating or not discriminating?

MR. PASSARELLI. Well, actually, the only way we can really tell if there is any discrimination, is by complaints. Otherwise, we wouldn't know.

MR. GLICKSTEIN. But in the course of the examination that is conducted, you really can't tell whether there has been any discrimination?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. Would you look at the appraisal—do you look at the appraisal forms that—

MR. PASSARELLI. That's right. Yes.

MR. GLICKSTEIN. In the exhibit that we introduced into the record, the staff report that Mr. Santos prepared, there is a section that deals with appraisal practices, which says that it should be noted that a professional residential appraisal form presently used by many financial institutions, inquires whether the ethnic composition of the neighborhood is changing, indicating concern with this factor in evaluating the neighborhood.

Have you come across such appraisal forms?

MR. PASSARELLI. No, I haven't.

MR. GLICKSTEIN. If you did come across such appraisal forms, what would it indicate to you?

MR. PASSARELLI. That there might be some discrimination.

MR. GLICKSTEIN. And then what would you do?

MR. PASSARELLI. I would report it.

Report it in a special memorandum to the Chief Examiner. We don't wait until the completion of the examination. Any time we determine there is any type of discrimination, we immediately write a memorandum to the Chief Examiner.

MR. GLICKSTEIN. Then what would he do?

MR. PASSARELLI. Pardon?

MR. GLICKSTEIN. What would he do?

MR. PASSARELLI. Well he would investigate and report to HUD, I guess, and start an investigation. We haven't had any experience in this respect.

MR. GLICKSTEIN. What does the Federal Home Loan Bank Board—what powers does it have over the savings and loan associations to assure compliance with the Board's rules and regulations and other provisions of Federal law?

What do these savings and loan institutions that you examined believe will happen to them if they are caught discriminating?

MR. PASSARELLI. Well, I refer to Harry.

MR. QUILLIAN. Mr. Chairman, may I respond to that?

CHAIRMAN HESBURGH. We will have to swear you in if you do.

MR. GLICKSTEIN. Mr. Passarelli, you are in charge of—your position is in the examining department?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. You went out and examined the savings and loan institutions and if the director asked you what the consequences of discriminating are, you wouldn't be able to tell them that? You would have to call your lawyer?

MR. PASSARELLI. No, I will tell you what we would do.

The first thing we would do is report it to the Chief Examiner, and immediately through supervisory conference with the management office, we would try to persuade them to comply with the intent of the Board's resolution. That is exactly what would happen.

Then if they wouldn't comply with that, we would initiate cease and desist procedures.

MR. GLICKSTEIN. Which means that the Bank Board would issue a cease and desist order against the institution ordering them to stop discriminating?

MR. PASSARELLI. That is right. But the first step would be supervisory action.

MR. GLICKSTEIN. And in the event the cease and desist order was not complied with, what would be the ultimate sanction? They would lose membership? Lose their insurance?

MR. PASSARELLI. I guess that is the—but in other words, the cease and desist procedures are quite a complicated legal proceeding, and I don't know what the consequences of that would be.

You have to have established proof and the association will have an opportunity to reply to this. So I don't know what the results

would be. I have never been involved with a cease and desist proceeding.

MR. GLICKSTEIN. If a financial institution was engaged in illegal financial practices of some sort, there have been such instances in the history of the Home Loan Bank Board, isn't that correct?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. Such institutions have lost their charters, or lost their insurance?

MR. PASSARELLI. There have been cases, yes, sir.

MR. GLICKSTEIN. Has there ever been a case where you have determined that savings and loan institutions have been engaged in racially discriminatory practices?

MR. PASSARELLI. I have no evidence of that fact.

MR. GLICKSTEIN. You have no evidence of that?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. You mentioned that one of the best ways, or perhaps the only way to determine whether an institution is discriminating is on the basis of complaints.

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. What is the complaint record to this date?

MR. PASSARELLI. Well, I would say we have approximately 10 complaints. And of the 10 complaints, we have found there is no evidence of discrimination, there is some misunderstanding.

We had one just recently in Chicago. A fellow submitted a complaint. We had a Chief Examiner investigating a complaint, and after the investigation, it was disclosed there was a misunderstanding.

In fact this was a report to Senator Percy. He is the one that made the inquiry.

MR. GLICKSTEIN. In other words, in each of these 10 cases, the matter was resolved through the conciliation process and you never had to go any further than that?

MR. PASSARELLI. Well, I think the facts of the matter were investigated, and after the facts were investigated, there wasn't any evidence of discrimination.

MR. GLICKSTEIN. I asked Mr. Guidera, one of the previous witnesses, what he does with respect to determining whether brokers and developers whom he deals with discriminate, and he said that he does nothing.

Does the Federal Home Loan Bank Board make any requirements on savings and loan institutions to insure that the people to whom they loan money don't discriminate?

MR. PASSARELLI. No, sir.

MR. GLICKSTEIN. You don't do that?

MR. PASSARELLI. No, sir.

MR. GLICKSTEIN. I asked Mr. Guidera whether such a policy would be a burden on him, if he were required to obtain from brokers, or builders, assurances that they don't discriminate, and to check on this in some way. And he said that he did not think it would necessarily be a burden.

How do you think such a policy would operate?

MR. PASSARELLI. Well, I would think there would be some question of uniformity in enforcing this requirement. In other words, what you are asking the institution—you ask the institution to police the statute. Now the enforcement will differ with each institution.

So unless you establish certain guidelines for them, I don't think you have consistency in enforcing the statute.

MR. GLICKSTEIN. Well let me ask you this. When you visit savings and loan institutions to examine them and you discover that a particular institution has made a number of loans to a particular developer, do you make any inquiry as to the financial soundness of the developer, the liability of the developer?

MR. PASSARELLI. Yes.

MR. GLICKSTEIN. You would look into that?

MR. PASSARELLI. Yes, sir.

MR. GLICKSTEIN. You would make certain that guy's credit was good and so forth?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. And similarly with a broker, if a financial institution, savings and loan institution, dealt repeatedly with one broker, or group of brokers, would it be of concern to you about the sort of people they were?

MR. PASSARELLI. Yes, sir.

MR. GLICKSTEIN. So that aspect is policed?

MR. PASSARELLI. Yes.

CHAIRMAN HESBURGH. May I break in for just a moment?

MR. GLICKSTEIN. Certainly.

CHAIRMAN HESBURGH. Given the Government's concern stated again and again and again about equality of opportunity and under its laws and all the laws that have been passed in the last decade, do you think, Mr. Passarelli, there is—a person's financial status and credit is of greater moral concern than whether or not equality of opportunity, which is a firm Government policy, is being followed?

Do you think there is an inequality between these two, or is one important and one unimportant?

MR. PASSARELLI. I think they are both important.

CHAIRMAN HESBURGH. But you check on one and not on the other?

MR. PASSARELLI. That's right.

MR. GLICKSTEIN. Has there been discussion, to your knowledge, within your organization, as to the desirability, the advisability, the legality of making the sort of check that Father Hesburgh just spoke about?

MR. PASSARELLI. We have been working with the other financial agencies, banking agencies, to establish some kind of a questionnaire. I think you are familiar with it. This is being done. We are coordinating the effort in this respect. This would be solicited from each institution.

MR. GLICKSTEIN. Mr. Passarelli, we spoke to some of the previous witnesses about the problems of inner-city residents in obtaining mortgage money.

In your experience, is there a problem for low-income people particularly in inner-cities, in obtaining mortgage money? Have you found that to be a problem?

MR. PASSARELLI. Well, actually, I don't think you have a problem because many times they deal with real estate brokers and speculators, and these speculators seem to have sources of funds for these people through lending institutions.

Now that is the source of their contact, is these real estate brokers, and these real estate brokers do solicit these people.

MR. GLICKSTEIN. What does the Board do about speculators?

MR. PASSARELLI. We comment on any speculator type financing by speculators in the inner-city.

MR. GLICKSTEIN. Financing through a savings and loan institution—

MR. PASSARELLI. Yes, sir, whenever we find it. Yes, sir.

MR. GLICKSTEIN. Have you found any unwillingness among savings and loan institutions to enter the inner-city mortgage market?

MR. PASSARELLI. No, I haven't found any. I haven't examined for quite a few years, but in all my experience, I haven't found any.

Some institutions have a certain—in other words, like Mr. Guidera mentioned to you, associations follow different lending practices. Many of them deal through brokers, some through builders.

When they deal through builders, many times the builder brings the loans into the association.

When they deal through brokers, then the loans are brought into the association through brokers, and the brokers may deal inner-city, or they may deal in the suburbs.

MR. GLICKSTEIN. Perhaps I could rephrase that question.

Have you found that there is a problem for low- and moderate-income people in obtaining financial resources from savings and loan institutions? Particularly low-income people? Has that been a problem?

Have savings and loan institutions—has the Board had to push savings and loan institutions into this area, encourage them to do more of that?

MR. PASSARELLI. I think Mr. Friedman has some specific information on this.

MR. GLICKSTEIN. Mr. Friedman, would you like to answer that question?

MR. FRIEDMAN. We have a mortgage interest rate survey among the various financial institutions every month, and I just, for the purposes of this panel, had some calculations done on all the loans reported between June 1969 and May 1970 for savings and loan associations.

There were a total of 66,312 loans reported. This is roughly 10 percent of the industry's loan originations during that 12 month period.

At that time, based on the purchase price of the house, 45.8 percent of these loans were made for homes under \$25,000.

To go to the next category, 28.2 percent were made for homes under \$20,000.

This does give some indication that—

MR. GLICKSTEIN. Do you go lower than that, do you go below \$15,000.

MR. FRIEDMAN. Below \$15,000, were 13.2 percent of the loans, which is roughly 9,000 loans.

MR. GLICKSTEIN. Does your data indicate the race of the persons to whom these loans were made?

MR. FRIEDMAN. No, it does not.

MR. GLICKSTEIN. Do you collect such data?

MR. FRIEDMAN. No, we don't.

MR. GLICKSTEIN. Do you think it would be desirable to collect such data?

MR. FRIEDMAN. For the purposes of statistical information I

don't believe so. We are just interested in loans that are made and interest rates on these loans, and the purchase price of homes.

MR. GLICKSTEIN. If the Chairman of the Home Loan Bank Board was asked whether the savings and loan institutions in this country were servicing white and black people equally, would you be able to provide him with data to answer that question?

MR. FRIEDMAN. No, we would not.

MR. GLICKSTEIN. You would not be able to do that?

MR. FRIEDMAN. No.

VICE CHAIRMAN HORN. Mr. Glickstein, can we get that chart for the record at this point?

MR. GLICKSTEIN. Certainly.

Can we introduce that in the records, Mr. Chairman?

CHAIRMAN HESBURGH. Yes.

And also, just for the record at this stage, it might be interesting to comment on our St. Louis hearing on that one precise statistical point of asking how much FHA money went to minority groups, and I think you have the figure. It might be good to just write it in the record at this point.

While it is not relevant to this exact inquiry, I think it is interesting on the nonidentification at the national level, and what turned up when we identified it at the local level.

(This information appears as Exhibit No. 9.)

MR. GLICKSTEIN. Now in our St. Louis hearing, as I recall the statistics, FHA did a survey in 1967, which I believe showed that 96 percent of their guarantees went to white people, and only about 4 percent went to black people. Now that was a one-time survey. FHA up to this point does not collect racial data either.

Mr. Hampton, one of the previous witnesses I am sure you observed, is a black man, head of a savings and loan institution.

What is being done by the Board to assist minority owned and operated S&L's such as Advance Federal?

MR. HAMPTON. Since I have been a member of the staff of the Federal Home Loan Bank Board, I have been participating in setting up a management assistance program to go into the minority associations, of which there are some 43 throughout the Nation, and to give them some support in helping develop the management capability of the individuals, both the managing officer and the members of the board of directors.

This has pretty much been the substance of my activities.

At this particular point, I have visited some six of the 43 associations.

MR. GLICKSTEIN. What problems have you found in your

experiences with the Board as well as your previous business experience—what problems do minorities have in obtaining loans from savings and loan institutions for home purchases?

MR. HAMPTON. It has been my experience that they do have difficulty in obtaining loans.

MR. GLICKSTEIN. Sometimes we hear this is because of economics, and sometimes we hear because of race. Do you think it is possible to separate those two factors?

MR. HAMPTON. Well, I don't think it is possible to separate the two of them in terms of indicating which one of the factors is the cause for disapproval of the loan.

In the makeup of a real estate loan, there are the two factors of security of property, which serves as a basis for making the loan, and the second is the individual credit rating of the individual applying. And so it is not an easy matter for an individual to take a rejection and to break it apart and say it is because of a specific reason.

MR. GLICKSTEIN. What has been your general impression? You have been in this business a long time. Sometimes you are unable to precisely document every force that is occurring in this country, but what has been your impression about the availability of loans to black people from savings and loan institutions in this country?

MR. HAMPTON. I think—I would have to speak over the entire range.

In the early part of my experience, there was a great deal of difficulty.

I would say there has been lesser difficulty in later years. However, in making that statement, I would have to break it down by areas of real estate and I would say that in terms of the individuals who are in low-income categories, they experience great difficulty. Individuals on the upper end of the spectrum, who have considerable income, probably have very little difficulty. And individuals in the middle will have difficulty depending upon where the property is located and what has been their prior relationships with financial institutions.

I think also that the characteristic of the particular area in which the property is located is one that must be considered.

MR. GLICKSTEIN. I was just about to ask you, have you found that black people in any of those three categories have more difficulties in obtaining financing in the suburbs than they do in cities?

MR. HAMPTON. Well, as a general rule, I would again make a separation, because real estate financing being what it is, that in terms of tract development, depending upon the nature of the

individual builder and the type of clientele that he wishes to attract, you may find blacks being welcomed at the initial inception of the tract opening.

In other instances it may come about because he has been forced to by individuals who are resident in the community.

Then in the last category, you will find those individuals who have had social pressures brought to bear on them. Perhaps they have not been able to dispose of the properties as readily as they thought in the first instance.

I think that the primary difficulty that comes in in the upper levels of the economy are those individuals of higher economic propensity than lower, has to do with the breaking down of tradition insofar as particular areas are concerned.

Where there are those areas where blacks have not been resident previously, it is likely that there may be an attempt not to make financing available to those individuals.

MR. GLICKSTEIN. Mr. Chairman, before I conclude my questioning, I would like to introduce two documents into the record that we have been talking about: what the Federal Home Loan Bank Board has been doing to insure compliance with nondiscrimination laws, and I do have a letter that was sent out to all members of the Federal Home Loan Bank industry on July 1, 1968, which was just a few months after the fair housing statute was enacted in 1968, advising the members of the system of the new law, and what the consequences of noncompliance would be. This is mentioned in my staff report, but I would like to introduce that into the record in its entirety.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the documents referred to were marked Exhibit No. 10 and received in evidence.)

MR. GLICKSTEIN. The other document, we did speak about what more the Home Loan Bank Board could be doing in terms of requiring brokers and developers not to discriminate, and there is a memo, a staff memo on that subject, that was prepared by the former General Counsel of this Commission—

CHAIRMAN HESBURGH. Namely yourself.

MR. GLICKSTEIN. I wasn't going to say that—which I would also like to introduce into the record.

CHAIRMAN HESBURGH. Well, that may sound chauvinistic, but you can do it.

(Whereupon, the document referred to was marked Exhibit No. 11 and received in evidence.)

CHAIRMAN HESBURGH. I would like to ask Commissioner Mitch-

ell if he might initiate the questioning. We have about 23 minutes left in this part of the panel.

COMMISSIONER MITCHELL. Thank you, Mr. Chairman.

Mr. Passarelli, is there any danger that the Federal Home Loan Bank Board is overloading banks with elaborate forms to fill out and documents that raise the cost, the already prohibitive cost of small loans?

Do you have an elaborate series of forms that any bank has to fill out to notify you of its operations or any savings and loan?

MR. PASSARELLI. No, the associations design their own particular forms. We don't actually have specific—

COMMISSIONER MITCHELL. Do you burden the savings and loan and other banks with many reports, questionnaires?

MR. PASSARELLI. On occasions, we do ask them for information about specific lending practices or—

COMMISSIONER MITCHELL. Do you ask them in those forms questions about practices, about discriminatory practices?

MR. PASSARELLI. I have no recollection of any such forms.

COMMISSIONER MITCHELL. Do you ask them if they have policies that protect minority borrowers, or are designed to encourage low-income people to borrow from them?

MR. PASSARELLI. Well, the only type of submission we present to the association is the one in connection with the examination.

COMMISSIONER MITCHELL. Now I have seen appraisal forms. I gather you look at them when you go in—

MR. PASSARELLI. Yes, sir.

COMMISSIONER MITCHELL. And it is not uncommon for appraisers to note on an appraisal form that is filled in prior to establishing the eligibility of the borrower, eligibility being a term I use here to include the whole range of eligibilities as a credit risk and so on and so forth—it is not uncommon for appraisers to make references to neighborhoods, neighborhoods going down—

MR. PASSARELLI. That's right.

Many times when we find neighborhoods going down, many times the loans are being made to these minority groups. In other words, the minority groups are moving into these areas and in other words any kind of report this is prepared, they might make mention of this but very seldom will they mention it. We pick it up through our examination process.

The reason may be a concentration of lending in a particular area. Many times they are handled through brokers. We question this and find out the area is changing.

COMMISSIONER MITCHELL. Will you describe this practice of redlining for me?

MR. PASSARELLI. This is something I heard the other day for the first time.

COMMISSIONER MITCHELL. It's a novelty to you. You have never heard it before?

MR. PASSARELLI. No, sir.

COMMISSIONER MITCHELL. Do any of your colleagues know anything about it? Have you ever heard about it? Do you run into no savings and loans where you have a chance to discuss a practice in which the lending institution just draws a line through certain streets or draws a red line around a physical area of the city and takes the position that within that area it can make good loans or the level of general risk is so high that it is dangerous to consider making loans?

MR. HAMPTON. Yes, I have been exposed to the term. The particular term is applicable to generally those areas of a community or of a city in which a financial institution, for one reason or another, is not desirous of going in there and making real estate loans. Unfortunately, in one particular instance that I know of in the community of Watts in Los Angeles, this did take place. However, in all instances where there is a redlining there is not necessarily a racial significance.

For example, there are sections of the Los Angeles community wherein a savings and loan association will have such a high intensity of loan volume that they will feel that they should not go in there and make further loans but rather they should spread the risk into other areas of the city.

Generally, it is set forth in order to give guidelines to the loan officers who are at a lesser level than policymaking as to what areas of the city they can consider for the making of real estate loans.

COMMISSIONER MITCHELL. Have you heard of redlining as it is used in other fields of installment buying or selling?

MR. HAMPTON. Yes, the same applicability would occur after the Watts riots of 1965 insofar as small loan companies were concerned. I do not know whether it applied to the banking industry.

COMMISSIONER MITCHELL. Given a situation in which you found a savings and loan to be engaged in redlining on a geographical basis, would you assume that that was an invitation to inquire more deeply into its possible policies of a discriminatory nature?

MR. HAMPTON. In my personal opinion, yes.

COMMISSIONER MITCHELL. Has such a situation ever arisen?

MR. HAMPTON. I know of no such situation.

COMMISSIONER MITCHELL. Mr. Passarelli, you talked about a complaint, or 10 complaints, and I assume that so far this fiscal year or calendar year since you have been working on this assignment?

MR. PASSARELLI. Yes, sir.

COMMISSIONER MITCHELL. How long have you been on the assignment?

MR. PASSARELLI. I guess it has been about 2 years.

COMMISSIONER MITCHELL. So you have had about five complaints a year of discrimination on a racial basis at the lender's level, from borrowers?

MR. PASSARELLI. Borrowers, yes.

COMMISSIONER MITCHELL. Prospective borrowers? Do many of them come through United States Senators or do some just come directly?

MR. PASSARELLI. Some come directly; some come through Senators and Congressmen, yes.

COMMISSIONER MITCHELL. So more than one then?

MR. PASSARELLI. Well, I will tell you, many of the complaints, as Mr. Glickstein mentioned, are—the country is divided into 12 districts. Many of the complaints go directly to the banks and we have no knowledge of the complaints, and the ones we have knowledge of are the ones that come through a Senator or a Congressman, or someone may call up directly to the Bank Board.

Let me make something clear. You mentioned the term, in other words I have never heard the term “redlining.” I know what the practice you are discussing is, but I never heard the term “redlining,” until the other day when Mr. Santos mentioned it to me.

COMMISSIONER MITCHELL. It's not an unfamiliar term in its broad context.

What about the credit of low-income borrowers, do you have an observation to make about that? Maybe Mr. Hampton can speak to it. You work with minority-owned savings and loans; do they have noticeably more intense credit problems?

MR. HAMPTON. It is my experience they do not have more intense credit problems. I think that to differentiate between the response that a black association will give as opposed to a white association, or to an institution that is making an insured loan, there is an inclination to be more lenient or less stringent in terms of the criteria that are used. For example, under FHA until fairly recently, no consideration was given to the income of a wife, a working wife, and within the black family it's quite prevalent that the wife will also be a working member of the family. The black

institutions have been doing this as far back as my relationship which is some 20 years now.

I think it is less likely that a white association will give credence to the income level of the wife, particularly if she is of a child-bearing age, the feeling being that should she have a child she would be forced to leave work for a period of time.

I think that there is more of an inclination for the black association to give credence for the self-employment income of a black individual than would be given by a white association. For one reason or another, many of the wage earners within a black family are required to work at more than one job situation and very often they augment their direct income from employment by doing odd jobs which perhaps are not reported to governmental agencies or for other reasons is not supported by the usual information such as W-2 forms or reported on a tax return.

But in any event, these individuals do receive a more empathetic reception from the black associations, according to my experience.

COMMISSIONER MITCHELL. Just one more question, if I may.

You have been a savings and loan banker for many years, haven't you?

MR. HAMPTON. Yes, sir; I have been in the industry 20 years.

COMMISSIONER MITCHELL. You may have heard me earlier today raise the question as to whether the savings and loan in its present form is just no longer able to serve the needs of the original kinds of communities it was formed to serve by accident or other reasons. The fact that you are working with minority-owned savings and loans would indicate that some of them at least have that potential. But would you give me an opinion on that general subject?

Do we have a banking machinery in this country that is really not tuned in to an acute need for banking service that was once handled by some of the components of this machinery in years past?

MR. HAMPTON. Yes, I would agree with what you have just stated. I think that the savings and loan industry, at least those individuals who are representative of management, really fall into the broad category of white industry and white commerce, in that they have failed to see the forest for the trees. Right now we are involved in a period of time where bigness is the keynote and it is the desire of all individuals to put the profitmaking acquisition to have the number one priority as opposed to some of the social benefits that need to be shared with others.

It's my opinion that there is certainly great weight to be lent to this, but that unless the leaders of the savings and loan industry

assume a more statesmanlike position, indeed until they assume a position of understanding just what is happening in the inner-city community, they are likely to suffer much more by way of loss of investment than they have presently encountered up to this particular point.

I have had the opportunity to discuss with individuals in savings and loan management, most particularly in Los Angeles, this point of view. They have a present large investment in the inner-city; it is my feeling they have an obligation to their stockholders or to their savings public to make additional investments. Otherwise, there is going to be just cause for individuals who are concerned about the lack of resources to them, to give vent to their feeling and cause happenings of a great deal of financial damage and we have certainly seen evidence of that in the past.

Now it seems to me that the way in which this can be accomplished is not so much the black institution versus the white institution. I believe that there is a need for black institutions as long as we live in the kind of social climate that we have here today, because they do serve something as a prod to their larger sister organizations to do what is supposed to be right and just.

But on the other hand, I would say that in my opinion I hope that the day will come when the savings and loan industry will see fit to not only consider blacks for all types of investments, from minimum dollar amounts up to larger dollar amounts, but also that you will see in the hierarchy of the savings and loan organization blacks in the clerical level, blacks in supervisory positions, blacks at the management level; and what is really needed in my opinion is to have greater representation on the boards of directors of these financial institutions; that if this takes place, I believe that by virtue of the dialogue that begins to develop, there will be some changes of attitude on the part of the leaders of this industry and perhaps we can go much further than we have up to this point.

COMMISSIONER MITCHELL. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. No questions.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Hampton, and Mr. Passarelli, I would like to follow the points Mr. Hampton has just made.

With respect to the savings and loan industry, it seems to me that the Federal Home Loan Bank Board could take a leadership role. Now you have indicated, Mr. Passarelli, that you visit annually the savings and loan companies and they are subject to rules and regulations which you expect them to follow.

However, with respect to the law, the Section 805 of Title VIII, you have promulgated no rules or regulations, which means that the Federal Home Loan Board itself has not complied with the law in a consistent way, because you have required compliance with rules and regulations as to whether a director makes a \$25,000 loan without interest to himself. If that would happen that license or whatever connection he would have with the board would be removed immediately. Isn't that correct?

So I would like, and I think the Commission would be interested in seeing, leadership at the Federal level, which is very sorely absent at this point.

MR. PASSARELLI. This committee coordinating with a lot of financial institutions, this idea of a regulation is being discussed, and as yet they haven't decided on what form the regulation—

COMMISSIONER FREEMAN. The law was enacted 2 years ago and you are still discussing it.

MR. PASSARELLI. Well, the Board adopted a policy statement which they issued. They haven't codified any regulations, but we issued it and we expect the institutions to comply with the policy statement. And if they don't comply with the policy statement, then we can issue a cease and desist if they don't comply.

COMMISSIONER FREEMAN. We suggest that when a Federal agency fails to adopt rules under a Federal law, that that agency is not complying with the law, and this is true with respect to Title VIII of the Civil Rights Act of 1968 with respect to your Board.

That is all.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Let me ask just one question to follow up on this complaint process.

You mentioned earlier that one complaint had been received through Senator Percy and Dr. Mitchell started to pursue this. You mentioned some of the complaints probably went to your 12 member banks rather than to the Washington headquarters. Now I would like you to furnish for the record, based on information from the 12 member banks and headquarters, since the law essentially took effect, which I believe was January 1969, was it—Mr. Glickstein?

MR. GLICKSTEIN. The provision affecting financial institutions took effect when the law was enacted.

VICE CHAIRMAN HORN. 1968? Well, since—Counsel can straighten out the date, but I would like to know by source such as direct complaint, citizen, to either one of your 12 member banks or your headquarters, either from the executive agencies of the Govern-

ment which would include the Civil Rights Commission because we often receive complaints and refer them to relevant agencies, or from the Congress by source, how many complaints have you received by region, what has been the disposition of those complaints, what are the ultimate sanctions that might be imposed on these complaints?

I think this goes back even further. It isn't a matter of simply auditing your loans, but I think it goes back to letting the person who applies for a loan know that he has some recourse if he feels he is discriminated against, because of race, color, national origin, whatever, and I would think and I would hope that the Board would work out a system whereby a person who applies for a loan through a real estate broker, who is carrying most of the paper back and forth, with the various lenders, would sign a statement which would show that he was aware of what recourse he had and to whom he could write, because number one, let's face it, nobody in this country, if we took a poll in this audience, unless they were savings and loan executives or experts on finance, would ever know that you could write the Federal Home Loan Bank Board to register a complaint, so the complaint process as such is essentially meaningless.

They can write their Congressman and he can have his staff ferret out who in heaven's name in the Federal bureaucracy you could send the complaint to. So I think it is essential. Now in California we have the Unruh law on interest charges on purchase of homes where at the time of closing, which of course is one step further along, the buyer signs a statement that he is aware and has read all the interest charges levied against that house, and he sees the total interest cost over the life of the mortgage.

What I am suggesting is in this case we have to go even earlier; you can't wait until the closing because it's the people who might not get the loans we are concerned about. We have to really be dealing with the requirement on real estate brokers somehow, and maybe this takes a change in the law, maybe it's a requirement that you can impose on the banks, but whatever it is I would like the agency's official comment on that aspect of it.

That is really all the questions I have, Mr. Chairman.

CHAIRMAN HESBURGH. Thank you.

Mr. Passarelli, is there any control from the point of view of the Federal Home Loan Bank Board on the boards of directors of individual S&L banks? Do you just accept whatever board they have?

MR. PASSARELLI. That's right.

CHAIRMAN HESBURGH. Mr. Hampton, what percentage of these

boards would be all-white? I realize this can't be much more than a horseback guess but maybe you have some idea?

MR. HAMPTON. There are 4,500 insured associations; 6,200 total if you exclude the—

CHAIRMAN HESBURGH. I would exclude the black ones, obviously.

MR. HAMPTON. All right, then I doubt that there are more than a handful that would have a black member of the board of directors.

CHAIRMAN HESBURGH. I think this also underlines a point we have been trying to make in all these hearings, that unless there is representation of minorities on decisionmaking groups, they often find decisions going against them. Until we can get more on decisionmaking groups we can expect that to happen.

And what about the general operational management people? I am talking about presidents, vice presidents, loan officers etcetera. In most of these white savings and loan banks you see a majority of whites. Would it be a significant number of blacks working in this industry?

MR. HAMPTON. No, I would say the only significant number, and this has come about in recent years, is at the clerical level, in the capacity of tellers primarily and other clerical capacity.

CHAIRMAN HESBURGH. Let me ask you one more question.

If there are black savings and loan banks, do they operate with the reasonable efficiency of white savings and loan banks?

MR. HAMPTON. It depends upon what your measure happens to be. One of the usual measures of the Federal Home Loan Bank has to do with the operating expense ratio which is the relationship between total operating expenses to total operating income. In that regard, generally the black associations have a much higher operating expense ratio, the primary reason being that the number of transactions—it's primarily the savings transactions that they involve themselves with. There are two functions we serve: to take in money in the form of savings accounts and lend it out in real estate loans, and the average size of a savings account in a black institution is much smaller than it would be for a comparable white institution.

CHAIRMAN HESBURGH. Now a concluding question. In your judgment would the operations of these black savings and loan organizations have enough efficiency to make the point that black people are capable of doing this kind of work?

MR. HAMPTON. I would think that the record would indicate yes, that they have been in business dating back, some of them dating back to the early 1900's. It has been a touch and go proposition

given the intensity of competition, the smallness of size; the average size of the institution, overall, is some \$8 million. But they have remained in business. They have continued to grow at a very slow rate, and I think it's a fair statement to make that many of the individuals who are trained in the black institutions have been able to move into larger savings and loan associations and secure employment of one type or another.

CHAIRMAN HESBURGH. It would also make it sound rather empty what we heard earlier today that there aren't people ready or competent to do some of these jobs.

MR. HAMPTON. Again, it is my opinion it is the responsibility of the white institutions to make them ready. I think there is a reservoir of individuals presently on the college campuses, presently resident in other industries who have the capability and capacity to become chairmen of boards, presidents of savings and loan institutions.

CHAIRMAN HESBURGH. Thank you very much, gentlemen. We appreciate your being with us.

We would like all of you to leave this room until 4:15 because we have to search the room. We have a bomb scare. They get them every month but we won't take any chances. Kindly leave the room and we will reconvene at 4:15.

CHAIRMAN HESBURGH. The Commission's meeting will now come to order again. Everybody is looking very relaxed. We are now undertaking the fourth session of our hearing, which is the responsibility of governmental institutions.

Before going into the fourth, I should tell you that we have skipped the testimony on the City Pension Fund and, because of our unforeseen delay, we want to keep on schedule because we have to go until 10 o'clock tonight anyway. However, if the staff would like to submit testimony for the record as to what they intended to bring to light, or what point they intended to make by this interrogation of these gentlemen who have been excused, we will allow it in the record.

A couple of people have asked during the intermission how it is possible to get some word to us if they should have something about which they wish to testify. As we said the first day, we look at thousands of people and only have a very few testify because otherwise we would be here for months. And the Social Security Administration needs this building for other purposes except ours.

If you have anything at all you want to say or any testimony

you think relevant it is always possible to write it up and hand it to one of our staff attorneys and we will consider it for the record.

I would like now to call to the stand Mr. Donald J. Miller of the staff of Baltimore Neighborhoods, Incorporated. Mr. Miller.

(Whereupon, Mr. Donald J. Miller was sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. DONALD J. MILLER, ASSOCIATE DIRECTOR,
BALTIMORE NEIGHBORHOODS, INCORPORATED, BALTIMORE,
MARYLAND**

CHAIRMAN HESBURGH. Mr. Powell?

MR. POWELL. Mr. Miller, please state your name and address and occupation.

MR. MILLER. Donald J. Miller, associate director, Baltimore Neighborhoods, located at 32 West 25th Street.

MR. POWELL. Would you briefly describe the activities of Baltimore Neighborhoods, Incorporated?

MR. MILLER. Yes, briefly, Baltimore Neighborhoods is a private, nonprofit organization, created in 1959 to work toward bringing neighborhood stability into those areas that are undergoing racial change and to do what it could to bring about a single housing market, which then threw us into the fair housing movement, whereby we have created fair housing councils in Baltimore County surrounding the city. These are citizens groups. We have initiated a complaint sharing process whereby we handle complaints and dispose of them for legal action if necessary and give direct assistance to blacks seeking homes or apartments in nontraditional areas.

MR. POWELL. Approximately how many housing complaints do you receive annually?

MR. MILLER. Well, since we have started keeping records, for the last approximately 16 months we have had about 80 inquiries. Now 30 of these 80 did not follow through; in other words they would telephone the office and say they feel they had been discriminated against. We would then, of course, ask them for a statement so that we would have something on which to act.

Either because they didn't send us a statement or they didn't wish to get involved personally, but rather report a situation, this accounts for about 30; there are about 51 actual complaints that were handled. Nine of these were actual court cases that were filed in the Federal court utilizing the 1968 and the 1866 Fair Housing Laws.

Three were forwarded to the Department of Justice for a pat-

tern of discrimination, three to HUD, one was filed with the local real estate commission of Maryland; nine were settled with the possible hint of legal action in case they didn't settle the situation; 16 were mediated satisfactorily where we simply went out and talked to the manager and the person's problem was taken care of; and 10 of these complainants didn't want to pursue the matter after they had sent us the statement. And then there were a couple that, because of a lack of staff, we were not able to follow through quickly enough to produce results.

MR. POWELL. Do you share complaints with other organizations?

MR. MILLER. Yes, since many of us know that in Maryland we do not have a State fair housing law, we do not have a city law, we have nothing except the 1968 Federal law, so, therefore, agencies like us have to get together the best we can to initiate a complaint sharing process by which the State, city, county human relations commission and Social Security and us do meet regularly to share this complaint information and then for disposition of complaints.

MR. POWELL. You mentioned three organizations. Are those the three organizations that share complaints?

MR. MILLER. No, there are three State commissions; one is the Baltimore Human Relations Commission, the other is the State Human Relations Commission of Maryland, and the third is Baltimore County Human Relations Commission and then the fourth group is Social Security, and of course we are the fifth so there are five groups sharing information.

MR. POWELL. Do you have any enforcement powers?

MR. MILLER. None whatsoever.

MR. POWELL. Tell me, Mr. Miller, in the course of your organization's efforts to open up the housing market to minority groups' members, have you had occasion to become familiar with the practices of the Maryland Real Estate Commission?

MR. MILLER. Very much so.

MR. POWELL. Does the commission have authority to take action against a broker or salesman who has discriminated?

MR. MILLER. Yes, according to their code of ethics which is law in the State of Maryland, they do have that authority based either on a complaint or of course they have the authority to take or to initiate action on their own.

MR. POWELL. Would you describe the types of practices against which the commission can act?

MR. MILLER. Well to be specific, I filed several complaints with the commission dealing with blind ads. When I use the term

"blind" I am talking about a real estate agent or broker or somebody who is licensed by the State of Maryland who does advertising in either the white paper or black paper but fails to identify who the broker or the firm is. These are blind ads. They lack identification.

Now back in August of '69, our agency filed such a complaint with the real estate commission wherein we alleged 15 individuals and/or companies were in violation of this State law.

The complaint was sent to the commission, and then through lack of communication on their part in terms of letting the complainant learn the disposition, we had to learn much of our information through the press.

And I have in my files letters that come from the real estate commission where they say something to the effect that nine of the alleged violators were guilty, six were not, but they never give the complainant's name; they just simply state in their letters nine guilty and six innocent kind of thing, and then you read in the paper all of the information that you want to know.

And there were several other such—

MR. POWELL. Do you know whether or not the Commission has a hearing procedure in such cases?

MR. MILLER. Yes, by law, they do have a hearing process.

MR. POWELL. As complainant in the matter, were you informed of the hearing?

MR. MILLER. No, even though I tried to attend whatever this meeting was when they were discussing this particular complaint. I was told by their executive director he saw no reason why I could not attend, but that he would have to check with the chairman of the commission.

MR. POWELL. Do you know whether or not the commission has written rules concerning its hearing procedure?

MR. MILLER. If they have written rules outlining their procedure or their practices, we have not seen them. Nor has anybody else, I imagine.

MR. POWELL. You mentioned blind advertising. Are there any other instances in which the commission can act?

MR. MILLER. Yes, racial discrimination. In yesterday's testimony one of the cases was cited, and that case was referred to the real estate commission by the complainant with our assistance, based on discrimination. Here again the complainant was not notified of other than the fact the hearing was held and that the commission ruled for dismissal. But they don't state in writing to the com-

plainant as to why they found the respondent not guilty, or the defendant not guilty.

VICE CHAIRMAN HORN. Are you saying the case of Mr. Martin was not notified when the hearing was held? My understanding was that the hearing was turned around to make him look incompetent and he was not allowed—

MR. MILLER. Right, in terms of notifying for the hearing, yes. In that case people were notified that the hearing date would be at such and such a time and such and such a place, but what I am speaking of is at the conclusion of the hearing, to my understanding, they don't make a decision then and there but they take it under advisement. Maybe a period of a week or two, and then the decision is made public.

Now the decision was made public through the press. The News American had quite a lengthy article written by a real estate reporter for the News American and where it simply put it in language, but yet the complainant was notified by the commission in writing in a very vague manner as saying that they found the broker and agent not guilty.

MR. POWELL. You mentioned earlier that you referred three cases to the Department of Justice for action under the Civil Rights Act of 1968, Title VIII. Did Justice move in these cases?

MR. MILLER. No, they have not moved. They have done nothing but drag their feet.

MR. POWELL. Do you feel the Justice Department has been effective in moving against housing discrimination in the Baltimore area?

MR. MILLER. No, definitely not. I have had to make personal trips to Washington to get them to even give me a little bit of information. I made repeated telephone calls on how they file correspondence, and yet I get very wishy-washy answers. Well, to the point where originally first the evidence is submitted. They said: "Oh, yes, good case. We will take action immediately." It just means a form letter going. It takes a month—it took one particular case a whole month to get out of our local U.S. attorney's office.

Once it got on its way, it was lost at the Department of Justice in Washington. Then it took several more months trying to get any information out of them.

MR. POWELL. I understand that HUD has power in this area, too. Are they more effective in reconciling such complaints?

MR. MILLER. Well, up until recently, the last several months, I, personally, have not referred any complaint to HUD unless I really had to. Nor to Justice.

MR. POWELL. In your opinion, Mr. Miller, what is the most effective method available to you to get relief for a complaint?

MR. MILLER. To go through this process of utilizing a volunteer lawyer who files papers in the Federal courts getting a temporary restraining order on the house or the apartment. And this is the big problem here. We are dealing with people, complainants in particular, who are in need of a house or apartment at this particular time, not 3 months from now. And if HUD doesn't have the authority to acquire temporary restraining orders, then the most that comes out of this is damages and a few other things, but the person still needs to look for another house or apartment. So, utilizing our private lawyers, he goes to court, once the evidence is submitted, gets the restraining order, and then it is decided. In most of these cases, all with the exception of one, have been settled between the lawyers and signed, of course, by the judge.

MR. POWELL. Mr. Chairman, at this time I want to turn the questioning over to the Commissioners.

CHAIRMAN HESBURGH. Mr. Miller, I gather from your testimony regarding the Department of Justice a few minutes ago, that they didn't act in any case. I think they did actually act in one case, isn't that correct?

MR. MILLER. Well, they acted in the case of one, perhaps 6 months after, I think as the records would state, but yet after much of my own prodding and pushing to the point where you begin to feel like you are a nuisance. Now, they did act and they did send a letter requesting affirmative action against one of the parties involved. Now, what was the result, I don't know.

CHAIRMAN HESBURGH. I just wanted to make sure that that was in the record. If it were read and somebody from Justice were to go back at you and say we did act in one case, it might be difficult.

MR. MILLER. In one case, yes, sir.

CHAIRMAN HESBURGH. This witness and the next two witnesses, I am just going to call on one Commissioner to handle it because I think we can make up a little time that way. If other Commissioners would like to ask a question, feel free to do so.

MR. MILLER. Before we go on, I would like to say something of testimony presented yesterday. It was by the real estate board when they sat up here and made references to institutionalized advertising in the black paper.

Now, I happen to have with me, and would be willing to submit this, this is the issue of one of our black papers here. On page 2, on the inside column, it has the so-called institutionalized ad. And it has nothing to do with Realtors being for fair or open housing

or trying to get the message across to the black community that they are going to do business on an open basis.

It simply gives one the impression that they are beating their own drum for the professional trade association. And, you know, I was quite appalled by this.

CHAIRMAN HESBURGH. We will accept that into the record.

(Whereupon, the document referred to was marked Exhibit No. 12 and received in evidence.)

COMMISSIONER RANKIN. Mr. Miller, how is your organization financed?

MR. MILLER. Pardon?

COMMISSIONER RANKIN. How is your organization financed?

MR. MILLER. Begging, private sources, individuals, some business support, some church support, a small contract from the city for services rendered to them, but most of the budget is mostly through individual contributions.

COMMISSIONER RANKIN. Now, for the record, we have discussed the place of the Federal Government, but very little discussion has been given to the part played by the State of Maryland insofar as discrimination is concerned. Now, you say the only really successful method you have of getting any relief is injunctive relief in the courts. Am I correct?

MR. MILLER. That is correct.

COMMISSIONER RANKIN. Now, insofar as administrative relief, is the Maryland Real Estate Board the only administrative agency you can go to in the State of Maryland?

MR. MILLER. Well, that would deal with discrimination of a licensed broker.

COMMISSIONER RANKIN. No other agency has anything to do with discrimination?

MR. MILLER. That is right. We don't have State laws nor county laws so, therefore, this rules out the county commission or the State commission or city human rights commission. We don't have those.

COMMISSIONER RANKIN. Now, under existing laws, does the Maryland Real Estate Board have enough power to handle these situations?

MR. MILLER. They can revoke or suspend a license of one of these agents if it is proven that he discriminates. And this is why, if we are going to have men in the real estate commission, the commissioners themselves, the executive director, and here I feel that it needs to be a person that is going to be aggressive, creative, to enforce this.

COMMISSIONER RANKIN. Well, it is more the personnel than that you are objecting to.

MR. MILLER. Yes.

COMMISSIONER RANKIN. They have enough powers. You would not want to give them any—they don't need any additional powers.

MR. MILLER. Let's put it this way, there are powers that are not being utilized right today through these people who seem to be obstructionists. I think we have to consider one thing. Individuals have been on these jobs for a number of years prior to any talk of fair housing. They didn't move them, they didn't testify, they didn't submit legislation. They fought it.

And now, today, we have a law and all of a sudden, we expect these same people to turn around and to be aggressive? Never!

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Do any other Commissioners have a question?

If not we will—thank you very much, Mr. Miller—pass on to our next witness, who is Mr. G. Neilson Sigler, chairman of the Maryland Real Estate Commission.

(Whereupon, Mr. G. Neilson Sigler was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. G. NEILSON SIGLER, CHAIRMAN, MARYLAND REAL ESTATE COMMISSION, BALTIMORE, MARYLAND

MR. POWELL. Mr. Sigler, please state your name, address, and occupation.

MR. SIGLER. G. Neilson Sigler, 2437 Maryland Avenue. I am an industrial Realtor and investment counsel.

MR. POWELL. Are you a member of the Maryland Real Estate Commission?

MR. SIGLER. Yes, I am.

MR. POWELL. How long have you been a member of that commission?

MR. SIGLER. Since June 1st, 1967.

MR. POWELL. Would you please describe the procedure which the real estate commission follows in processing a complaint filed against a real estate broker? There are such procedures, are there not?

MR. SIGLER. Very definitely.

MR. POWELL. Are your rules in writing?

MR. SIGLER. We follow the Administrative Procedures Act of the State of Maryland, and are governed by it. Then we have our own local regulations for any procedures in staff operations.

MR. POWELL. Of these local regulations you mentioned, are they in writing?

MR. SIGLER. They are in the minutes, yes, the minutes of our meetings.

MR. POWELL. Are they available to people who make complaints?

MR. SIGLER. All our records are available.

MR. POWELL. But are they published so that people will know what your rules for hearings are?

MR. SIGLER. The rules for the hearings are under the Administrative Procedures Act, which I just stated. But any—the only other rules which we have are any regulations which the staff operates in its own office.

MR. POWELL. Does the Administrative Procedures Act provide specific rules for what the procedure will be in the hearings that your commission holds?

MR. SIGLER. I think you could say that, yes.

MR. POWELL. Would you please describe the procedure which the real estate commission follows in processing a complaint filed against a real estate broker?

MR. SIGLER. When a complaint is received or when an item is brought to the attention of the commission, which needs some action, if it is a direct complaint from either an individual or an organization, this individual is asked to furnish all of the details that would have any information to the commission. Then, we usually have an investigator to investigate the facts of the case, and if a *prima facie* case is made for alleged violations of the law, then the case is set for hearing.

MR. POWELL. What sanctions can the commission impose against a broker whom it determines has violated the real estate law of Maryland, or the code of ethics of the commission?

MR. SIGLER. The commission has the power to suspend or revoke a license of a broker or salesman, or both.

MR. POWELL. Has the commission received any complaints in the past 5 years which allege racial discrimination by a broker?

MR. SIGLER. Yes, it has. We have a number of complaints. We have them furnished to us by various organizations. We had one very recently from the Montgomery County Fair Housing Relations Commission, I think it is called, and the real estate commission investigated that complaint, found there was discrimination, and the broker was suspended for 6 months.

MR. POWELL. According to a recent report of the State human relations commission, since 1965 there have been 16 complaints filed with your commission regarding racial discrimination. Is that

an accurate indication of the number of reports in that period of time?

MR. SIGLER. Mr. Powell, if they will identify any case in which action has not been taken, we would be glad to know of it. You will find that that report does not specify and is not specific in any case which they have made.

MR. POWELL. Is the number of complaints indicated in the report accurate?

MR. SIGLER. I would say not. I would think not.

MR. POWELL. Well, how many reports of racial discrimination have you received in that time period?

MR. SIGLER. I think about five would be probably correct.

MR. POWELL. Well, about five. Were you not asked to provide some information at this proceeding?

MR. SIGLER. Well, now I think you have to delineate as to exactly what you are speaking of. We have had cases where there have been attempts to introduce elements into a neighborhood. We have had cases where we have had discrimination as such. And they have been called various things.

MR. POWELL. I would like to know the number of complaints of racial discrimination. We will move to dispositions—

MR. SIGLER. All right, let's say four, then. Four, exactly.

MR. POWELL. You have only had four complaints?

MR. SIGLER. Four complaints that I know of, yes.

MR. POWELL. Don't your records show how many complaints you have received in that period of time?

MR. SIGLER. My records show there are four complaints, yes, sir.

MR. POWELL. Do you have that information—have you provided it to us?

MR. SIGLER. I have the records of these particular complaints here, yes.

MR. POWELL. Mr. Sigler, how many members are there on the commission?

MR. SIGLER. Seven.

MR. POWELL. Are any of its members black?

MR. SIGLER. None are black, no.

MR. POWELL. How large is the staff of the commission?

MR. SIGLER. We have 10 members—10 persons in the staff, I believe.

MR. POWELL. Are any of these persons black?

MR. SIGLER. Not at the present time. We have had occasionally people in there who have been black.

MR. POWELL. How many investigators does the commission have?

MR. SIGLER. Three.

MR. POWELL. There are approximately 15,000 real estate brokers and salesmen in Maryland, is that correct?

MR. SIGLER. Yes. Almost 16,000.

MR. POWELL. Therefore, each investigator is responsible for investigating the conduct of possibly 5,000 persons. Is that correct?

MR. SIGLER. Yes, that would be correct.

MR. POWELL. Do you feel this is adequate staff?

MR. SIGLER. No, I do not. We have requested additional investigators on a number of occasions and so far we have not been able to obtain them or to obtain the funds for them.

MR. POWELL. Mr. Sigler, in connection—

VICE CHAIRMAN HORN. Excuse me. At that point, just to get that one pinned down, has the real estate group in the State of Maryland supported additional funds for investigators or have they opposed you before the legislature?

MR. SIGLER. They have not opposed us, but there has been no support that I know of specifically in this case. I might say, of course, that we are talking about the commission, and you made the distinction, Mr. Chairman, between the board and the commission. There has been some reference to the Maryland board by one of the Commissioners of the board as a trade organization.

MR. POWELL. Mr. Sigler, in connection with your licensing procedure, on the present exams for these licenses, are there any questions about racial discrimination, blockbusting, or human relations?

MR. SIGLER. At the present time, there are none. However, we are in the process of revising these examinations and I would anticipate that there would be questions along that line in the examinations.

MR. POWELL. Mr. Sigler, you mentioned you had brought some cases, four complaints in the last 5 years. Is that correct?

MR. SIGLER. Yes.

MR. POWELL. Do you have that documented?

MR. SIGLER. I have a summary of—

MR. POWELL. Might we have that for inclusion in the record?

MR. SIGLER. Yes.

MR. POWELL. Mr. Chairman, with your permission.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 13 and received in evidence.)

MR. POWELL. Mr. Sigler, I understand there are courses in connection with being qualified for a broker. Are any of these subjects that I mentioned earlier, racial discrimination, blockbusting, or

human relations, covered in these courses given in connection with qualifying to become a real estate salesman or broker?

MR. SIGLER. We haven't specified that they should be included in the course curriculum, no.

MR. POWELL. Do you feel that such areas should be included in such courses?

MR. SIGLER. I think it would be well to have some of these included, yes. Particularly dealing with the fair housing law and that sort of thing.

MR. POWELL. Do you feel the real estate commission, as a matter of public policy, has a duty to combat racially discriminatory housing practices?

MR. SIGLER. I feel that the commission, under the law, is charged with licensing on the one hand and the regulation on the other of brokers and salesmen under the law. If you feel that we should be going out aggressively seeking this type of—

MR. POWELL. No, I am interested in knowing what you feel, Mr. Sigler, on the question.

MR. SIGLER. Well, if you are asking me if I feel that we should be out aggressively seeking this type of thing, I would say no, that is not our job. That is the job of the human relations commission—

MR. POWELL. If you don't do it as the licensing—

MR. SIGLER. Do you want me to answer this or not?

MR. POWELL. Yes, go ahead.

MR. SIGLER. I think it is the job of the various commissions on human relations and the various counties and cities to do that and in many cases they have done it.

MR. POWELL. Do such commissions, human relations commissions, have enforcement powers?

MR. SIGLER. No, but when they refer them to us, then we take action against it.

MR. POWELL. Well, if they don't have enforcement powers and they don't have a public duty to do this, don't you think that the real estate commission is better qualified than any such human relations commission to see that the law of the land is carried out? Isn't that a part of your statutory duty?

MR. SIGLER. We have the obligation to see that the laws are carried out, and we do it whenever this or any other item is referred to us. Any cases of so-called racial discrimination or other related matters amount to approximately 1 percent of all of our total complaints. We have about three complaints every working day, and these complaints are varied matters, as I am sure you well know,

concerned with many other things and this particular phase of activity.

MR. POWELL. Mr. Chairman, at this time I will turn the questioning over to the Commissioners.

CHAIRMAN HESBURGH. Thank you.

I think Commissioner Horn will begin the questioning by the Commissioners. If any other Commissioners would like to talk after Mr. Horn, I will refer to them.

VICE CHAIRMAN HORN. Mr. Sigler, I just want to clarify some of the processes. Are you full-time chairman of the board?

MR. SIGLER. Well, I am chairman, but only very part-time.

VICE CHAIRMAN HORN. In other words, the commissioners are all part-time commissioners?

MR. SIGLER. Yes.

VICE CHAIRMAN HORN. What do you do the rest of the time?

MR. SIGLER. I do some industrial real estate activity, and I also act as investment counsel.

VICE CHAIRMAN HORN. I just wondered if you still have a full-time real estate licensing or brokerage operation?

MR. SIGLER. I try to, sir, in the time that is available.

VICE CHAIRMAN HORN. Do the other members of the board, what are their backgrounds? Other members of the commission, I am sorry. Other members of the commission, what are their backgrounds?

MR. SIGLER. Well, five of the others are also brokers and one is not. The law provides that two may not be and five of the commissioners are to be brokers.

VICE CHAIRMAN HORN. What are the two that are not brokers?

MR. SIGLER. Well, there is one at the present time. There are six that are brokers and one that is not.

VICE CHAIRMAN HORN. In other words, the commission is violating the law in a sense?

MR. SIGLER. No, it is up to the Governor to appoint, of course.

VICE CHAIRMAN HORN. Is there a vacancy?

MR. SIGLER. No, there is no vacancy.

VICE CHAIRMAN HORN. So, in other words, you haven't conformed to the law that two not be brokers?

MR. SIGLER. Well, yes, we have, sir. The Governor is the one who appoints, I again repeat, and it is up to him to appoint whom he thinks is correct, and the law provides that he may appoint two people who are not brokers.

VICE CHAIRMAN HORN. Oh, I see. It doesn't require—

MR. SIGLER. It is not obligatory on his part.

VICE CHAIRMAN HORN. Oh, I see. In other words, the Governor could appoint all people from active real estate firms?

MR. SIGLER. If he wished, yes.

VICE CHAIRMAN HORN. But the legislature in its wisdom did suggest that he may appoint two who are not.

MR. SIGLER. That is correct.

VICE CHAIRMAN HORN. Presumably, the Governor could also appoint all members who are not, or does the legislature say in that statute that there must be five who are members in real estate backgrounds?

MR. SIGLER. This is a sophisticated industry, Mr. Horn. I am sure that you are aware. The members that are on there at the present time, you have about 150 years of experience in the industry. The law provides that five of the members shall be brokers with 10 years' experience, and the other two may not be brokers, be members of the public or any other profession.

VICE CHAIRMAN HORN. Now, the gentleman that is not a broker, what is his background?

MR. SIGLER. He is an attorney.

VICE CHAIRMAN HORN. An attorney. Does he handle real estate transactions primarily in his attorney capacity?

MR. SIGLER. No. He works for a life insurance company.

VICE CHAIRMAN HORN. Are there any women on this commission, or just men?

MR. SIGLER. Just men.

VICE CHAIRMAN HORN. Earlier you said there were no members of the black or other minority groups on this commission I take it?

MR. SIGLER. That is true, sir.

VICE CHAIRMAN HORN. Let me ask you, how do you feel about representation of the public in the public interest on a commission such as this? I recognize that it is a highly sophisticated industry. So is the defense industry. So is the Interstate Commerce Commission. So are others where you have citizens that come in and take the public trust for a few years to try to check on the morality, if you will, the ethics, the practices of a particular industry. How do you feel about that? Should there be more public trustees, shall we say, who don't have direct financial gain to be made one way or the other by the decisions they make on this commission?

MR. SIGLER. Well, I think you are putting that question in a rather unfair light, Mr. Horn. I reject the thought that they are doing it for any unfair gain. They certainly wouldn't be giving their time. You couldn't buy the time of these men. And as far as that is concerned, there are two men, or there are two possibilities

of two men being on there or two persons, I should say. They could be of the other sex, who are not members of the profession and it seems to me that that is a fair balance.

VICE CHAIRMAN HORN. In other words, five from the industry, two from the public, and you decide by majority vote, I take it, within the Commission.

Let me ask you this, and as I gather in summary—

CHAIRMAN HESBURGH. I have got to be tough on both sides. I don't want you [audience] to cheer the Commission. I don't want you to cheer the witnesses.

VICE CHAIRMAN HORN. I take it in summary then, the law says there must be five men at least with 10 years' experience in the industry and that the Governor may appoint two others without that experience, and, therefore, it is really up to the Governor to assure that at least two members represent the public, but he doesn't have to as far as that goes?

MR. SIGLER. That is correct. This is a legislative matter and certainly not within my province to try to tell the legislature or the Governor what to do.

VICE CHAIRMAN HORN. Yes. Now, let me pursue this a little further in terms of the internal processes of the commission. We heard the statement made yesterday, and I don't know if it was true or false, but the statement was made, I believe, by Mr. Martin, that in a case before the commission it seemed as if he was denied counsel on his own part and that instead a representative of the State attorney general's office really represented the commission.

What is your process for representation of both the commission and anybody that might come before you? What are your rules on that?

MR. SIGLER. Well, the attorney general provides an assistant attorney general to prosecute the case in each of their hearings. However, in this particular case, I would bring to your attention that I was chairman of that panel and before we closed the hearing, I specifically asked if there was anyone there who had anything he wished to bring out or anything he wished to say, whether he was a witness or just a member of the audience. We would be happy to hear him or her.

VICE CHAIRMAN HORN. So, in other words, you feel—

MR. SIGLER. That is part of the transcript of record.

VICE CHAIRMAN HORN. You feel that an opportunity was given for the complainant to make a statement before your group?

MR. SIGLER. Well, the complainant was on the witness stand.

VICE CHAIRMAN HORN. I see.

MR. SIGLER. He had every opportunity to make a statement.

VICE CHAIRMAN HORN. Did you deny the right to counsel in this administrative process?

MR. SIGLER. The attorney general permitted counsel to ask any questions through the attorney general that he wished to ask. He was not denied the right to ask any questions.

VICE CHAIRMAN HORN. The attorney general's representative or the assistant attorney general represents both the commission and the complaint and presumably the State of Maryland. He has three roles to play here.

MR. SIGLER. He represents the State as the prosecuting attorney.

VICE CHAIRMAN HORN. And does he also represent the commission?

MR. SIGLER. He represents the commission on matters of law and the interpretation of the law.

VICE CHAIRMAN HORN. In other words, you do not have your own legal counsel?

MR. SIGLER. No, we do not.

VICE CHAIRMAN HORN. Now, you mentioned the use of a panel. How many were on that panel that heard this case?

MR. SIGLER. Which case?

VICE CHAIRMAN HORN. The Martin case. This is the one we happen to be discussing.

MR. SIGLER. Well, it was—

VICE CHAIRMAN HORN. You mentioned you chaired the panel.

MR. SIGLER. It was a full commission, other than the vice chairman who was on a special assignment out of the State and could not attend, and, of course, the commissioner who was the respondent. So, otherwise, we had a full commission.

VICE CHAIRMAN HORN. In other words, is the commission authorized to break down by panel to hear these cases?

MR. SIGLER. Yes, they are.

VICE CHAIRMAN HORN. What are the rules on that?

MR. SIGLER. They are permitted to have panels of three commissioners.

VICE CHAIRMAN HORN. I see. Is there any requirement that one of the two possibilities as public commissioners serve on one of those panels?

MR. SIGLER. No, that is not part of the law, but as a matter of practice, the one we have who is a public representative, you might say, does serve on all of the panels.

VICE CHAIRMAN HORN. You mentioned earlier in response to Mr.

Powell's questions that your commission, as I assume other commissions, follows the Maryland Administrative Procedure Act.

MR. SIGLER. Yes.

VICE CHAIRMAN HORN. And I take it, are those rules made available to people filing complaints with the commission as to just what is the Maryland Administrative Procedure Act?

MR. SIGLER. They are available. This is quite a voluminous work, as I am sure you understand, and anything which they wish to know about it is made available to them.

VICE CHAIRMAN HORN. In other words, when a person files a complaint, you don't send him a little packet and tell him what his rights are in the process before your commission?

MR. SIGLER. No, but we do—when he files a complaint with the commission, the commission then takes it as a responsibility to fully investigate this complaint, which we do, and the law provides that if there is a *prima facie* case made of an alleged violation that the commission will then have a hearing, which we will do—

VICE CHAIRMAN HORN. Mr. Sigler, when you were—

MR. SIGLER. —and decide on the facts.

VICE CHAIRMAN HORN. When you were asked to testify before this Commission, did our staff send you a copy of the rules of our Commission?

MR. SIGLER. I think I did get a sheet showing some of the items involved. I don't remember whether they were the rules or not.

VICE CHAIRMAN HORN. I assume—may I ask, Mr. Glickstein, was that done automatically?

MR. GLICKSTEIN. Yes.

VICE CHAIRMAN HORN. That is sort of standard procedure with us that all witnesses, all of whom are under subpoena for their own protection, do get that package. I just wondered if it would be possible for your commission to prepare such a package so people in simple language in one page, without reading what I am sure is the voluminous Maryland Administrative Code might know what their rights and what the processes are before your body. Is that possible?

MR. SIGLER. We will certainly take that under consideration.

VICE CHAIRMAN HORN. It is possible, I take it?

MR. SIGLER. I would say so, yes, sir.

VICE CHAIRMAN HORN. That is all I have, Mr. Chairman.

CHAIRMAN HESBURGH. Do any of the other Commissioners wish to question? I think our staff does. Mr. Glickstein?

MR. GLICKSTEIN. A broker cannot practice in the State of Maryland unless he receives a license from your commission, is that correct?

MR. SIGLER. That is correct.

MR. GLICKSTEIN. And your commission operates under the laws of the State of Maryland, and all that you do is prescribed under the laws of the State of Maryland, is that correct?

MR. SIGLER. Article 56 of the code.

MR. GLICKSTEIN. And the license that a broker receives from you to practice in the State of Maryland, I take it, is a very valuable commodity, is it?

MR. SIGLER. Some brokers think it is.

MR. GLICKSTEIN. It could be a very valuable commodity.

MR. SIGLER. Yes.

MR. GLICKSTEIN. In a sense, the State of Maryland and your commission are giving State sanction to all those persons that you license, isn't that correct?

MR. SIGLER. They are licensed to do business as a broker, if that is what you mean.

MR. GLICKSTEIN. By the Maryland Real Estate Commission—

MR. SIGLER. That is correct.

MR. GLICKSTEIN. An entity of the State of Maryland.

MR. SIGLER. That is correct, yes, sir.

MR. GLICKSTEIN. Wouldn't you believe that an individual such as a real estate broker who is only able to operate and make a living as a result of a grant given to him by the State has some special responsibilities and obligations that go beyond a person who is able to engage in his trade or occupation without any permission from the State?

MR. SIGLER. I am not sure that I understand your question, or what you are trying to determine here.

CHAIRMAN HESBURGH. Would you try to rephrase that?

MR. GLICKSTEIN. There are some occupations and businesses that people can engage in without going to a State agency, without getting any authorization from the State. I believe that you can be a university president without being licensed by the State. However, as you have indicated to us, to be a real estate broker, you have to be licensed by the State. The government is taking a role in this in giving out a very valuable commodity. This is a franchise to operate a bus company or a franchise to operate a plane, and I am asking you whether people who receive this special benefit from the State might not have a special obligation to conduct their activities and businesses in a way that people who are operating without the sanction of the State do not?

MR. SIGLER. Well, to answer your question, they definitely have a responsibility to the public and that is our job to see that they

comply with the laws and the code of ethics and we take, we send out a pamphlet four times a year called the "Maryland Real Estate Commissioner" in which we advise them of this item. As a matter of fact, the last one we sent out, we completely copied the pamphlet which was given to us by Baltimore Neighborhoods, I believe. It is from the U. S. Department of Health, Education, and Welfare, which says—which quotes, "The Fair Housing and You", that pamphlet, all the questions involved in it. We thought that they should be aware of these things. We have tried to make them aware of it before, but we specifically added a complete page or two pages to it so they would have those questions and be aware of them.

MR. GLICKSTEIN. There is one bit of testimony that I would just like to clarify. In talking about the complaints of racial discrimination that you received, you seem to be distinguishing among different categories. You mentioned some complaints of racial discrimination, some complaints about introducing new elements into a community.

I am wondering what the different categories are and what distinctions you were trying to make?

MR. SIGLER. Well, in the code of ethics, we have certain articles which provide—Article 5, for example, if I may read it to you.

"A licensee shall not act as agent, discriminate in the sale, rental, leasing, trading, or transferring of property to any person or group of persons because of race, color, creed, religion, or national origin."

MR. GLICKSTEIN. The four complaints you tell us were, that came under Article 5, is that correct?

MR. SIGLER. One of them did. I don't have that in front of me now. But I know that one of them did. Then there was another one that did not. We also have Article 230 (a) of the Annotated Code which deals specifically with blockbusting, and I might say that Mr. Miller when he was up here made numerous references to the fact that the commission didn't take action as he thought it should and so forth.

Last year before the law was changed, as of the 1st of July this year, the commission was required to wait until a conviction was obtained in a court of law before we could take action under 230 (a). Mr. Miller gave the information to the television stations that we should have immediately taken action in the case that he referred to and they, of course, broadcast that, which gave evidence that there was a lack of knowledge of the law and how it acted, and would act in a particular case.

Under 230 (a) it has now been changed where we may take direct action on blockbusting.

MR. GLICKSTEIN. How many complaints have you had over the years under 230 (a) ?

MR. SIGLER. We have had no complaints under 230 (a) except the Castle Realty Company which is referred to in those four that I gave you, but at that time we were not able to take action because there never was a conviction in the court, although that was put out in the papers and I believe referred to by Baltimore Neighborhoods as a conviction. It was an injunction in the Federal court and not a conviction. But we then had a hearing under the code of ethics and revoked the license.

MR. GLICKSTEIN. But the grand total of complaints that you have received, whether they be that a broker discriminated actively or that a salesman discriminated or that blockbusting occurred, the grand total is four, is that correct?

MR. SIGLER. Yes.

MR. GLICKSTEIN. Thank you.

CHAIRMAN HESBURGH. Mr. Sigler, Maryland, I understand, doesn't have a fair housing law, does it? As a State.

MR. SIGLER. No, it does not.

CHAIRMAN HESBURGH. Do you think it might be helpful because there is a Federal law now and of course the Supreme Court in '68. Do you think it might be helpful if the State, like many other States, had such a law to bring it home to people how important it is for the future development of the State?

MR. SIGLER. Well, I don't think I am qualified to comment on that as far as the legislature is concerned. We have a Federal law and I think that should take care of it.

CHAIRMAN HESBURGH. Well, the only thing is, there are Federal laws, there are State laws, and there are local laws and I think sometimes the further a law gets away from one, the less one thinks he is bound.

I recall sheriffs in some States in the Deep South who didn't think they were bound by the Federal law because of State's rights or something or other, but it would seem to me if a State has a political entity, at least stated this as one of its ideals, it might be a little easier to impress it upon the local real estate brokers. But that is a question of opinion. I am not trying to push my opinion on you.

MR. SIGLER. It seems to me that the brokers are becoming aware of this situation; they certainly should be from the activity which has gone on and I believe in the matter of educating the broker and

making certain that he does understand it is going to be very helpful. The boards I think should have a big part in this, the three organizations, and as I have just showed you, we are trying to do a certain amount of it that we can do in our limited facilities.

CHAIRMAN HESBURGH. I gather from your testimony that you believe that in the licensing, one of the conditions for licensing should be that people are respectful of your code which includes this law on fair housing?

MR. SIGLER. Very definitely.

CHAIRMAN HESBURGH. Well, it ought to be fairly clear that real estate brokers who don't follow this regulation, that matter should be taken as seriously as if they do something financially disreputable. Would you agree with that?

MR. SIGLER. Absolutely. A complaint of discrimination under the code of ethics or under 230 (a), we will take very seriously and as I just recited to you one of the cases which I submitted there was a case which was referred to us the Montgomery County Fair Housing Board and a 6-months' suspension I can assure you is a rather stiff penalty for any broker.

CHAIRMAN HESBURGH. Has any broker ever lost his license because of discrimination?

MR. SIGLER. Yes, one of the cases there would be—

CHAIRMAN HESBURGH. Permanent loss of license?

MR. SIGLER. We revoked the license of one of the cases in that situation.

CHAIRMAN HESBURGH. I see. Are there any other cases besides that one, to your knowledge?

MR. SIGLER. I believe not, sir.

CHAIRMAN HESBURGH. Well, I think what all this testimony was simply trying to show is that it is a serious matter and that unless the commission regulates it, I don't think anybody else is going to; it's a matter of a changing ethic, I think, because everybody recognizes that this kind of discrimination went on blatantly for years and years and years until the law finally caught up with it.

MR. SIGLER. The commissioners that are on there at the present time, contrary to what was said prior to this, have only been on since '67, and it was under them that the code of ethics was written, which includes as Article 5 which I read just a few minutes ago, so they are not the unaggressive, lackadaisical people which have been referred to so far.

CHAIRMAN HESBURGH. Mr. Sigler, is there anything else you would like to say before you leave?

MR. SIGLER. I think that is all, sir.

CHAIRMAN HESBURGH. Would any of the Commissioners like to say anything?

VICE CHAIRMAN HORN. What is the term of office of a member of the commission?

MR. SIGLER. Four years.

CHAIRMAN HESBURGH. Thank you, sir, we appreciate it.

Our next witness is Mr. Thomas D. Dawes, former chairman of the commission, I should say of the Baltimore County Human Relations Commission.

(Whereupon, Mr. Thomas D. Dawes was sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. THOMAS D. DAWES, FORMER CHAIRMAN,
BALTIMORE COUNTY HUMAN RELATIONS COMMISSION,
TOWSON, MARYLAND**

MR. POWELL. Please state your name, address, and occupation.

MR. DAWES. My name is Thomas D. Dawes. I live at 514 Wilton Road in Towson, Maryland. I am a civil engineer employed in the land development industry.

MR. POWELL. Are you a member of the county human relations commission?

MR. DAWES. Yes, I am.

MR. POWELL. For how long have you been a member?

MR. DAWES. Since February 1969.

MR. POWELL. For what part of that time did you serve as chairman?

MR. DAWES. From July of '69 until May of 1970.

MR. POWELL. The human relations commission has the power to conduct educational programs, hold hearings, make studies, and provide conciliation and mediation services for problems of inter-group relations, is that correct?

MR. DAWES. Yes, sir.

MR. POWELL. Does the commission have any law enforcement powers?

MR. DAWES. None.

MR. POWELL. How many commission members are there?

MR. DAWES. There are 11 members.

MR. POWELL. How are they appointed?

MR. DAWES. Appointed by the county executive for a 3-year term.

MR. POWELL. At the present time are there any vacancies on the commission?

MR. DAWES. Not at this time.

MR. POWELL. Have there been recently?

MR. DAWES. Yes, we had vacancies from January through May or June of this year when the last one was filled.

MR. POWELL. How many commission members are black?

MR. DAWES. Two.

MR. POWELL. How large is the commission's staff?

MR. DAWES. We have been unsuccessful in obtaining the funds over a period, well since the founding of the Commission in '63, to maintain adequate staff to do the job that the law stipulates that we are to do.

MR. POWELL. Why were you unable to obtain necessary funds?

MR. DAWES. I would say it's the general climate of fear in the county, that people in power have always felt that the commission would be a troublesome agency to give it adequate staff.

CHAIRMAN HESBURGH. Isn't there a staff at all? Mr. Powell asked how many staff?

MR. DAWES. We have right now one part-time executive director and funds for an administrative assistant.

CHAIRMAN HESBURGH. So there is one full-time and one part-time?

MR. DAWES. Yes, sir, our total budget as of—our last budget was \$12,743.

MR. POWELL. Has the commission ever tried to hire a black staff member?

MR. DAWES. Yes, we did, beginning in August of '69, we had had inquiries from 12 people and of these our personnel committee interviewed five for the position of part-time director, and in our July meeting our personnel committee agreed that our most qualified candidate for the position was Mr. John Green and I introduced Mr. Green to the personnel director, Mr. Litsinger, to Mr. Alderman, the county solicitor, to Mr. Fred DuBarry and others in the county council in the county office building on August 7, in the hope that Mr. Green's qualifications would be recognized. However, the appointment was denied on the grounds that the individual would have to be a resident of Baltimore County; and the reason that was given to us was that the extremists in the county would make hay out of this particular appointment.

MR. POWELL. Has the commission ever made any recommendations to the county executive about the problem of the shortage of low-income housing in Baltimore County?

MR. DAWES. Yes, we have joined a rising force of people in the county who are concerned about the fact that as a political sub-

division we are not doing our job in making provision for families who are in difficulty.

MR. POWELL. Has the commission made any recommendations to the county executive regarding discrimination in the sale or rental of housing in Baltimore County?

MR. DAWES. This really is not the problem in the political sphere; we have taken that problem up with the real estate board; with the Sun papers which handle 90 percent of the classified advertising in real estate in the metropolitan area; and we have asked people functioning in the private business sector to change their outlook, to change their practices.

MR. POWELL. From your experiences at the commission, do you believe that a person complaining of housing discrimination has adequate channels for relief in Baltimore County?

MR. DAWES. I would like to cite a specific instance which I believe answers the question.

MR. POWELL. I must caution you, Mr. Dawes, don't mention any specific names.

MR. DAWES. No, I won't do that.

CHAIRMAN HESBURGH. I think that we should make a point in case people in the audience don't understand why the Counsel said that. We are trying to avoid defaming anybody.

MR. DAWES. A home was purchased by a couple through a well-known Towson Realtor. Subsequently the buyers discovered that the house had no independent water and sewer system. It was hooked up to two houses across the road. Before suit was filed, the purchasers and their attorney, Ann Cramer, tried to get all parties, seller and Realtor, to talk. Upon their refusal, Mrs. Cramer learned that the real estate board has an ethics committee set up to receive complaints and wrote at the suggestion C. Willis Hammond, setting out the facts of the case and requesting that Mr. Hammond try to get all the parties together for a hearing on the matter.

The only response came from the Realtor's attorney who charged that his client considered the position of the attorney libelous. This suit was finally resolved in a court case and a court decision handed down June 10, 1970, in the circuit court of Howard County, the jury bringing in a verdict in favor of Mrs. Cramer and her clients.

The point being that in this instance an individual through an attorney filed a grievance with the ethics committee or presumably would be brought before the ethics committee of the Greater Baltimore Real Estate Board, and the result was a lawsuit with the

complainant and their attorney being obliged to go to considerable expense of defending themselves in court against a libel suit.

They have been exonerated by the jury's finding; it is a matter of public record in the Howard county court.

Now these people happened to be white, and I would have to say that if a person were black it would be that more difficult to obtain redress for a grievance or even a hearing by the people that we look to to monitor this profession.

MR. POWELL. Turning to something you said earlier, Mr. Dawes, you mentioned that the commission had made recommendations to the county executive regarding the shortage of low-income housing. What was the county executive's response to those recommendations?

MR. DAWES. I would say that we have had no response specifically to that issue from the county administration. That particular report in which we called attention to this matter again, and as I recall the only comment that we received from the county executive on that report was that it was not given to his office or he did not get it before the report appeared in the newspapers. And he criticized us for that fact rather than responding to the issues that were brought forward in the report.

MR. POWELL. Mr. Dawes, on August 3 I understand that the county council passed a bill for reorganizing the commission; is that correct?

MR. DAWES. They passed a bill which changed the name of the commission, and put the responsibility for the full-time executive director in the office of the county executive.

MR. POWELL. What do you believe the impact of these amendments will be on the activities of the Commission?

MR. DAWES. Well, we hadn't accomplished very much up to this point. We have got to try to fill the post. We were told we had a salary appropriation of \$13,000; we have a larger office facility being made available to us; we have no other course but to try to fill the post with a qualified individual and go forward from here.

Apparently the county council would not fund a full-time executive director under any other condition, and that being that the county executive would take full responsibility for this individual and for his conduct.

CHAIRMAN HESBURGH. May I interpose here for a moment. You mean by that that he reports to the county executive instead of to the commission?

MR. DAWES. The law was amended in passage to state that the director would carry out such duties as the commission would as-

sign from time to time. We have been assured by this county executive that he expects us to compile a list of well qualified people and submit it to him and that he expects other departments in the county to cooperate with this individual in carrying out whatever programs we may set him on.

CHAIRMAN HESBURGH. I am just trying to clarify the line of responsibility and reporting. For example, Mr. Glickstein is appointed by the President of the United States but he follows out the policy set up by this Commission.

Now as I understand—I wouldn't have any problem about the county executive appointing the executive director of this commission but does he work for the commission or for the county executive, that is what I am asking?

MR. DAWES. He is to work for the commission.

MR. POWELL. Mr. Chairman, the Commissioners can ask questions if they wish; I have no further questions.

CHAIRMAN HESBURGH. I will ask Mrs. Freeman to do the questioning for the Commission.

COMMISSIONER FREEMAN. We have heard testimony these last 2 days which indicates generally a hostile attitude in Baltimore County to blacks. I would like to know if you will give your assessment of the attitude of the residents of Baltimore County to blacks?

MR. DAWES. Generally, I would say that the attitude of people is negative. A great many people are without personal knowledge of black people. They respond to stereotyped ideas that we have all been brought up to inherit in a segregated society. We have a great many residents in the county who have had bad experiences in neighborhoods in the city where the real estate industry has abandoned areas once change has begun and they feel that they have been hurt and to them racial change means great difficulty, it means dissolution of neighborhoods, and they don't recognize the great harm and the great hurt that is done to black people who are caught up in this process as well.

And as yet we are unable to face the reality that we are not building decent communities for working people period, whether they be black or white.

And one of these days I would hope that people would begin to see what their common goals are and begin to work to achieve these rather than to fight each other over racial separation.

COMMISSIONER FREEMAN. Then the situation would require a very effective human relations commission, would it not?

MR. DAWES. Yes, we have a long way to go. The private institutions, we need a strong commission in order to gain credibility

with the private institutions such as the Sun papers. We pointed out to them our feeling that their classified columns are used by people in the real estate business to maintain a pattern and we described in a letter of November 12, 13 specific ads that were listed in the suburban columns, under the classification Suburban. And these 13 locations were all in the city.

Real estate people have made an effort to change this situation, too, without any effect. The Northeast Community Organization in the city is today attempting to meet with the classified people to bring about a change in the way properties are advertised.

People have brought us to this point through the free enterprise system and I think these same institutions are going to have to show some leadership in leading us away from these stereotyped patterns we have lived under in the past.

COMMISSIONER FREEMAN. What are the kinds of programs that if you had as much money as you think you need, and we would like to have you indicate how much you think you need. What are the kinds of programs that you see an agency such as yours carrying out?

MR. DAWES. In our justification for a salary for a full-time executive director, we have said that we have changing neighborhoods in the county, and there is prospect of increasing activity by business and other institutions to further equal opportunity. So we need a professionally qualified individual to work on educational and informational programs, programs designed to prevent disorganization and disruption and in the long term will be much more economical than those that are crisis-oriented, understaffed, and unable to follow through.

We would hope that the full-time person would undertake programs of neighborhood stabilization in formerly all-white areas where blacks have begun to purchase or rent, provide educational services to residential areas with factual information on open housing, combat the fears, the myths, and misconceptions which make neighborhoods prey to exploitation.

We worked very hard on an antisolicitation bill in the county beginning last summer; however, on July 5 the county executive announced on TV that he had elected to place his confidence in the industry to police itself, and, frankly, we are quite skeptical of this industry for reasons that I have cited earlier to do an effective job of policing itself and to restrain that minority of operator who will exploit the fear that many of us have been raised to believe in or to participate in. There are enough of these people who will exploit this situation to tear up otherwise sound neighborhoods.

COMMISSIONER FREEMAN. Do you see any hope in the leadership, governmental or private, as it is now in Baltimore County?

MR. DAWES. I think they have catered too much to the extremist element in the county. And they are a tough bunch; they harass people and I am sure that to be a county executive or even a county councilman in this county and to take position in favor of any kind of social progress is to subject oneself to a great deal of personal abuse.

So I feel that they have accommodated, they have compromised with extremists in order to keep calm in the waters because the majority of our people are, let's say, not receptive to begin with, so when the extremists set up a howl over a particular issue, as they have done since 1964 in this county, they have always been successful at the polls, not because of the extremists' strength in their own right, but because of their ability to exploit fear. I feel that the political leadership has failed to find a way to communicate with the moderate element in the county, which I believe with some effort, with some work, is the majority of the people. They have tended to give too much leverage to the extremist element; and I think this was part of the reason why the county executive subjected me to a great deal of personal criticism for about 10 weeks, beginning April 30, in order to placate the extremist element in the county.

For example, we have a letter from one of these individuals that has been quoted to me frequently by the county executive as being a factor to be taken into account. He says in a letter to the county executive—it's not dated, it came into the office within the last week, in which he says to the county executive: "I know you think you are tough but you are nothing but all mouth. Remember the Dundalk YMCA when you made that appearance and off the cuff you said that if they give you any stuff"—and he is talking about the commission now, "—you will get rid of that nigger-loving outfit altogether. Remember the conversations we had over the phone, after that outfit nearly purged Lou"—he happened to be a magistrate involved in some of the cases that came up—"when you told me that you were not going to take any of their crap."

So it is that kind of dialogue that I suppose people in public office cannot escape, but I feel that if the people in political life would let us do our job, we could—we would listen, it is our job to listen to people who have this kind of attitude but I think we could—if we could be permitted to do our work, we would, over a period of time, reduce the effectiveness of the extremists on the body politic in the county.

I really believe the majority of people are not interested in having public policy set by or even influenced by individuals with this outlook.

COMMISSIONER FREEMAN. Thank you, Mr. Dawes. I have no further questions.

CHAIRMAN HESBURGH. Any further questions?

COMMISSIONER RANKIN. I have one question.

You mentioned that you haven't received too much support from the people of the county. This question can be answered yes or no. Have the clergy and the church supported you?

MR. DAWES. I would say from the people in the county we have been tremendously encouraged by all walks of life.

COMMISSIONER RANKIN. The people in the churches and the clergy in the county? They have supported you?

MR. DAWES. Yes.

COMMISSIONER RANKIN. What about the university and college community in the area?

MR. DAWES. They have done their best.

COMMISSIONER RANKIN. Thank you.

MR. DAWES. We had quite a cross section at the county council hearings on July 20th when they had a hearing on this bill that I mentioned earlier. Quite a substantial cross section of people speaking in behalf of the commission to be maintained as an independent body.

CHAIRMAN HESBURGH. Mr. Dawes, you have been speaking about extremists. In a polarized society there are extremists at both ends; which end are you talking about?

MR. DAWES. These are white extremists. As a matter of fact—the only—

CHAIRMAN HESBURGH. White extremists in what sense? They are against something? Against progress? Against what?

MR. DAWES. They are against—

CHAIRMAN HESBURGH. Extremist is a word used so much it doesn't mean anything any more.

MR. DAWES. Race mixing is one of their favorite phrases. We are all race mixers and they are very concerned that someone in power—rich liberal is another favorite goat—that people who live out in the lush green valleys of Baltimore County, the valleys of Baltimore County, are going to advocate programs that will affect the neighborhoods of working people, modest-income people. They view their threat as coming from this type of individual.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. I have one brief question or two for clarification.

You mentioned in your April report the county executive responded by basically criticizing the commission, saying—did he say he never received it or what?

MR. DAWES. He criticized us for giving it to the press.

VICE CHAIRMAN HORN. The report?

MR. DAWES. Yes, and it had been in his office fully a week before the press got ahold of it.

VICE CHAIRMAN HORN. In other words, his office had received it and if he hadn't seen it that was a problem of his own office, not your commission.

MR. DAWES. That is right. As a matter of fact, this commission started out last summer in commending the county executive for a speech that he made August 26th in the city, and we have always taken the opportunity to cite that speech as clearly defining our dilemma. He cited the black-white polarization and the most crucial difficulty that we faced since the Civil War, and we commended him for taking a lead in that case. We have quite a bit of correspondence wherein we attempted to cooperate with the county executive. For example, we asked him to assign, back in October, one of his full-time administrative assistants to the commission in order to improve our relationship and communication, and we really didn't get into hot water until we asked the press to investigate the allegations of wrongdoing that were brought before our commission in the Turner Station area.

We felt that the people just believed that nobody cared what was happening to them and if we could somehow get the word out about what was happening in that particular area, at least in terms of several cases at the magistrate's level, why we might be able to bring some assurance to them that there was an avenue for correction.

VICE CHAIRMAN HORN. Let me ask you one other question for clarification. You referred to the classified ad pages of the Sun papers?

MR. DAWES. Yes, sir.

VICE CHAIRMAN HORN. Since I am not from Maryland, is that the well-known progressive paper, the Baltimore Sun you are talking about?

MR. DAWES. Editorially it is very progressive or liberal in its outlook and has always supported moderate civil rights progress but the people who run the business side of the paper are business people and they told us that if we could get the real estate industry to ask for reform they would be happy to cooperate, but they weren't going to tell their customers how to advertise their wares.

VICE CHAIRMAN HORN. In other words, they don't have a map that tells them what street addresses are actually in the county and what are in the city so that when you place an ad you could put it automatically in the city columns, if it was indeed in the city—

MR. DAWES. Yes, sir, there are three headings, City, Suburban, and Rural. And Realtors tell me that if they have a property in Bolton Hill, for example, which is one of the areas we cited, that is a middle class area, they will list it under suburban, they wouldn't dare list it under city.

VICE CHAIRMAN HORN. How long has this issue been before this well-known, distinguished, progressive newspaper? How many months?

MR. DAWES. Well, the real estate people have been working on it I understand for years, and we took it up with them in November last year. And now they are hearing about it again from the Northeast Community Organization which is a collection of city neighborhoods.

We are trying to get some reform into the real estate industry and how it handles property in changing neighborhoods.

VICE CHAIRMAN HORN. Thank you.

CHAIRMAN HESBURGH. For once in its history the Commission is going to get through early—go ahead.

COMMISSIONER MITCHELL. I have a short comment and it comes because I am an old journalist and I detected a note of sarcasm in Commissioner Horn's voice, but what is really one of the great and truly distinguished newspapers in the United States. You know you can wrap a fish in a newspaper and that doesn't make it the enemy of the meat industry.

CHAIRMAN HESBURGH. Do any of the other Commissioners wish to prolong this or go to dinner?

Ladies and gentlemen, we are going to resume this evening at 7:15.

We have two subjects this evening. The first subject is Planning and Zoning in Baltimore County. And the second is Regional and State planning.

Thank you very much, Mr. Dawes.

(Whereupon, at 5:40 p.m., the Commission session was recessed, to be resumed at 7:15 p.m. that evening.)

TUESDAY EVENING SESSION
AUGUST 18, 1970

CHAIRMAN HESBURGH. Ladies and gentlemen, the evening session of the U.S. Commission on Civil Rights will now come to order.

We begin this evening on the general subject of planning and zoning in Baltimore County with a staff paper. Mr. Counsel, will you introduce our staff man?

MR. POWELL. The first witness, Mr. Chairman, is David Hunter. (Whereupon, Mr. David Hunter was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. DAVID HUNTER, STAFF ATTORNEY, U.S.
COMMISSION ON CIVIL RIGHTS

MR. POWELL. Mr. Hunter, are you an attorney on the staff of the United States Commission on Civil Rights?

MR. HUNTER. Yes, I am.

MR. POWELL. I have here a report entitled "Land Use Control in Relation to Racial and Economic Integration". Did you prepare this report in connection with this hearing?

MR. HUNTER. Yes, I did.

MR. POWELL. Would you summarize it for us, please?

MR. HUNTER. Yes, I will.

Through the provision of public facilities and through the use of zoning and related land use control, a local government has an important degree of control over how land within its boundaries is used. With respect to residential uses, zoning is generally considered a key factor in determining the character of a residential area. Many jurisdictions require large lots and prohibit apartment construction in order to limit the financial burden of municipal services.

Fewer people, especially fewer low-income people, means fewer schools to build, fewer roads to build, lower or nonexistent welfare costs, and lower expenditures for police protection. It also means higher status for the community and for its residents.

But this exclusionary zoning as it is called carries with it severe disadvantages, both for residents of neighboring areas and for the residents of the municipality doing the zoning.

While a given town's cost for roads and sewers, for example, will be lower if it has fewer people, its cost per person for these services will be higher. Development that is spread out means more miles of expensive roads, more sewer lines to be put in; therefore, for the whole metropolitan area the total cost of roads, sewers, and similar improvements will be higher than for lower density development.

Secondly, people have to live somewhere. If one town manages to exclude a group of people, some other town will not be able to, and the same services will be required whichever place the people live.

The question which is begged by exclusionary zoning, therefore, is who will pay the cost of schools, welfare, and the like. Will it be, to phrase it in the terms in which this question generally arises, the central city of a metropolitan area suffering from the flight of industry and burdened by heavy costs, or will it be suburban areas which are rapidly gaining employment and generally contain a wealthier constituency than do the cities?

Because of what many consider abuse of the zoning process, there has been much litigation during the past 2 years concerning the use of zoning as an exclusionary device.

The U.S. Supreme Court has not yet spoken on the constitutional issues involved in exclusionary zoning but it is generally safe to conclude that zoning that operates to exclude minority group members or low-income families from a community is of doubtful constitutionality.

This does not mean that all large lot zoning is of doubtful constitutionality. There may be invalid reasons for requiring, for example, 5 or 10 acre lots, but there are also valid ones.

A municipality which has an ample supply of vacant land zoned for high density development may want to prevent any significant residential development in a more distant area, preserving it for development after nearer land has been used.

While zoning and other land use control tools often have been used as exclusionary devices, it is also possible to use them as exclusionary devices, to make it easier for minority group members or poor people to live in a community. For example, as a condition of being allowed to build within a jurisdiction, developers can be required to undertake affirmative efforts to overcome existing racial barriers and to market their houses and apartments to Negroes.

Secondly, in order to reduce the cost of residential development and to reduce the disparities between the amenities available to the more and to the less affluent residents of the jurisdiction, the local government can provide at its own expense the local roads, sewers, water supply, parks and recreation facilities, swimming pools, public transportation, and child care facilities required for residential development.

Third, higher density residential zoning can be used.

Fourth, local government can coordinate its policies and the approval of new developments with its social programs and planning.

Agencies not now involved in the review of zoning applications or subdivision building permit applications but which are concerned with the social policies of the jurisdiction can be included.

Fifth, proposed development, which would provide housing for all income levels or which are near facilities which make them more attractive to lower-income families or to minority group families, could be given preference in the land use approval process.

The use of zoning and other land use controls in Baltimore County can be examined against this background of the possible exclusionary and inclusionary uses of the land use control process.

The proposed zoning regulations which were passed by the Baltimore County Council with amendments on August 3 were intended to help achieve the goals of the Baltimore County Guide Plan.

The principal goal of the guide plan is to channel more intensive development into several selected areas of the county. This plan of development would allow the county to retain undeveloped during the next decade the northern and northeastern rural sectors of the county.

In listing the planning goals for the county, the guide plan makes, however, no mention of providing adequate housing for blacks or for lower-income families.

The major change made by the council in the zoning regulations was to eliminate the major holding zones provided in the proposed ordinance.

The ordinance recommended by the planning board called for a holding zone in the northern part of the county with a 10 acre minimum lot size designed to postpone suburban development in the area for at least a decade, and a permanent green belt across the middle of the county with a 3 acre minimum lot size.

As amended by the county council, both of these zones will have a minimum lot size of 1 acre.

The county council's action on balance appears to have created a major obstacle to racial and economic integration in Baltimore County. Reasonably concentrated development is essential if there is to be an adequate supply of moderately priced housing and of support of facilities such as public transportation, nearby shopping facilities, and the like needed in economic and racially integrated neighborhoods.

Large lot development in the northern part of the county will intensify a growth pattern of suburban sprawl, seriously inhibiting higher density, low-income residential development in the county. Moreover, it will facilitate further racial and economic polarization

in the metropolitan area enabling those able to afford them to flee to homes on 1 acre lots still further from the city.

That is all.

MR. POWELL. May this be entered into the record?

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 14 and received in evidence.)

CHAIRMAN HESBURGH. Thank you very much, Mr. Hunter.

Our next witness will be a planning consultant of the Commission on the same subject of planning and zoning in Baltimore County. I would like to call Mr. Yale Rabin to the stand, please.

(Whereupon, Mr. Yale Rabin was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. YALE RABIN, PLANNING CONSULTANT,
U.S. COMMISSION ON CIVIL RIGHTS, PHILADELPHIA, PENNSYLVANIA

MR. POWELL. Please state your name and address.

MR. RABIN. Yes, my name is Yale Rabin, and I live at 21 West Topohokin Street in Philadelphia.

MR. POWELL. What is your profession?

MR. RABIN. I am an urban planning consultant.

MR. POWELL. Could you describe for us very briefly your educational background and professional experience?

MR. RABIN. Yes, I studied architecture and planning at the University of Pennsylvania from which I graduated in 1960. Following that I worked as an urban planner in Camden, New Jersey; in London, England; and when I returned from England I worked on the staff of the University of Pennsylvania.

In 1967 I entered private practice as a planning consultant and my practice is devoted almost exclusively to problems involving the impact of public programs on minority and low-income groups.

I have been a consultant to the NAACP Legal Defense Fund and to the Columbia University Center on Social Welfare Law and Policy and numerous other legal assistance agencies in the country, and working for them I have represented minority groups in many cities around the country who were involved in conflict over urban renewal, highway construction, model cities, public housing, and programs of this kind, zoning, municipal facilities, and so on.

MR. POWELL. Mr. Rabin, you carried out research in Baltimore County under contract with the Commission, is that correct?

MR. RABIN. Yes, I have.

MR. POWELL. I have here a copy of a report entitled "The Effects

of Development Controls on Housing Opportunities for Black Households in Baltimore County, Maryland”.

Is this the report you prepared for the Commission?

MR. RABIN. Yes, it is.

MR. POWELL. Mr. Chairman, with your permission, I would like the report entered into the record of this proceeding.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 15 and received in evidence.)

MR. POWELL. What was the purpose of this research, Mr. Rabin?

MR. RABIN. The purpose of the research was to examine various aspects of development control in Baltimore County, and to determine what the effect of those development control activities was on opportunities for blacks, for residents for housing in Baltimore County.

MR. POWELL. Did your research include extensive field work in the county?

MR. RABIN. Yes, it did. It involved several surveys, travels around the county which involved visits to all of the existing black residential areas and many, many interviews with residents of those areas.

MR. POWELL. Could you describe for us in general terms the current pattern of black residence in Baltimore County?

MR. RABIN. With the exception of I guess the area in which we now are, which is the Woodlawn Area, perhaps it would be best if I just stand and point this out on the map.

I should add that the survey which I did concerned itself only with what we term the urbanized part of the county, that is, south of a line through Reisterstown and Cockeysville. And within that urbanized area, there are perhaps 19 or 20 existing small enclaves and several, of course, larger areas in the county which are predominantly black residential areas.

Only in the Woodlawn area which is the one in which we now are, can it be said that there is any racial integration in Baltimore County. In all of these other places, black residents live in what are isolated black enclaves.

MR. POWELL. In some cases, are there significant differences in such matters as public improvements between black residential areas and surrounding areas?

MR. RABIN. Yes, in many of the black residential areas streets are not paved, the level of public services is lower than in the immediately surrounding white residential areas. I think good examples of this are to be found in Catonsville, where, in the northeastern

part of the black residential area, streets are unpaved or in Towson where curbs and gutters do not exist in the black residential area but do in adjacent white residential areas. In places like Wynons where the streets are unpaved, and there are several others. Do you want me to go through all of them?

MR. POWELL. Please summarize your findings concerning the effects of development control on housing opportunities for black households in Baltimore County.

MR. RABIN. I think it can be said that development control activities in Baltimore County have functioned to substantially reduce housing opportunities in the county for low-income, predominantly but not exclusively black households. And this has been done in several ways.

Nonresidential zoning of black residential areas has been a significant factor in the demolition of many black-occupied homes.

The traditional suburban device of totally excluding low-cost housing by preventing all high density development is not a factor; however, over 65 percent of the land designated for residential use in the portion of the county that we are talking about is zoned for two houses to the acre or less, and if one considers the residentially zoned land which is yet to be developed, about 90 percent of that is zoned for one house to the acre.

The expansion and renewal of some black residential areas is prevented by adjacent nonresidential zoning or unreasonably low density residential zoning. Some black residential areas have been isolated from their surroundings and particularly from adjacent white residential areas by discontinuous street patterns and, as indicated earlier, also many black residential areas are characterized by unpaved streets and a generally low level of public improvements while adjacent white residential areas often have paved streets and are better served.

Now code enforcement and subsequent demolitions combined with the absence of available low-cost housing, has forced many low-income black and some white families to leave the county.

In summary, it can be said that zoning and other development control activities in Baltimore County have played a major role in significantly altering the income distribution of the black population in the county through the systematic displacement of low-income black households.

MR. POWELL. Mr. Rabin, given the increase in employment as it occurred in different parts of the county, how adequate has the zoning process been in providing for housing near the areas of employment growth?

MR. RABIN. I am of the opinion that the zoning process has not kept up with the tremendous growth in employment, particularly as it has taken place in the Cockeysville area, and there would appear to be a serious shortage of zoning for high density housing in an area like that where over 16,000 new jobs have developed during the past 10 years.

The zoning pattern in the county is one which does not reflect at all the tremendous growth in employment in that area, nor does it adequately reflect the growth which is taking place in the Reisterstown area.

MR. POWELL. Would you point that out on the map, please?

MR. RABIN. The industrial development in the Cockeysville area is taking place within this blue zone here on the aerial photograph. Now the area surrounding it, the yellow and orange and brown areas designate residential zoning with the solid yellow indicating R-40 or one house to the acre zone. There is a lighter yellow which is R-20 or two houses to the acre; the orange is R-10 or roughly four houses to the acre; and the striped orange is R-6 or approximately seven houses to the acre.

The solid brown is apartment zoning; and the striped brown is group house zoning.

Now I am sorry that this is probably not too clear at any distance, but an inspection of it would clearly reveal that the high-density zones—that is apartment and group house R-6 zones—are concentrated in the southeast and to a lesser extent in the southwest area with some apartments inside the beltway in the Towson area.

When one comes up into this rapidly developing industrial area, one finds mostly R-10, R-40, R-20, and a few small areas of apartment zoning which, as I indicated earlier, are far out of proportion to the level of employment which is being generated in the area.

MR. POWELL. Mr. Rabin, you have stated that zoning has helped to dispel low-income black residents from the county.

Could you give any examples of this?

MR. RABIN. Yes, I think two of the possibly clearest examples taking place in Turner Station and in Towson. In Turner Station we had a situation, again let me take the pointer here, this area in the southwest part of Dundalk is known as Turner Station, and the very southern part of the area comprises the fairly sizable black community. The largest single black community in the county.

Almost the entire community was developed during the 40's as a consequence of housing that was developed to house black workers who worked in the Sparrows Point steel mill.

Over 90 percent of the housing in that area today was developed after 1940. At that time there were also housing projects which existed in this area which is blue on this map and which is zoned for industry.

There was a project in here of some 600-odd homes or apartments known as Sollers Homes, which was built in this industrially zoned area. These homes were built under a Government program, were operated by the Baltimore Housing Authority until 1954, and then were sold to a private owner who operated them as private housing until the late 60's, at which time they were demolished and the land was sold for industrial use.

Now I think it is interesting in this regard to note that on the guide plan quite logically this entire belt on the west side of the railroad tracks is indicated for industry but those of you who can see, you find that there is a pocket in the middle of this industrial belt which is zoned R-6. This happens to be a white residential area and both of these areas were there at the time the zoning was applied but the black residential area was zoned for industry and the white residential area which remains is zoned for residence.

In Towson, there was a black residential area which no longer exists which was known as Sandy Bottom, located in an area just southwest of York Road and just north of the town center. Now there again commercial zoning led to a great deal of speculation on the part of landlords; the area was largely tenant occupied, so that houses were sold out from under their occupants, some were transferred; many of these parcels were transferred to commercial use.

In addition, much of the housing which remains in Towson, much of the black housing which remains in Towson and which is inside of what is proposed to be the road loop around the town center, much of that housing is also now zoned for commercial use.

And there would appear to be under these circumstances little way of preventing its use also for that purpose and the displacement of the families who live there.

MR. POWELL. Based on your investigation, do you expect this type of displacement to continue in the future?

MR. RABIN. Yes, I would say so, and this is because many—I believe that about 10 of the existing 20 black residential areas are located in places which are now zoned for nonresidential use; that is for industry, or for business, and some of these are located in ways very similar to the instance which I just cited. If I can cite another one, there is a community out here in an area called Bengies where once again there is a very sizable industrial belt and in

between an area which would form the logical connection in land use here, there is a small, rather recently developed white-occupied subdivision which has been, I would say, spot zoned for residential in that area, while the black residential areas, which existed long prior to the superimposition of the zoning, were zoned for industry.

MR. POWELL. Mr. Rabin, do you have any general observations on the effect upon black and low-income residents in the county of federally financed highway construction in the Baltimore area?

MR. RABIN. Yes, I would say that the primary effect is visible in the Towson area. Again, the tendency has been normally when one talks about the adverse effects of highways, to limit that consideration to the effects of displacement. And this tendency has often caused us to overlook the far more significant and far more long-range effect of highways which are to generate a great change in industrial and commercial uses, and more specifically the kind of decentralization of industry in which Baltimore County has been no exception. So that during 1969, for example, some 35 industrial firms, I believe, moved from Baltimore City and relocated in the county.

The decentralization of these firms has a marked effect on employment opportunities in the city and when that effect is combined with the absence of housing opportunities in the areas to which those plants relocate, then there is a very substantial and very far-reaching effect on black residents.

MR. POWELL. Mr. Rabin, are there other instances in which blacks have been forced to leave their area by reason of public action?

MR. RABIN. Well, there have been condemnations for various reasons. In the Patapsco area, there were a series of condemnations several years ago near the sewage treatment plant on Northpoint Boulevard where I believe 30 to 35 black families were displaced with no relocation assistance.

I understand from people who live in the area—and this by the way is true of those who live in the Turner Station development also—that a substantial number of those families were families receiving public assistance in the county and they were families who, after displacement, were unable to continue to live in the county.

A similar but smaller example of this occurred also in the Texas area where an apartment building which housed seven black families was condemned and demolished. More recently, I think it is important to note that nine low-income white families were—I don't know whether they were or are about to be displaced—from

housing in Oella, so that the general effect of these kinds of actions is to establish a kind of income standard for residents in the county and to prevent low-income families who are in this instance predominantly black, from continuing to live in the county.

MR. POWELL. Have street patterns tended to limit the growth of black neighborhoods?

MR. RABIN. Yes, they have. Again, Catonsville, I think, is probably the most outstanding example of that, because in Catonsville you have an extensive black residential area and yet with the exception of Winters Lane, which is the major north-south street running through that black residential area, almost all of the other streets within that area are either deadended within the area or looped on themselves.

And this is so in spite of the fact that the official zoning map of the county clearly shows some of those streets as continuous with the streets in the adjacent white residential neighborhood. However, they are in fact discontinuous.

MR. POWELL. What actions could Baltimore County take to avert the trend of displacement of blacks?

MR. RABIN. There are a great many things I think which need to be done.

I think the county needs to adopt fair housing and fair employment practices ordinances. The county needs to establish a housing authority. They should rezone wherever necessary existing black residential areas and their surroundings to permit continued residential uses at densities which reflect both the economic character of the community and its potentials for growth.

They need to create substantially greater areas of high density residential zoning in the Cockeysville area and I would say similarly in the Reisterstown area.

They need to pave presently unpaved streets in black residential areas and equalize the provision of other improvements such as sewers and street lights.

They need to end the isolation of some black communities by opening and improving dedicated rights of way.

The county should seek and apply Federal subsidies for streets, utilities, and open space in areas where low-income groups live or might live in order to reduce development costs.

I think the county could further encourage the production of low-cost housing by exempting developers of low-cost housing from all or part of the costs of site development.

MR. POWELL. Mr. Rabin, why should we want these black areas

in Baltimore County to grow? Are we just creating suburban ghettos?

MR. RABIN. No, I don't think so. I think if we are to provide real choice and real equality of opportunity, then everyone must have that chance to choose what kind of a community they want to live in. I think if we were to say that in our judgment, all of these areas should be eliminated in order that all black people must live in racially integrated areas as determined by our judgment, I think that would be as wrong as what we are doing now.

MR. POWELL. Mr. Chairman, I have no further questions.

CHAIRMAN HESBURGH. Mrs. Freeman, would you like to begin the questioning for the Commissioners?

COMMISSIONER FREEMAN. I would like to know if you would go back to the three areas you were describing where there are black residents who have resided in that particular area for a long time and then there are, next to or adjacent to that, white enclaves that are now—that the zoning is residential, but for these areas it is zoned commercial.

Could you point that out maybe on this white map over here so we could—

MR. RABIN. Let me go through and I can list several of those. There is one area by the way which is not shown on this map, which is out here in an area called Lauralee, which is an area near Pulaski Highway and John F. Kennedy Highway, and that community out there is entirely industrially zoned.

COMMISSIONER FREEMAN. How many families live in that area?

MR. RABIN. The 1960 population of that area was 212.

COMMISSIONER FREEMAN. And how long have they been residing in that area?

MR. RABIN. Well—

COMMISSIONER FREEMAN. From the beginning?

MR. RABIN. Exactly how old is the community?

COMMISSIONER FREEMAN. Was it 100 years? 50 years?

MR. RABIN. The community is over 50 years old, yes.

COMMISSIONER FREEMAN. Will those families be displaced?

MR. RABIN. It is my opinion that when industrial development reaches that point, that is, when the spread of the industrial belt continues out along that line and the demand develops for that land, those families will be displaced, yes.

COMMISSIONER FREEMAN. Would this be defined, probably, as black clearance?

MR. RABIN. It will certainly have that effect.

COMMISSIONER FREEMAN. Will you point out any other such areas?

MR. RABIN. Yes. Out here along Eastern Boulevard, there is a community which is located in a couple of separate areas called Bengies, and the portion of it that is located south of Eastern Boulevard is in an area which is zoned commercial, and the portion of it which is located north of Eastern Boulevard is in an area which is zoned industrial. Here in Edgemere, there is a black community out on Sparrows Point Boulevard and the bulk of that is located in an area which is zoned commercial.

COMMISSIONER FREEMAN. Do you know if any of these areas will be supported in their reuse by Federal programs, either from the Transportation Department or the Department of Housing and Urban Development?

MR. RABIN. Certainly anything that takes place in this corridor or in the corridor of the beltway, or in the corridor of the Baltimore-Harrisburg Expressway, in the way of industrial development, I think can be said to be a direct consequence of the participation of Federal funds in generating that land use, in making that land assessable. This has been documented in numerous studies.

COMMISSIONER FREEMAN. Then the Federal Government is participating in this kind of clearance?

MR. RABIN. The Federal Government is making possible the development of land which will ultimately, I believe, displace the people who now live in those industrially zoned areas.

COMMISSIONER FREEMAN. Do you know if the residents, the black residents of those areas, have been active in protesting these programs or the consequence of the clearance?

MR. RABIN. I am not aware of the extent to which residents are even knowledgeable about the zoning, except in Towson, where I know that people are quite aware of the commercial and industrial zoning, which has been applied in parts of the black residential areas.

COMMISSIONER FREEMAN. And the zoning itself is a governmental action, is it not?

MR. RABIN. Yes, it is an action of local government of the county.

COMMISSIONER FREEMAN. Thank you. I have no further questions.

CHAIRMAN HESBURGH. Mr. Rankin?

COMMISSIONER RANKIN. Mr. Rabin, on this matter of zoning, have you ever served on a zoning board?

MR. RABIN. No, I have not.

COMMISSIONER RANKIN. Well, it is an interesting experience, because in some areas they are beseeching you to turn it into industrial areas. It is desired, because their property values go up as

industrial rather than in a run-down residential area, isn't that true?

MR. RABIN. Well, zoning, in my opinion, is not as it has been practiced a terribly scientific process. I think zoning is one of the most wishful aspects of planning and communities tend to tremendously overzone for uses that they would like and to underzone for things that they don't want to have.

COMMISSIONER RANKIN. Well, would you call this overzoning or underzoning?

MR. RABIN. I would call this underzoning for high density residential use.

COMMISSIONER RANKIN. But zoning doesn't constitute the taking of land. It regulates the use of land, that is all.

MR. RABIN. That is true, but when land is predominantly tenant-occupied, zoning creates a circumstance over which the residents of the area have no control. Again, Towson was the best example of this.

COMMISSIONER RANKIN. Well, now do we appeal before the zoning board? My citizens and my neighbors go down before the zoning board and make appeals to them, "Don't you change this zone!"

MR. RABIN. Property owners.

COMMISSIONER RANKIN. Property, yes.

MR. RABIN. Tenants are seldom heard and tenants are the ones who feel the brunt of the decisions which property owners make in order to profit from the zoning.

COMMISSIONER RANKIN. That is true. Well, have you looked into the ownership of this land in these areas?

MR. RABIN. Yes, I have. In most of these areas, the bulk of the housing is tenant-occupied.

COMMISSIONER RANKIN. It is tenant-occupied property?

MR. RABIN. Tenant-occupied, yes, sir.

COMMISSIONER RANKIN. You heard the man this afternoon, the Realtor, say that to have no zones would be their idea of heaven?

MR. RABIN. I didn't hear that. I heard about it.

COMMISSIONER RANKIN. You heard about it?

MR. RABIN. Yes, I did.

COMMISSIONER RANKIN. Houston is the largest city that doesn't have zoning, isn't that correct?

MR. RABIN. I believe so, yes.

COMMISSIONER RANKIN. Would you like to follow Houston's example?

MR. RABIN. No, I don't think so.

COMMISSIONER RANKIN. But by *Buchanan v. Wally*, could you prove this, that this is done for the purpose of racism or against the black race in these instances that you have mentioned here?

MR. RABIN. Oh, no. No, I only said that this is what the effect is.

COMMISSIONER RANKIN. If you show that this is the effect, wouldn't that be sufficient to go to court about?

MR. RABIN. It might be, yes.

COMMISSIONER RANKIN. By *Buchanan v. Wally* and other cases, it is unconstitutional to zone for color.

MR. RABIN. That is true.

COMMISSIONER RANKIN. So wouldn't you recommend that these areas, then, go to the courts to protect their interests?

MR. RABIN. I would think that that decision is really one which needs to be made by the aggrieved people who live in the area.

COMMISSIONER RANKIN. And zoning is also a very hard job, too, did you know that?

MR. RABIN. Oh, yes.

COMMISSIONER RANKIN. It is a very difficult job, and if you find so few instances of bad zoning, couldn't you point out about as many instances of good zoning in the area?

MR. RABIN. No, I don't think so.

COMMISSIONER RANKIN. You don't think you could?

MR. RABIN. No, I don't think so.

COMMISSIONER RANKIN. Well, since you had so few, I just wondered if there might not be some instances of proper zoning.

MR. RABIN. Well, as I said, I think that the problem derives mainly from the injection of extremely subjective factors into what could be a relatively objective process.

COMMISSIONER RANKIN. So we just speculate, really, on their objectives?

MR. RABIN. On the objective of the—

COMMISSIONER RANKIN. Of the zone, changed.

MR. RABIN. Of the zoning board?

COMMISSIONER RANKIN. Yes.

MR. RABIN. We can speculate about their objectives. We can be very specific about what their effects are.

COMMISSIONER RANKIN. If we are specific, then we could go to court.

MR. RABIN. Yes, I suppose we could.

COMMISSIONER RANKIN. Okay, thank you.

CHAIRMAN HESBURGH. Dr. Mitchell?

COMMISSIONER MITCHELL. Thank you, Mr. Chairman.

Mr. Rabin, in today's society we hear a great deal about the

future effects of present actions. And as a matter of fact, we are constantly reminded of them if we just look up at the sky and see the smog and recognize that when someone invented the automobile, they forgot that if you had too many of them you would get the air dirty and if you put too much industry along the river, even though it seemed at the time a great idea and a way to provide jobs, you might end up polluting the river.

What is to keep us from doing exactly the same thing in any concept of zoning? What are you saying about zoning that guarantees a happy after-life that wasn't built into everybody's earlier concept of zoning? Many of the illustrations you have given here, it seems to me, just demonstrate that most people who plan ahead and try to zone land end up with their front teeth stuck in somebody's tree.

MR. RABIN. Well, I don't think—

COMMISSIONER MITCHELL. What is the formula? What assurance are you offering as my consultant that this isn't going to happen to me, that I am not going to end up standing in the middle of some deserted meadow someday wishing I had figured out how to get a few neighbors around, or trying to get rid of some neighbors because I couldn't see the grass, or whatever it is that is an undesirable outcome?

MR. RABIN. Well, I don't think that there are any guarantees but, as I indicated, I think that there are some fairly reasonable steps which can be taken and there are some alterations which can be made in the process which would render it more equitable.

COMMISSIONER MITCHELL. Well, then, my second question is, since we probably both have the problem of each of us wondering whether the other fellow really knows what is going to happen 50 years from now, who should make—who has the primary responsibility in your opinion for planning the use of the land we live on? Are we coming to some ultimate point where you start in the city and you go out to the suburb and then you go out beyond the suburb to the standard statistical metropolitan, or whatever it is, and then you have a continuous city from northern Alaska to San Diego, or whatever we are heading for? At what point, who is responsible? How do you project the ultimate responsibility for zoning? Do we have a kind of grid of the United States with some computer in Washington deciding annually how the land will be used? Is it a neighborhood problem? Is it a community problem, a county problem, a State problem?

MR. RABIN. No, I think it is certainly a national problem, but most of the decisions should be locally made. I think that there

needs to be some kind of mechanism, both at the State or regional level, and at the national level, for, number one, resolving conflicts, and number two, creating some kind of set of priorities which relate to other things which go on in the country. Thus, when industrialization and mechanization in agriculture in the South take place, a massive exodus of people from South to North can be altered by some intervention which creates opportunities for reasonable urbanization in the South and some kind of orderly transition of people from obsolete jobs on the land to newly created jobs in urban areas, in cities, in an area which they help to build, in an area in which they could potentially exercise massive political control.

COMMISSIONER MITCHELL. Is there any place in the world where you can point to a model of that, that works?

MR. RABIN. I think that the system as it operates in Britain is a fairly reasonable one. I don't think there are any model ones. In Britain, planning and zoning coincide. That is, you don't have a guide plan and a zoning ordinance which are two separate documents. You have, essentially, a plan which is the zoning ordinance, and you have a completely different basis for the enforcement of that plan than we do here. Here, we use the police power for the enforcement of zoning; that is, we simply tell a guy, that piece of land is zoned for this use and you may not use it for anything else. In Britain, they rely far more heavily on compensation.

COMMISSIONER MITCHELL. Yes, but, of course, the British are an immature society that has just discovered its race problems. We are much further advanced in this—

MR. RABIN. I think we have a great deal to learn from them in the area of development control. The system which is employed there is not only a more equitable one, but creates far less resistance and conflict than is created by the system here.

COMMISSIONER MITCHELL. Do you see zoning decisions as being something that people should vote on, something that should be determined by some arbitrarily set formula, some legislative formula, some annually reviewed process by some central board? I am trying to find the mechanism that you have in mind that would achieve the goals you are suggesting.

See, you are in the State that, if I read your study right, and I know anyhow, has thus far produced no workable program or housing authority and in which in recent years, voters have overwhelmingly rejected proposals to enact public accommodation and fair housing legislation. What we are talking about here is a very

sophisticated approach to zoning. How do you go from one end of that scale of circumstances, the present situation to the other?

MR. RABIN. Of course, now you are talking about a political decision, which is ultimately going to have to be endorsed by the electorate and which probably has to begin with some State-enabling legislation. If the structure of zoning is to be changed, I think initially the first hesitant step is going to have to be taken at the State level. I think that given the things that zoning is used for now, the purposes which it serves, it literally makes no difference who makes the decisions. It serves the same bad purposes.

If, however, some ground rules were applied, some things which defined densities in relation to transportation, in relation to jobs, in relation to other things, and had built-in mechanisms for change in order to adapt to changing conditions, then these things could be well handled at the local level by local governing bodies.

COMMISSIONER MITCHELL. Just one quick question. Did I understand you earlier to say that projects in this area that use Federal funds or public funds were used to displace minority families who were then not offered relocation? Or did you say that studies clearly proved that this would happen?

MR. RABIN. I said, studies have clearly shown that highway programs create a tremendous decentralization of industry. I did not say that Federal programs in the Baltimore County area had directly brought about, other than highway construction, of course, which has displaced many families.

COMMISSIONER MITCHELL. Thank you.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Mr. Rabin, I was impressed by your paper and I would like to pursue some of the points you raised. Maybe I am going to repeat some of the ground. You note here in the opening page of your paper that in Baltimore County, Maryland, the authority to carry out these development control activities is vested in an elected county executive and county council.

Now, is there no zoning board in this county? Does the county council function—

MR. RABIN. No. No, I didn't mean to imply that. There is a zoning board.

VICE CHAIRMAN HORN. There is a zoning board. Okay. Have you looked into who is on the zoning board?

MR. RABIN. I have not, no.

VICE CHAIRMAN HORN. You have not. Have you looked nationally at zoning boards at all in your study of planning?

MR. RABIN. Yes.

VICE CHAIRMAN HORN. What do you find in terms of the type of people nationally that seem to be appointed or elected to zoning boards?

MR. RABIN. Prominent people in the business community with a heavy emphasis at the real estate and builder end.

VICE CHAIRMAN HORN. This is the same conclusion, I believe, Robert Walker made in about 1939 or '40 in studying urban boards across the country. Essentially, vested interests seem to get on these boards that have a stake in what happens in terms of changing zoning. Now, I wonder in your review of the black communities, and some of the white communities, in making your conclusions did you have a chance to look at the assessed evaluation of these communities in some of the ones you pointed out?

MR. RABIN. No. Some work was done by Commission staff on total assessed evaluations within the county and comparisons were made to the city, but it was not possible, given the kind of level of detail we were able to get into, to examine and compare.

VICE CHAIRMAN HORN. In other words, we really don't know when that so-called exception was made on connecting that industrial zone and a white community was excluded, if their assessed evaluation was maybe three or four times the black community that might have been included, or do we?

MR. RABIN. I would say that judging from the houses in the area, it is a predominantly low-income white community.

VICE CHAIRMAN HORN. In other words, you think the assessment evaluation of that white community was roughly the same as the black community that was included in the industrial zone?

MR. RABIN. Well, I couldn't say that. Again, there are some 50-odd homes in the white community. They are single houses. In the black community, there were 620 apartments. My guess would be that the assessment might have been greater in the black community.

VICE CHAIRMAN HORN. Now, you mentioned that many of the black community areas were tenant-occupied. I take it those apartments, of course, would qualify. How about some of the other areas in the county? I notice as I look at your history of some of these communities, they have been owned by black people since the Civil War and afterwards in some cases, or at least black people have settled there.

Did you find any owner-occupied areas owned by blacks which had been included in this industrial classification?

MR. RABIN. I don't know whether I can quickly relate those things. I can say, however, that there are several areas where there

is a good degree of home ownership. Some of them are more recent ones. They are the ones that come most immediately to mind. This area, the Woodlawn area; a subdivision in Pikesville. There is a fairly recently developed black residential area which was built around the nucleus of a very, very small and very old black residential area in Bear Hills, just north of the city, but that is something which is, perhaps, 20 years old.

There is also an area in Middle River Neck, in the Hyde Park area, which is predominantly a homeowner community and that is a residentially zoned community, but again that is a community with unpaved streets, poor lighting.

VICE CHAIRMAN HORN. In your examination of this county area, did you get into relative land values in various parts of the county?

MR. RABIN. No.

VICE CHAIRMAN HORN. You didn't?

MR. RABIN. No, I didn't.

VICE CHAIRMAN HORN. So you are really not prepared to say, then, whether a rezoning, to follow Commissioner Rankin's point, of a community that was primarily black would so benefit the individual if his land were sold to an industry, that he would have sufficient funds to go buy a home in another part of the county, State, or city. You can't really make that judgment on relative value?

MR. RABIN. No. I think the only judgment which one can reasonably make is that the zoning of an area occupied predominantly by low-income black families, in housing which is not terribly valuable, creates a tremendous value potential in that land, should it be made available for reuse to the zoned use, and it is this kind of windfall and not the assessed evaluation which is a factor. I don't believe, myself, that in that particular kind of decision that assessed values are terribly important.

VICE CHAIRMAN HORN. So it is possible that if a black citizen did own his home, he might benefit substantially from the rezoning. If he was a tenant, however, he would be strictly out on his ear, so to speak.

MR. RABIN. That is right. It is conceivable that some of the black residents of Towson who live within the inner-ring and who may own their own homes and those places are zoned commercial may be willing to accept as the prices of no longer being able to live in the county, the profit they will reap in selling their homes for commercial development, but I think they have to make the judgment on balance of whether they really have a free choice in that matter.

VICE CHAIRMAN HORN. I take it, in summing up the essence of your testimony, as I get it, you are saying that your impression of the effects of the zoning in Baltimore County is that the zoning has not sufficiently recognized the need for multifamily dwelling, which in turn is demanded by the growth in the job rate, in industry, in Baltimore County, and you are also suggesting that really the people with no political clout have had their houses rezoned for industry, but you are not going to the point of saying that that was a consciously discriminatory decision. You are saying it was an effect, which amounts to the same thing, and you can't really get into the motives —

MR. RABIN. Yes. I have no way of knowing what the motives were, which lay behind the zoning determinations. I can, as a planner, look at some of them and say they appear unreasonable. From a purely planning point of view, it is not reasonable that that area should have been omitted, and this one included. From a planning point of view, it is equally unreasonable that a document appears which has town centers and all sorts of things which are superimposed on land, some of which is already completely developed in other uses. And so we are confronted with a document which, you know, bears little relationship to the reality either of zoning or of the manner in which land has been developed.

VICE CHAIRMAN HORN. Would you say that planners generally would agree with those principles, those that are in the profession of planning, or is it sort of like psychiatrists, when you get them into court, you can find them on both sides of the question.

MR. RABIN. I don't know how to answer that. I think that there are some fairly clearly defined planning principles about the relationships between land use and transportation, and the relationship between residential land use and centers of employment, and the relationship between density and the kinds of facilities which are available to support density, both in terms of public services and in terms of transportation. I think those are kinds of principles which all planners would generally recognize. And I think those things can be used as the basis of an overview of any zoning ordinance or guide plan.

VICE CHAIRMAN HORN. And then, in your professional judgment, these principles which are fairly commonly recognized by people in the field have not really been followed in the case of zoning for Baltimore County?

MR. RABIN. I would say so, yes.

VICE CHAIRMAN HORN. Thank you.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Just two parts of your testimony, Mr. Rabin, perhaps you could clarify. I wonder, would it be possible for you to move a couple of chairs over so that I can see you?

MR. RABIN. I am sorry. I got caught up in all these cords and decided the less I move —

MR. GLICKSTEIN. I am still not certain that it is absolutely clear to everyone here, the difference between zoning and planning. Now, this map on the left, the thing that looks like an X-ray of my stomach, that is a plan, is that correct?

MR. RABIN. Yes, that is a guide plan for the county, and this is a zoning ordinance.

MR. GLICKSTEIN. Now, this is what the planners think the county should look like in the future, is that correct?

MR. RABIN. Yes.

MR. GLICKSTEIN. And that does not necessarily represent the way areas of the county are today zoned, is that correct?

MR. RABIN. That is correct.

MR. GLICKSTEIN. Now, the large map behind you, that is the way the county is currently zoned?

MR. RABIN. Yes.

MR. GLICKSTEIN. Now you mentioned that the process in England that appeals to you is that the plan is actually the zoning map, is that correct?

MR. RABIN. Yes, it is.

MR. GLICKSTEIN. Now, even if this were adopted, the plan, and we continued to have—and all of today's zoning was abolished, but we continued to have the zoning law as it now exists, even if that plan were adopted, people could go before the zoning board and get exceptions to what appears on that plan?

MR. RABIN. Under current procedure—

MR. GLICKSTEIN. Under current procedures?

MR. RABIN. Yes, they could.

MR. GLICKSTEIN. So there are two separate processes operating. One is planning and the other is zoning.

MR. RABIN. Right.

MR. GLICKSTEIN. And they are really two distinct processes, and the zoning board can, under present procedures, undo what the planners do?

MR. RABIN. Oh, that is very true, and zoning maps are very often—I think it is more the rule than the exception that zoning maps rarely coincide with the plans that are made, with comprehensive plans or general plans. The plan, after all, is advisory. It is prepared by a completely different body of people than—that

is, in most cases—than those who administer the zoning. The zoning, on the other hand, is statutory. It prescribes the use of land and, as you say, the only changes that are made from it are based on appeals to the zoning board or whatever the body is for a variance or an exception or a change in the plan.

MR. GLICKSTEIN. The second point I would like you to clarify is, Dr. Mitchell asked you some questions about where the decisions should ultimately be made. And I think you said that eventually the decision should be made at the local level, with mechanisms for resolving conflicts. But what we seem to see here is that decisions made at the local level have not turned out too well, and there don't necessarily seem to be too many conflicts within Baltimore County itself.

Just what sort of process do you have in mind?

MR. RABIN. Well, I think the kind of issue that is being raised by this hearing would be included in my view at any rate among the conflicts that I considered. That is, even though there may be great unanimity of opinion among those who live in Baltimore County about the exclusion of people who don't live in Baltimore County, as I would envision the process, it would be possible for those who are excluded to then make use of this mechanism for resolving conflicts, in order to alter the situation.

MR. GLICKSTEIN. Thank you. No further questions.

CHAIRMAN HESBURGH. Mr. Rabin, was this an officially adopted guide plan for Baltimore County?

MR. RABIN. I believe that it was. I am unable to say that with certainty.

CHAIRMAN HESBURGH. Was it prepared by professionals?

MR. RABIN. Yes, it was, I believe, prepared by the Baltimore County Planning and Zoning Board.

CHAIRMAN HESBURGH. But, did they have—it looks to me from the—that it is a rather professional plan.

MR. RABIN. I would assume that, yes.

CHAIRMAN HESBURGH. Do you know who made it? It was probably given to the office by professionals, I would think.

MR. RABIN. I don't know. I would assume they probably have some of their own professional staff.

CHAIRMAN HESBURGH. Does every community have a planning board or most of these communities—

MR. RABIN. No. I would say most larger communities do. Many small communities rely entirely on the contracting services of consultants.

CHAIRMAN HESBURGH. When was this zoning adopted? Is this

brought up to date from time to time, changed from time to time?

MR. RABIN. The zoning was originally adopted in 1955 and, to my knowledge, up to the present revisions which are now under consideration, there has been no overall revision of the zoning ordinance or plan. However, as Mr. Glickstein indicated, there are constantly applications which are made which have the effect of altering the zoning map, not the ordinance itself. Those provisions generally remain unchanged.

The appeals that are made are either for exceptions from the requirements or for changes in the permitted uses.

CHAIRMAN HESBURGH. Would you presume from the looks of these two maps and a comparison that the planning was done after the zoning had been accomplished, in large measure?

MR. RABIN. Well, that is difficult to say. The plan represents what might be called a rather idealized version.

CHAIRMAN HESBURGH. But there is no sense in planning a park if you have a GM factory right in the middle of the land at the moment.

MR. RABIN. Well, that is quite true. That is quite true, but I think plans tend to be that way as contrasted to zoning ordinances.

CHAIRMAN HESBURGH. Are there any communities in the United States where planning and zoning go hand in hand?

MR. RABIN. Off-hand, I am not familiar with any. I know that there have been several lawsuits in which either planning or zoning was challenged for its lack of conformity to the other, and I believe, although I am not absolutely certain, that no court has yet held that they must coincide.

CHAIRMAN HESBURGH. It seemed to me that separating planning from zoning would be like separating a pilot from the navigator.

MR. RABIN. There are some cities which have adopted the position that they will, over a long period of time, alter the zoning ordinance in order to bring the land uses in the city into conformance with the proposals of the general plan, but the guide plan, for example, which we have here is dated 1980, I believe. This is the target date. And in terms of that, of course, it is a totally unrealistic thing.

CHAIRMAN HESBURGH. Do I gather correctly from your testimony that planners tend in a sense to be more idealistic to operate on principle, to take into account human factors, like density of population, availability of public services, employment, parks, and all the rest, and planners tend to be operators who are in the business of, you know, being builders or zoners—

MR. RABIN. You mean zoners.

CHAIRMAN HESBURGH. Excuse me. Zoners are rather pragmatic people who are involved in business and enterprise and want to arrange the landscapes so they can do it for the best purpose of enterprise and business?

MR. RABIN. Well, I think that almost characterizes it. I think planners are often unrealistic. I don't think there is any question about that. But, equally, there is certainly no question about the fact that the zoning process has predominantly been in the hands of those who profit most directly from the development of land and the process has tended to exclude from its deliberations those people who are most dependent and most powerless in the face of the decisions made about the use of land.

CHAIRMAN HESBURGH. Are you acquainted with the planning of some of the Australian cities?

MR. RABIN. No, I am afraid not. No.

CHAIRMAN HESBURGH. Well, thank you very much, Mr. Rabin. We appreciate the time you have put on this study and the time you have given us this evening.

Would the following two gentlemen move up toward the stand? This is a subject matter of county planning and zoning officials, and these are Mr. George E. Gavrelis, and Mr. Edward D. Hardesty.

(Whereupon, Mr. George E. Gavrelis and Mr. Edward D. Hardesty were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. GEORGE E. GAVRELIS, DIRECTOR, COUNTY OFFICE OF PLANNING AND ZONING, TIMONIUM, MARYLAND AND MR. EDWARD D. HARDESTY, COUNTY ZONING COMMISSIONER, LANSDOWNE, MARYLAND

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Would you each please state your name, address, and position with Baltimore County?

MR. GAVRELIS. My name is George E. Gavrelis. My position is that of director of planning in the Baltimore County Office of Planning and Zoning. My home address is 2107 Fountain Hill Drive in Timonium.

MR. GLICKSTEIN. How long have you held your present position?

MR. GAVRELIS. I have held my present position for approximately 7 years.

MR. GLICKSTEIN. Mr. Hardesty?

MR. HARDESTY. Yes, sir. My name is Edward D. Hardesty. I am the zoning commissioner for Baltimore County, Maryland. I reside at 108 Mine Bank Lane, which is in Lansdowne in the southwestern section of Baltimore County.

MR. GLICKSTEIN. And how long have you held your present position?

MR. HARDESTY. I was appointed deputy zoning commissioner in June of 1963 and served in that capacity until February of this year and I was appointed zoning commissioner upon the death of the late John G. Rose.

MR. GLICKSTEIN. And what is your profession?

MR. HARDESTY. I am an attorney.

MR. GLICKSTEIN. And as a zoning commissioner, that is a full-time job, is that correct?

MR. HARDESTY. I didn't plan it that way but it is turning out to be that way. It is basically a full-time job now, yes, sir.

MR. GLICKSTEIN. Are you compensated for it?

MR. HARDESTY. Yes, sir.

MR. GLICKSTEIN. We heard from the last witness a great deal about the difference between planning and zoning, and I wonder if you two gentlemen can start by clarifying for us how these two processes work in Baltimore County?

MR. GAVRELIS. If I may, in Baltimore County, the planning and zoning functions are integrated, if I may use that term, but at the same time they are separate and distinct in the sense that the responsibility of my section of the office of planning and zoning is to prepare advisory plans and ordinances relative to, if you will, optimum, ideal, and practical proposals for the growths and development of the county.

As part of this function, we do recommend plans; we do recommend the zoning tools with which these plans can be implemented. We further recommend to the county council periodically a series of maps, zoning maps, which put those zoning tools and those planning proposals into a legislative reference which in fact regulates the use of private property.

Now, in Baltimore County, the zoning maps themselves are adopted legislatively by the county council. Once a map is adopted, there is a system which is somewhat unique in our county, whereby the legislative power to rezone between map adoption periods is delegated to the zoning commissioner, and on appeal, the board of appeals.

Now I will turn it over to my counselor to describe that process.

MR. HARDESTY. Well, gentlemen, from there, I work from the zoning maps and I am appointed by the county executive of Baltimore County, subject to confirmation by the county council. I have a full-time staff and I conduct zoning hearings basically along the same lines that as the case would be tried in the circuit court of

Baltimore County. And I mean by that that I give the petitioner his opportunity to produce his evidence with the right to the protestants—we refer to them as protestants, people from the area who are opposed to a particular piece of zoning—give them the right of cross-examination.

Now, when the petitioner completes his case, then the neighborhood is represented by counsel or sometimes by spokesmen or improvement association head, and they are allowed to take as long as they want in preparing their case and presenting their case, subject to right of examination by petitioner's attorney.

Now, based upon the evidence, I will render a decision. Now, under the law in Maryland, there are only two theories under which a petition for reclassification can be granted. That is, error in the original zoning map, or a substantial change in the character of the neighborhood. That is a decision I must make after weighing the evidence.

Now, after I render my decision, either party, aggrieved party, may appeal to the board of appeals which consists of three members—actually there are five members, three full-time, two alternate. These gentlemen are appointed by the county council to serve as a means of checks and balances.

Now, before the board of appeals, the case is heard *de novo*, or all over again, for those of you who might not be acquainted with that term. From their decision, either aggrieved party may then appeal to the circuit court for Baltimore County, where the case is argued on the record.

Now, if there is substantial evidence in the record to sustain the finding of the board, then the hearing judge, the presiding judge, must as a matter of law uphold the board, whether that board grants or denies.

Now if there is an error committed in the hearing before the circuit court, then the aggrieved party may appeal to the Court of Appeals of Maryland. Now, if a constitutional question can be found, then, of course, it is conceivable that the case could reach the Supreme Court of the United States.

MR. GLICKSTEIN. Is this the way the procedure operates if somebody comes in for a zoning exception?

MR. HARDESTY. Yes, sir. Now we have reclassifications, that is, from one zone to another. And I will get into the types of zones we have a little later. We have special exceptions. They are, in other words, for a funeral home, or a day nursery, or a convalescent home. They are permitted in residential zones by virtue of a special exception. By the very nature of their use, we feel that the people

in the neighborhood should have a right to come in and complain and perhaps fight it if they so desire.

We have variances. Variances are the setback, exceptions to the setback requirements. If a person, for example, has an unusual rocky or hilly back yard and wants to put a swimming pool in. Well, the law says you can't have an accessory use on any part of the property except the rear yard. Now, if you want to put it in your side yard, your front yard, you would come in for a variance.

If your family—and this, incidentally, usually is the main reason for granting petitions for variances in residential zones. A man will get married, he may have a two or three bedroom home and when his family increases to the point where he wants to have a little more moving around in the house, then he will come in and ask me for permission to add a room onto the side of the house or to the rear of the house.

MR. GLICKSTEIN. To get back to the broader picture, as I understand what Mr. Gavrelis said, were you to—your guide plan, the suggested zoning for that differs from what today exists?

MR. HARDESTY. I don't work from that.

MR. GLICKSTEIN. No, I am talking to Mr. Gavrelis.

The guide plan, the suggested zoning there differs from what today exists, is that correct?

MR. GAVRELIS. Well, to put the guide plan in its proper reference, it is not a zoning map. It is really not even a zoning plan. It is a framework, a conceptual plan, if you will, as to how the county should grow in the next 10 years and from that conceptual framework come yet other products of the office of planning and zoning.

First of all, a series of zoning tools that are now being or have just been adopted, and then, secondly, a series of zoning maps which will update the zoning maps that are summarized on this other map.

MR. GLICKSTEIN. And those zoning maps would be submitted to the county council—

MR. GAVRELIS. And the process on those zoning maps would be a legislative one, through the county council.

MR. GLICKSTEIN. And if they approve them then the appeals process just described would be available to people who felt that they had not been fairly treated by the process or objected to it in some way?

MR. GAVRELIS. Yes, sir.

MR. HARDESTY. May I be permitted to elaborate on the map a little bit as to how it comes into being?

MR. GLICKSTEIN. Sure.

MR. HARDESTY. George Gavrelis has an excellent staff. I think he has an excellent staff. They spend a lot of time working on these maps. Now, these maps are put in the form of basically a recommendation to the planning board. The planning board consists of various representatives from all walks of life in Baltimore County. They are appointed by the county executive and they serve without pay.

CHAIRMAN HESBURGH. How many are there, sir?

MR. HARDESTY. There are eight regular members—

MR. GAVRELIS. Twelve.

MR. HARDESTY. Twelve regular members, and then we have some advisory members. At any rate, the planning board goes over these proposals. They hold public hearings and then finally they adopt a map, what they think is an ideal map. They, in turn, and this is all prescribed by statute, forward these maps to the county council.

Now, the county council then, on its own, holds public hearings. Then, finally, these maps are adopted in the form of an ordinance. This is what we are in the process of doing right now in Baltimore County with each of our 15 election districts.

MR. GLICKSTEIN. Mr. Rabin, our previous witness, discussed the employment growth in the Towson-Cockeysville area, and indicated that in relation to the tremendous number of new jobs that have been created there—I believe he said there were 16,000—and the tremendous growth and expected employment, the amount of land that is zoned for high density residential development is much too small. Mr. Gavrelis, to what extent do the guide plan and the zoning maps which are in preparation correct the situation?

MR. GAVRELIS. The guide plan does call for expanded residential development in this York Road corridor. If one would compare the guide plan with the present zoning map, the guide plan makes an urban statement, a statement of urban development in very dark brownish colors. And if you examine that plan, the York Road industrial corridor is in the purple color and, actually, very large areas for new residential growth are predicted by the guide plan to, if you will, match employment growth with residential growth.

I would, however, like to correct what might be a misunderstanding of some sorts. There was a statement made that there is very little high density zoning in this particular corridor. But my figures indicate that in the two election districts which embrace this corridor, the 8th and the 9th Districts, there are potentials both in terms of development which has taken place and development which will take place but which is authorized under zoning that is now established for something like 18,000 apartment units

in that corridor of which something like 4,000 are in that York Road Corridor above the beltway.

MR. GLICKSTEIN. Well, is the fact that an area is zoned for high density and does have the potential that you just explained, would that necessarily guarantee that the apartment units built there would be available for low- and moderate-income people?

MR. GAVRELIS. No. Zoning simply regulates the private uses with which land can be developed. In itself, it cannot make a given piece of land go into development, nor does it necessarily have anything to say with the quality or income levels—the quality of that housing in terms of bedroom counts or rental ranges that a private developer might want to use.

MR. GLICKSTEIN. Well, would it be within the function of your office to recommend that the county take steps to assure that low- and moderate-income housing was built in this area because many of the employees of the new industry in that area would require such housing?

MR. GAVRELIS. Our reliance in our effort heretofore in planning has been to assign what we considered the appropriate population densities to provide in our plans an appropriate range of housing types for development when it occurs. In Baltimore County, our solutions to housing at the moment are exclusively in the domain of the private sector. I have, as yet, not found out how to get a certain kind of housing or a certain kind of rental level from development with a zoning mechanism alone.

MR. GLICKSTEIN. Well, you say it is exclusively within the domain of the private sector. In the staff paper that was presented in evidence, on page 38, there is a description of the Maryland Planning and Zoning Enabling Legislation. And one section of that legislation requires that a master plan be made with due regard to the county's relation to neighboring territories.

In preparing your plan, have you made due regard for the neighboring territory of Baltimore City?

MR. GAVRELIS. We think we have with respect to the land use, generally. With respect to population increase and the location of those population increases. I would be frank to say that we have not been able to devise solutions relative to the quality or quantity of housing for different kinds of people.

MR. GLICKSTEIN. Would it be appropriate for you to make such recommendations to the county executive or to the county council?

MR. GAVRELIS. Such recommendations have periodically been made. I think one of the real problems in Baltimore County is the fact that there was work underway relative to solutions to certain

kinds of housing problems, certain solutions to obsolescence in decaying either commercial or residential neighborhoods. In these proposals, it was a urban renewal activity in Baltimore County that did meet with very violent and very concerted opposition and I think this opposition and the attitude that it has caused as evidenced has made it rather difficult, if you will, to devise yet other solutions to the kinds of housing problems that occur in the region within Baltimore County.

MR. GLICKSTEIN. Then your planning, unlike what one of our witnesses said this morning in describing planners as butterflies, your planning is pretty pragmatic and realistic. Your recommendations are being made within what you regard as politically feasible alternatives.

MR. GAVRELIS. Our planning recommendations are subject to, I think, the constraints of the time, but I think just as much so, our planning recommendations are absolutely bent and aimed at the objective of getting for Baltimore County the best possible general concepts for growth and within those growth concepts, to devise for the county and all kinds of housing, commercial, industrial opportunities, the best kinds of tools within which to implement those objectives.

I would say that the county has just passed some rather innovative, in my opinion, zoning regulations which for the first time look at residential zoning not in the context of a single kind of a house or a single purpose residential zone. The zones that we will have on the book in Baltimore County allow any kind of housing type with certain limitations, but the basic control will be that of the number of units per acre.

There will, in the future, not be control relative to this zone for single family houses only, that zone is for apartments only, and this zone is group houses. We do have for the county, a set of zoning regulations that throw away the book, if you will, on housing type and more properly relate zoning and growth to the numbers.

This seems to be the real problem in development in the suburban areas. Some way of getting, if you will, a match between population growth and the required services. Roads, schools, and the like.

MR. GLICKSTEIN. But you don't get a match between population growth and economic and racial conditions?

MR. GAVRELIS. Only in the sense that the private sector will respond to a market. If that response can meet these problems, there is a match. If it can't, there isn't.

MR. GLICKSTEIN. The zoning enabling law also provides that the

plan is supposed to promote the health, safety, morals or the convenience, prosperity and general welfare, as well as efficiency and economy in the process of development. I take it that what you are saying is promoting all of those things is sort of left to the private sector.

MR. GAVRELIS. I do believe that the kinds of zoning tools, the kinds of development that we will be getting, do absolutely provide for a great deal of efficiency and a great deal of housing opportunities for all kinds of people.

MR. GLICKSTEIN. But to the extent that there are some people who believe that the general welfare is promoted by having people of different economic mixes living in the same neighborhoods, your plan would not deal with that question?

MR. GAVRELIS. Our plan has not dealt with that question, no, sir. It has provided a framework and the mechanisms within which solutions could be found.

MR. GLICKSTEIN. Wouldn't it be appropriate—we asked one of the builders this morning whether it would be possible to construct more low- and moderate-income housing if the county assumed the costs of a lot of the development processes that are required before you build a development, such as putting in sewers, roads, and other improvements.

Wouldn't it be appropriate for your office to recommend to the county that in order to encourage the building of more low- and moderate-income housing, the county should assume these functions?

MR. GAVRELIS. The county does take a certain but limited proportion of the costs of new development. The county's basic policy has been one of assigning most of the costs of new development to the developer, which is passed on to the purchasers or renters. The county has, in fact, made policy relative to at least one prospective private proposal for low-income housing that it in fact take a share of the costs for a storm drainage facility. There is a precedent.

MR. GLICKSTEIN. Mr. Rabin spent a good deal of his testimony on discussing some of the black enclaves in the county that apparently are in zones that are zoned for industrial purposes and he fears that within time, most of the people living in those zones might well be displaced.

Did you take into account this situation in drawing up your guide plan and working on the zoning maps you are now preparing?

MR. GAVRELIS. The guide plan represents, once more, a conceptual and schematic arrangement of land. In at least two instances, I think there has been a deliberate attempt on the part of

the plan and the zoning map to forecast what seems to be the most reasonable and almost inevitable use of property for nonresidential purposes.

In some of the other instances cited by Mr. Rabin, I would have to look again at all of the facts, and I certainly don't have them, before I could really make an equitable comment. I certainly would assure you that if this proceeding has any kind of an effect, there will be one effect that it will have. That is, that my office, our staff, will look once more at all of these residential enclaves to determine what is, in fact, the most appropriate use of land and the best and most equitable zoning to be attached thereto.

I might say, however, that there was some mention of industrial zoning in Towson. Here is at least one instance where our proposal is already in concert with a good bit of discussion with people in the black community. Here is one instance already where our plan is proposing that the industrial zoning revert to a residential zone.

MR. GLICKSTEIN. This is as a result of consultation with people in the community?

MR. GAVRELIS. Yes, sir.

MR. GLICKSTEIN. And you just indicated to us that you are going to take another good look at some of these black enclaves. Would you again be prepared to consult with people in the community to determine—

MR. GAVRELIS. Always. I certainly would like to enunciate once more that planning is a process for people. Sometimes it is difficult to reach them. Our own staff has been on the road for over a year discussing the general objectives of the guide plan, discussing many of the details of the zoning map. This has involved a great deal of discussion with all kinds of community groups, professional groups, and did include a fair amount of black participation within at least two of these communities. This process will continue.

MR. GLICKSTEIN. Do you consult with tenants as well as owners?

MR. GAVRELIS. We will consult with anyone who we can reach.

MR. GLICKSTEIN. These are all the questions I have.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Let me just pursue the planning process a minute. You mentioned this planning board, and it has four ex officio members, of which the zoning commissioner is one of them. Do those ex officio members vote?

MR. HARDESTY. No.

VICE CHAIRMAN HORN. They don't. So, it is really up to the citizen appointees who serve without compensation to make the initial judgment on this guide plan map, is that correct?

MR. HARDESTY. That would be correct.

MR. GAVRELIS. It is a little unclear as to who—

VICE CHAIRMAN HORN. Well, we are talking about the planning board. Your chairman is a lawyer. You have a housewife, two real estate brokers, a land developer, a labor executive, a businessman, a member of a State cooperative, an executive secretary, an installations engineer, a machine tool manufacturer, and a business manager. Are we talking about the same group?

MR. GAVRELIS. More or less. I don't know if I can—yes.

VICE CHAIRMAN HORN. Well, I notice a majority on the citizen board could be said to represent, say, the building development industrial interests of the county. Now, is that an unfair characterization?

MR. GAVRELIS. I would say, yes, it is probably an unfair characterization. Our planning board is not really developer-oriented. In fact, two of the members mentioned in that list are also very strong and active members in groups that have historically been citizen-oriented, one of which is the citizen housing and planning association in their area.

VICE CHAIRMAN HORN. Does the board generally pretty much establish consensus on this plan before it goes to the county council?

MR. GAVRELIS. Yes, sir.

VICE CHAIRMAN HORN. In formulating your recommendations to the board as to housing near industrial areas, do you go out and talk to, say, the managers of the various industries in the area and say: "Look, what level of employee in terms of compensation is your firm going to be requiring in the next 10 years?" so you can get an idea of perhaps the type of housing that will be involved, whether it be low-income, medium-income, what type of racial background his employees might have?

MR. GAVRELIS. No, sir. We have talked with the industrial developer generally to get some insight as to what employment growth would be generally, what the potential for employment would be in a given area. We have not tried to quantify the kinds of data that you have mentioned. What we have attempted to do is to very realistically say that as employment increases, there will be consequential needs to increase the allocation of residential zoning and residential densities in a given area. And, of course, this is what the guide plan is predicting and what—and also which our zoning map proposals will re-enforce. The maps are proposing increased densities in the short growth corridor, some of which are going to be at a fairly high range.

VICE CHAIRMAN HORN. In your industrial zoning, have you broken that down into types of industries, such as, say, smokeless, smelless, anti-pollution industry versus steel factories that—

MR. GAVRELIS. Not yet. The industrial zones in Baltimore County, and there are four of them, deal first with a fairly restricted manufacturing, the manufacturing restricted zone, which is a lot of industry types, resource, development, offices, maybe non-problem kinds of industry relative to emissions. At the other end of the scale is the manufacturing heavy zone in which things like steel mills, oil refineries, and so forth might be allowed. We do not yet have in our zoning kit of tools performance standards relative to industry.

VICE CHAIRMAN HORN. In other words, at this point it is fairly difficult to predict the type of employee in terms of whether it is an insurance firm's regional headquarters where you would have mostly service white-collar versus blue-collar, and that sort of thing?

MR. GAVRELIS. Yes, sir. I think this is a very fair comment. It is also difficult to distinguish between, well, for example, the Greater Baltimore industrial park which is a keystone, if you will, of the industrial corridor here along York Road. We had anticipated a fair amount of manufacturing activity. We have got a fair amount of distribution and, on the other hand, we are getting a fair amount of office activity which has a completely different employment pattern from that which had been predicted.

VICE CHAIRMAN HORN. Now, when your recommendations go to the county council, what have been your experiences—what is your batting average? In other words, how often are they accepted? How often are they changed? What sort of changes are made at the county council level?

MR. GAVRELIS. With respect to a zoning map, and this is the only document which the county council itself legislatively adopts—

VICE CHAIRMAN HORN. The zoning map?

MR. GAVRELIS. The zoning map.

VICE CHAIRMAN HORN. Which is not the guide plan?

MR. GAVRELIS. Which is not the guide plan. Its adoptive process stops at the planning board level.

VICE CHAIRMAN HORN. In other words, the guide plan is adopted by the planning board?

MR. GAVRELIS. It is in the process of adoption by the planning board.

VICE CHAIRMAN HORN. I see, but it sort of—

MR. GAVRELIS. The plan you have now is a preliminary version.

VICE CHAIRMAN HORN. It sort of is the basis of your thinking from which your staff makes recommendations on the zoning map?

MR. GAVRELIS. Right. In other words, the guide plan says "concentrate development, fill in the voids, develop certain selected areas for growth within the county, link that together with a transportation system, attempt to organize the county since it is only one political jurisdiction into a series of very meaningful levels of services, the neighborhood, the community, the town.

Don't"—and this is an important statement, too—"Don't open up certain other portions of the county for development. Establish some kind of holding action. Provide a proper allocation of open space and most important, link this county to the rest of the region with a transportation system, including mass transit."

VICE CHAIRMAN HORN. Well, assuming now that your staff and yourself follow this guide plan, even though you are in the process of adopting it, the philosophy generally represents your thinking, what is your batting average before the county council in terms of the actual zoning maps?

MR. GAVRELIS. Again, it is hard to establish a batting average. I wouldn't say that in the past perhaps 90 to 95 percent on a land area basis of any zoning map that has ever been recommended to the county council has been enacted as recommended and perhaps 5 percent has been possibly changed.

VICE CHAIRMAN HORN. What are the sort of changes that a county council might make, since these gentlemen are elected by the people? What are the things that interest them?

MR. GAVRELIS. They vary. On one hand, the county council might increase the density of population by assigning a more dense kind of zone. On the other hand, the county council might decide to reverse the process and lessen the population that could come from a given tract by allocating to it a lesser or more restrictive zone.

VICE CHAIRMAN HORN. What sort of values lie behind that action, that consideration?

MR. GAVRELIS. Usually, it has been my experience that the reaction of the county council is pretty directly a reflection of the kinds of pressures, the kinds of arguments, the kinds of people reaction it gets from the people at its public hearings.

VICE CHAIRMAN HORN. In other words, if the wheel squeaks, this is sort of a reaction to do something about it?

MR. GAVRELIS. That is right.

VICE CHAIRMAN HORN. Do you make any recommendations on actual zoning cases that come before your colleague, Mr. Hardesty?

MR. GAVRELIS. Yes, I do.

VICE CHAIRMAN HORN. Is your office asked to make a recommendation, as standard practice?

MR. GAVRELIS. We do make a recommendation in almost every zoning case, whether it is for a change in zoning classification, special exception, or variance. We do make recommendations.

VICE CHAIRMAN HORN. What is your batting average there?

MR. GAVRELIS. Ed, possibly you could—

MR. HARDESTY. I honestly haven't kept any statistics. You have to bear in mind, gentlemen, that if the planners were always right, there would be no need for a zoning commissioner. I, more or less, try to call the cases as I see them. Now, my batting average on appeal is pretty good. It is about, I think, 80 or 85 percent. In the circuit court, it is better yet. And with all due respect to my respected colleague here, I don't expect George Gavrelis to spend thousands and thousands of taxpayers' dollars to create these maps and then get on the witness stand in front of a group of people and say I was wrong.

MR. GAVRELIS. Although, I have said so.

MR. HARDESTY. Although there have been times when he has admitted it.

VICE CHAIRMAN HORN. I take it, though, you really only have two choices before you, based on your earlier testimony, as to under what conditions you can accept a change, is that right? Error was one and a substantial change in the nature of the community or the area?

MR. HARDESTY. That is with respect to the zoning reclassifications.

VICE CHAIRMAN HORN. I see.

MR. HARDESTY. Now, if the petition involves a request for a variance—remember, I was using the example of an extra room or a den or something, or a swimming pool—then the law says practical difficulty or unreasonable hardship. If it is a special exception, day nursery in a residential zone, then I am supposed to refer back to Section 502.1 of the zoning regulation that says you can't overcrowd land, you can't have a fire hazard, you can't have congestion in the streets and so forth.

VICE CHAIRMAN HORN. Is the changing nature of a neighborhood in terms of racial characteristics taken into account as one of those considerations?

MR. HARDESTY. No, sir. I do not allow the question—as a matter of fact, the question of race has never come up in a zoning case in Baltimore County, before me at least. Now if the people are think-

ing it, I have no way of knowing it, but it has never come up before me in a zoning case.

VICE CHAIRMAN HORN. That is all I have, Mr. Chairman.

CHAIRMAN HESBURGH. Do the other Commissioners have some questions? Mrs. Freeman?

COMMISSIONER FREEMAN. Yes, I have a question for Mr. Gavrelis and Mr. Hardesty.

In the planning process, you state, Mr. Gavrelis, that you are concerned with people. I would like to know if you look at the profile of the community and if, in looking at the profile of Baltimore County, you could tell us how many low-income families live in Baltimore County?

MR. GAVRELIS. I could tell you. I am somewhat sorry to say I don't have that information readily available. I think it would suffice to say that the general profile of the county is that it has a relatively low incidence of low-income people. There certainly are areas and there are groupings, this is a condition which does exist in the county.

COMMISSIONER FREEMAN. And in certain of the areas, there are several hundred families that are low-income families. I am asking the question because we know that an application for the sewer and water grant was recalled by HUD because the county failed to plan or provide for housing for low-income families.

Could you tell us the status of this now, whether you have revised the plans in any regard?

MR. GAVRELIS. This, as I understand it, is a very recent action.

COMMISSIONER FREEMAN. It is involved in the planning process, is it not?

MR. GAVRELIS. A very recent action on the part of HUD and, in all frankness, I must say we have not as a county had a chance to respond to whatever corrective actions we might take. My statement to this Commission is that within the context of the constraints, within the context of the tools that we have to use and can operate with in this county, I certainly feel that we have made and will continue to make proper allocations of land use and densities for population. If we must rely on the private sector, that is where the solution comes. I am not certainly convinced, personally, that this is the only solution, but this seems to be the constraint based on the attitudes of our people, that we operate under at this point in time.

COMMISSIONER FREEMAN. But if there are families who have been residing in this county since the Civil War, they should not have to move to the city, should they?

MR. GAVRELIS. No.

COMMISSIONER FREEMAN. And be displaced for a highway program or—

MR. GAVRELIS. This certainly bothers me. What the county is doing is an experiment and whether or not it will be successful or not, I don't know. We are working with a nonprofit housing group that presumably will be using the 235 or 236 potentials in the housing bills and it is our hope that there can be found a solution cooperatively between the county in terms of coming up with the proper zoning in this group and the community itself for such a solution.

I would feel personally, however, that in the absence of a solution to these problems on the part of the private sector, that the county really ought to have some kind of a mechanism within which it can provide housing for displaced people if it has to be a county solution.

COMMISSIONER FREEMAN. You do see this as a governmental responsibility?

MR. GAVRELIS. I do, personally.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Mr. Hardesty, is there anywhere in Baltimore, would you say, zoning based on color or race?

MR. HARDESTY. Not in Baltimore County. Not so far as I am concerned.

COMMISSIONER RANKIN. Not in these instances that were mentioned previously by the previous witness?

MR. HARDESTY. I didn't hear the previous witness.

COMMISSIONER RANKIN. You didn't hear the previous witness. Is there any zoning that has been made ostensibly for another purpose that has resulted in zoning for color?

MR. HARDESTY. Well, could you be a little bit more specific? I want to be sure I follow you.

COMMISSIONER RANKIN. I forgot the areas. He mentioned three areas.

CHAIRMAN HESBURGH. Mr. Rankin, if you want him to repeat them, he is sitting right here, we can get him to repeat the areas.

What are the names of the areas, Mr. Rabin? Would you repeat those three areas of high black density that are going to be possibly obliterated by industrial rezoning? Just the names.

MR. RABIN. I spoke of the ones which had been eliminated.

CHAIRMAN HESBURGH. Yes, Okay. Just repeat the names, will you please?

MR. RABIN. One was the Sollers Home Project, which was zoned industrial in the Turners Station area. The other, the second one, was the fairly large number of tenant-occupied homes in Towson which were located in a commercially zoned area and that was the case in which the owners sold off their property for commercial development. The other, I think, I referred to—one of those also, the area was industrially zoned. That was adjacent to the sewage treatment plant. That is Flowers Lane and Cottage Place, just off North Point Boulevard.

MR. HARDESTY. Do you know if they were, in your terms, obliterated because of zoning reclassification orders or by comprehensive zoning? I am referring to the adoption of zoning maps. In other words, were they done on a comprehensive basis, or on a piecemeal basis? Do you know that?

I can tell you personally, I didn't play a role in any one of those cases.

MR. RABIN. The only point that was made was that the nonresidential zoning was what created the potential for its redevelopment for some other uses. This is my only point, and in that regard, the zoning there becomes very significant.

COMMISSIONER RANKIN. Would you accept that statement?

MR. HARDESTY. I would accept the statement, but I want it clear that I am not quite sure if these situations were brought about by comprehensive rezoning or by piecemeal zoning. I mean by piecemeal—

COMMISSIONER RANKIN. Either way, if it is based on color, it would be unconstitutional.

MR. HARDESTY. Well, if I were hearing the case, I can assure you I would never render a decision based on color, black, white, or yellow. I wouldn't.

COMMISSIONER RANKIN. You wouldn't.

MR. GAVRELIS. May I further respond in part to your question?

COMMISSIONER RANKIN. Sure.

MR. GAVRELIS. I stated earlier, we in our office are going to look again at all of these situations. But I would state that the properties in the Norris Lane area are zoned industrially and they have been zoned for such purposes, I believe, since 1945. The first zoning ordinance in Baltimore County was adopted by the county commissioners when we had that form of government and it was done, let's say, as a—it was done without a plan, to put it simply, and those zoning potentials have been carried forth ever since.

I might say, that based on railroads, based on highway accessi-

bility, the basic notion of industrial potentials in that corridor along North Point Boulevard are valid ones.

COMMISSIONER RANKIN. Well, one of the conclusions here in this paper, Mr. Hardesty, is zoning and other development controlled activities in Baltimore County have served to re-enforce local discriminatory attitudes and practices, and have played a major role in significantly altering the income distribution of the black population in the county through systematic displacement of low-income black households.

MR. HARDESTY. Well, again, sir, I would get back to what I said before. I don't recall ever issuing a zoning order which would displace any black people. Now, while you were talking and George was responding, I was trying to think back. Now, in East Towson, about 2 years ago, I was confronted with a petition, I believe, in the form of a special exception for either the extension or the construction of a gas and electric company power plant. The petitioners in the case were two black families. They had sold their respective properties to the gas and electric company and were quite disturbed that I may not grant the zoning.

Now, it is not up to me to say at that point—I did, though. I wanted to say this, because some of the other people in the audience were quite upset. One of the people did say: "Suppose they keep expanding, where are we going to move?" And I said to these people: "Are you satisfied with the price you got?" "Very satisfied. Very." And I said: "Do you feel that the construction of this or addition or whatever it was"—I can't remember exactly—"will affect your property here?" and their concern was noise. And the representative of the gas and electric company assured them that they would minimize the noise to the best of their ability.

COMMISSIONER RANKIN. Changing to another subject, isn't it possible for—you work together with the planning office, but you are separate due to the fact that many of your duties are quasi-judicial—

MR. HARDESTY. Yes, sir.

COMMISSIONER RANKIN. Isn't that the reason?

MR. HARDESTY. The Court of Appeals of Maryland can't decide whether I am quasi-judicial or quasi-legislative.

COMMISSIONER RANKIN. Surely. And so, that explains why it is separated in some instances?

MR. HARDESTY. Yes. But I would say that the office of planning and zoning work pretty closely together in Baltimore County.

MR. GAVRELIS. It is—if I may interject—it is one office, an office

of planning and zoning, but with very separate distinction. The zoning commissioner decides cases. We recommend.

COMMISSIONER RANKIN. Yes. The third point, you explained, Mr. Hardesty, a rather elaborate appeal procedure. I recognize that, but I think that works to the disadvantage of a poor man, really. If I am fighting a large corporation on a zoning change—this is hypothetical, nothing in mind—and the money of the entire corporation is against us, and I am fighting that zoning change because I own two little houses down near it. They have all the money they want; I haven't. And I think it puts a heavy financial burden on people.

MR. HARDESTY. It all depends on who the zoning commissioner is. If you want to check my background, you will find that I have turned down some of the biggest giants—

COMMISSIONER RANKIN. I have no particular case, but isn't that a danger, wouldn't you say?

MR. HARDESTY. It is a danger in one way, if you look at it from the viewpoint that these people may feel that they are being taken unfair advantage of that they can't afford to prosecute their appeals.

COMMISSIONER RANKIN. They can't afford to go ahead.

MR. HARDESTY. But, on the other hand, it is just as dangerous if you do have the money to appeal and you don't have the means of appeal. You don't want to vest too much power in one authority.

Now, just recently the—we have a charter in Baltimore County. One of the recommendations was to either do away with my position or that of the board of appeals. Mr. Anderson appointed some pretty prominent people who again served without pay on the charter revision committee and, after holding many conferences with many people from all walks of life, they decided: "No, we will keep the structure the way it is." So, the people vote on it this election, incidentally. The charter will retain the zoning commissioner setup and the board of appeals setup.

COMMISSIONER RANKIN. Well, what I meant was, in my own locality we wanted to fight a zoning change, but the lawyer cost so much we just couldn't do it and we let it go.

MR. HARDESTY. Well, I am sorry you don't live in Baltimore County, because frequently people come before me unrepresented by counsel and I probably do something I shouldn't do. I almost try the case for them.

COMMISSIONER RANKIN. That is all, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Mitchell, do you have any questions?

COMMISSIONER MITCHELL. No questions.

CHAIRMAN HESBURGH. Mr. Glickstein, are we pretty well wrapped up on this? We are a little bit overtime.

MR. GLICKSTEIN. I think we are a little bit overtime.

CHAIRMAN HESBURGH. If you have a couple of questions, which you think are central, go ahead.

MR. GLICKSTEIN. Go on to the next one.

CHAIRMAN HESBURGH. Well, let me just ask Mr. Hardesty one thing.

MR. HARDESTY. I have been dying to hear from you the whole night.

CHAIRMAN HESBURGH. Oh, well—I will tell you how this works, Mr. Hardesty. I let them all speak first, and by the time it gets to me there is no time left. So, that is the problem we have.

But the one problem—you get the suspicion listening to all the testimony we have heard, and I, again, am not taking a position because we are here to get the facts, and I am not absolutely sure what the facts are yet, but you get the suspicion that somehow there is a nefarious thing at work. Now, maybe there is, or maybe there isn't, I don't know, but you get the impression that here is an area called Baltimore County which none of us knew much about, or practically nothing about 2 years ago. We have been hearing a lot about it the last 2 days, where they say by and large it is an upper class county, if you will, as far as income allocation of the county. A lot of the jobs are going into the county at the rate of some \$16,000, \$17,000 a year. The actual black population of the county has gone down while the white population has gone up by several hundred percent in the last 10 years. That most of the housing is—well, they say if you start around \$15,000 and go up, the sky is the limit. Where they actually speak, even in planning, I think, of one house per 10 acres or things like that which doesn't make much for—at least, that was the proposition made and turned down by the council, according to what we got.

MR. GAVRELIS. But the one house in 10 acres was a holding zone, and it really wasn't quite that. The objective was to hold development in the north county for some very practical reasons, no accessibility, no utilities. It wasn't right for any kind of urban development. And the real problem was how to hold that land so that it would be more rationally used sometimes in the future when those ingredients were there. It wasn't really simply a 10-acre zone. There were all kinds of provisions that did allow some development at a much smaller size, at least to accommodate some of the people and some of the problems who now live there. Our effort

was to get better zones for the urban areas. I think we have got those.

CHAIRMAN HESBURGH. Okay. Let me continue the impressions that we have been getting. We have also been getting the impression that there is practically no low-cost housing compared to high-cost housing in the county, and not much prospect of any coming because of the fact that there is very little money in the Government programs to make this possible and the financing, etcetera.

Now, as part of this whole picture, and I assume that is why you two gentlemen are here tonight, there seems to be a feel that the community, number one, doesn't want low-cost housing in the county area, and number two, they have turned down open housing plans or fair housing plans when they have been put to referendum. No. 3, the black population hasn't just gone down by accident. It has gone down. No. 4, that maybe there is something in this whole process of planning and zoning that would somehow make it come out that the lower-income people stay in the city and the county is left with a much better economic situation and doesn't have any of the problems that are tenant upon poor people in its midst.

Now, this may be unfair, but I have to honestly tell you two gentlemen, that is the picture that seems to be coming through after listening for 2 days, and I would like to ask my other Commissioners if this is a misrepresentation of what we have been hearing.

Do any of you disagree with this? Or do you want to qualify it?

VICE CHAIRMAN HORN. Again, you get back to the conscious motive and the effects. Some of it seems conscious. Others seem effects.

CHAIRMAN HESBURGH. Sure. I am not imputing motives. I am not saying, you are the ones that are doing it, or anybody else is. I am really saying that the picture coming through is that this is happening and you could say, well, it is an unconscious effect of a lot of economic forces or this, that, or the other thing, but we keep getting little feelings, or at least the impressions from many witnesses, that the people, the population, in the county wants it this way. That, if you ever got up in that county and said we want some low-cost housing, we want to try to make better opportunity for people here, we want to get people close to where the new jobs are so they don't have to travel innumerable miles to get to work and back home again at night, we want to simplify things for using some of this green space because out here the density is one-eleventh of what it is in the city, if some politician got up and said

we are going to do this, he would have about as much chance of getting elected as I would.

So, anyway, what I am trying to say is that we are trying to get some light on this and I gather from the testimony and the evidence we have here that you gentlemen would say that zoning is completely neutral, that planning is completely neutral, that race has nothing to do in any of these matters, and yet it is awfully hard to put all this together and come out even.

MR. HARDESTY. Well, let me say this—

CHAIRMAN HESBURGH. I am not accusing. I am just trying to find some truth in all this.

MR. HARDESTY. No. 1, you may find it is difficult to believe, but we have a zone called R-G. That is residential group for what is commonly referred to, if you will, row houses. I believe I have heard about one petition for R-G, a request for R-G, in 7 years. Now, I have heard them for R-A, that is residential apartments. And a good number of them right in this area here, because this social security complex is something that is unbelievable. It just keeps getting bigger and bigger and more and more people. And, of course, it is going beyond all expectations so far as placing these employees who want to be close to home. And I have had a good number of apartment house petitions over here.

But, you have got to bear in mind, that under the law in Maryland, I am prohibited from attaching conditions to any zoning orders. I cannot attach—in other words, if they come to me and say, we want some zoning for R-G or R-A, and I grant the order. After it leaves me, it is out of my hands. I cannot prescribe—

CHAIRMAN HESBURGH. Low-cost or high-cost is immaterial?

MR. HARDESTY. I cannot prescribe projected rentals, the number of bedrooms, whether it is going to be red brick facing, colonial style, or anything. And that is not because I am saying I don't want to do it to get around them. I am prohibited by the law from doing it.

Now, I will also say this, there are many acres of residential zoning in Baltimore County, already there, undeveloped, R-6 [6,000 square feet per unit] and R-G. I just heard a case the other day, 45 acres of R-G zoning right in the heart of Arbutus. It is not developed. I have no control over it.

CHAIRMAN HESBURGH. What would you think would—is there any way that you can see an answer to this whole question? Is there any way that low-cost housing might begin to move out near where the growth and jobs are? You see, low-cost housing

is for low-income people and low-income people are always going to be low-income people unless they get the jobs where they get more income. Now, how do you bring those two things together in the planning?

MR. HARDESTY. I started out as a low-income man and I worked hard and I went to night law school, and I started up, at one time, believe it or not, and I don't want to go to my background, but believe me, it is interesting.

MR. GAVRELIS. Father, I certainly wish that I had that solution. I would like to say simply this, that in the minds of many, part of the solution to housing problems is one of appropriate density. I really don't think the answer is that simple. I think there are economic factors, there are transportation factors, there are market factors, and I think market factor and the ability of industry to provide solutions and I must be completely blunt. Our solutions have had to have been heretofore in the private sector, but just look at apartment development in Baltimore County. All the apartments in Baltimore County throughout its entire stand to date, total something like 31,000, or roughly, 32,000 apartments. This is as of the first of the year. December 31, 1969. There were some 8,000 under construction, and another 30,000 units zoned for, but not built. Now, there has been a response in terms of land use. How to respond to the different kinds of housing and the needs of others through zoning, I don't know, because I don't really think that in zoning alone there is a solution.

CHAIRMAN HESBURGH. Well, I think all we are trying to find here is that we have a very complicated problem. There are a lot of factors going into its solution. Financing is one; construction money is another; rent supplement may be another; land use is another; all we are trying to really certify is that somehow the people that are involved in the total problem or one segment of it, somehow you sense the problem in the way it has been presented and somehow you aren't going to stand in the way of a solution or if you have any ideas of things we might present as possible solutions in the way of governmental Federal help or State help, please let us know, because, as I mentioned yesterday, or last night, the problem that continually frustrates us is that things don't look as though they are going very well here or anywhere else in the country, but no one is ever doing anything wrong. I can't believe that.

Thank you very much.

Our last two witnesses this evening are Mr. Robert N. Young, executive director of the Regional Planning Council and Mr.

Clarence J. Harris, chief of community development planning, State planning department.

(Whereupon, Mr. Robert N. Young and Mr. Clarence J. Harris were sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. ROBERT N. YOUNG, EXECUTIVE DIRECTOR, REGIONAL PLANNING COUNCIL AND MR. CLARENCE J. HARRIS, CHIEF, COMMUNITY DEVELOPMENT PLANNING, STATE PLANNING DEPARTMENT, BALTIMORE, MARYLAND

MR. GLICKSTEIN. Would each of you please state your name, position, and address for the record?

MR. HARRIS. My name is Clarence J. Harris. I am chief of community development planning for the department of State planning. My business address is 301 West Preston Street in Baltimore City.

MR. YOUNG. My name is Robert N. Young, I am executive director of the regional planning council. My business address is 701 St. Paul Street, Baltimore.

MR. GLICKSTEIN. Would you, Mr. Young, briefly describe the responsibilities of the regional planning council?

MR. YOUNG. The regional planning council is a council of governments, meaning that the council itself consists of a majority of local elected officials.

In our case we have six major jurisdictions in the Baltimore SMSA, including the city and the five surrounding counties. The chief elected executive officers and the chief of the administrative bodies of each of these jurisdictions are members of the RPC and also members of the local planning board. Six jurisdictions, 18 members from those six; also eight members representing the State.

Now our duties consist of—like other councils around the country—pretty much anything the council directs us to get involved in. Planning, working out cooperative arrangements between units of government, what have you.

MR. GLICKSTEIN. And I also understand one of your other responsibilities is to review Federal grants that are coming into the area?

MR. YOUNG. We are the metropolitan clearinghouse under Circular A-95, Bureau of the Budget, and also Section 204 of the Model Cities Metropolitan Development Act of 1968, I believe.

MR. GLICKSTEIN. Mr. Harris, how long have you held your present position?

MR. HARRIS. A little over 1 year.

MR. GLICKSTEIN. And what are your responsibilities?

MR. HARRIS. I head up a unit within the department of State planning which is responsible for State housing program planning. The Operational Breakthrough Program, the Community Development Training Program, State Model Cities Planning, and coordination activities and urban land studies.

MR. GLICKSTEIN. To briefly try to give a broader picture of the purpose of the testimony of you two gentlemen, we have gone from hearing testimony about Baltimore City to hearing testimony about Baltimore County, and now we are hearing testimony related to what the State's role in all of this is, and to what the functions of the regional planning council is in all this. From small units to large units. Again, in the interest of saving time, Mr. Young, I have a number of reports here that have been prepared for the regional planning council or by the regional planning council which I am sure you are familiar with and I would like to identify them to you and try to summarize one or two points in them, and see if you agree with my summary.

One is a housing supply pattern, a characteristic report of 1968. Another is the overall program design report of 1970.

The third is the Baltimore regional housing elements.

I think looking through these three plans, one thing that emerges is that in this region there is inadequate housing for low-income people, that there are problems of racial discrimination that are suffered by black people and that there are difficulties of access to jobs for some people.

As an oversimplification, would you agree that these three reports make those points?

MR. YOUNG. The first and last that you made I think we directly refer to in those reports. I am not sure the second one is directly referred to but I presume that one might surmise that the statement you made would be true.

MR. GLICKSTEIN. The second one is racial discrimination?

MR. YOUNG. Yes.

MR. GLICKSTEIN. On page 12 of the first report, there is a statement that reads as follows: "In the Baltimore region the low income Negro population is the socioeconomic group most severely affected by the current housing shortage. The housing supply has failed to keep up with the non-white population growth. A victim of both racial and economic discrimination, the Negro has little choice but to locate in the inner city where much of the housing stock is old and in substandard condition. Also due to limited purchasing power and the scarcity of low priced units, the Negro often must live in overcrowded surroundings."

MR. YOUNG. In that context, that is correct.

MR. GLICKSTEIN. Mr. Young, could you tell us, please, what the metropolitan planning activities of the regional planning council have been that would improve suburban access for black people and poor people?

MR. YOUNG. There are several major activities that we are involved in, and by access do you mean access in a broad way or simply transportation?

MR. GLICKSTEIN. Access to housing primarily.

MR. YOUNG. Well, our program deals with a lot of social issues other than housing.

We have three people working full-time on housing. I guess we now spend about \$75,000 a year on planning for housing. But if you want me to restrict myself simply to housing, which, as I gather is the case—

MR. GLICKSTEIN. Would you start with telling us of some of your activities to promote housing for low-income and black people?

MR. YOUNG. Okay. Our major efforts to date have been an attempt to provide information to groups both nonprofit corporations and for profit corporations, to assist them in building or arranging to build housing for middle- and low-income groups, particularly under Sections 235 and 236, and in so doing we have discovered that, as you have apparently already heard here in the last 2 days, the greatest problem we face is the lack of adequate Federal financing to support those two programs.

There seems to be an adequate, compared to the funds available, interest on the part of for-profit and not-for-profit organizations to move ahead with this kind of housing.

Now if that financing were doubled, we think we would still have a greater demand for building than we have. It will take a tremendous effort, in my opinion, on the part of the Federal Government to see that this kind of money becomes available before we really are going to be able to do what is necessary.

MR. GLICKSTEIN. Well, as you describe your role thus far, it has been primarily providing information.

MR. YOUNG. Right, we have convened for the first time, for instance, organizations representing nonprofit housing sponsors, 235 and 236, from all the units of government in the region. It is the first time this has been done. We invited HUD people to come and present information to them. And we ourselves told them how we could help them.

We also have met, as I said, with the private builders, and are continuing to develop a working relationship with them, hopefully

so that when this money does become available, if it does, they will be able to move quickly.

MR. GLICKSTEIN. So you think that money is a primary necessity to make housing of low- and moderate-income cost available within the area?

MR. YOUNG. Well, we have been talking about—let me go back for a moment. I believe the Chairman indicated in his statement at the end of the previous session that talking about low-cost housing not being available, it is my personal opinion that we shouldn't be fostering low-cost housing, but it is going to be necessary to subsidize the kind of quality housing that everybody deserves, and that subsidy is going to have to come, in large part at least, from the Federal Government. And you can't expect Baltimore County, for instance, as one of these staff reports indicates, to take it all on by themselves.

CHAIRMAN HESBURGH. When I said low-cost housing, I really should have said low-income, housing for low-income groups. I don't think there is any such thing as low-cost housing anymore.

MR. YOUNG. I am sure that you meant it that way.

CHAIRMAN HESBURGH. It is a nonexistent commodity.

MR. GLICKSTEIN. Mr. Harris, from your vantage point with the State, do you agree that once additional funds are available, the problems of providing housing for low- and moderate-income people and blacks in the suburban areas will be a long way toward solution?

MR. HARRIS. More funds can offer a partial solution, certainly. I believe that there has to be a commitment and a concerted effort to see that these funds are, indeed, going to go for this kind of housing.

MR. GLICKSTEIN. What sort of a concerted effort? Are you suggesting that there has to be some sort of an affirmative action program, perhaps, to attract low- and moderate-income people and black people to the suburban areas?

MR. HARRIS. Yes, and just based on the fact that we have these programs coming from the Federal Government, and they are being implemented, of course, at the local level, and we have found that, they have discovered recently that certain of the people who were to benefit from the programs were indeed not benefiting from these programs. I think they recently discovered a person in a public housing unit—I don't remember the city—who had total assets of \$33,000 and was living in a public housing unit, and they had poor families on the waiting list. We see that Section 235

housing is now being made available to people who really can afford to buy on the open market—

MR. GLICKSTEIN. Mr. Harris, you are a planner, is that correct?

MR. HARRIS. Yes.

MR. GLICKSTEIN. We heard testimony from the previous witnesses that indicated that planning in Baltimore County does not specifically take account of the needs of low- and moderate-income persons nor of the needs of black people—that the planning and zoning process is neutral in those two regards.

Do you feel that the suburban area can be integrated both economically and racially if we continue to follow a neutral or color-blind policy?

MR. HARRIS. Well, I personally don't feel that the policy is neutral. No one is going to tell you that they are violating the Constitution in regulating any of these programs, zoning or whatever. I guess what I am really saying is that I feel that these programs do operate to keep blacks from these suburban areas: zoning, planning, and of course you cannot do zoning and planning apart from politics. I think all of these things work together.

MR. GLICKSTEIN. Do you think you have to plan for an integrated community?

MR. HARRIS. Yes, I really do believe this.

MR. GLICKSTEIN. How would you plan for such a community?

MR. HARRIS. Well, first of all, it has to start at the national level, certainly. You have to have a national policy, a commitment, toward opening up these communities. And it has to move down, of course, through the State on to the local subdivisions. And I should think that people are not just going to do these things on their own; you cannot appeal to them on patriotism grounds or on grounds that it's in accord with the Bill of Rights, but you are going to have to give some sort of a carrot on a stick, and I think what the Federal Government is trying to do now in Warren, Michigan, is a good approach. I think it is necessary this kind of thing be instituted nationally.

MR. GLICKSTEIN. Do you think that the moral leadership of Government officials has any role in creating a climate in which integration is possible?

MR. HARRIS. I think it is essential. This is where the decisions are made, with the top politicians of any community. And of course they cannot always make the political decision; they must consider the moral issues involved at times.

MR. GLICKSTEIN. Mr. Young, I have a question to ask you about Circular A-95 which you referred to before, which is the regulation

put out by the Bureau of the Budget describing how the regional planning councils evaluate Federal grants coming into the area.

Does that circular impose upon the regional planning council any obligation to take account of the civil rights implications of the grants?

MR. YOUNG. To date, frankly I don't think it really has. Not directly, but unless you—you didn't give me an opportunity earlier to broaden out, because I think housing is a very small part of this total effort and if we are going to concentrate only on housing, forget it, because we are not going to accomplish much of anything in the general field that I think you are dealing with. I mean, we have got employment, education, leisure time usage and all kinds of other things, cultural opportunities you have here that in my opinion are equally important, and if you put all these things together, A-95 asks us to compare project applications against the comprehensive plan. My definition, our definition of the regional planning council of comprehensive plan does not only include the physical elements like water and sewer and open spaces and industrial and commercial development and residential land use and what have you, but it also includes things that are a little more difficult to measure, such as education, employment, and all of the other things that make up our total life.

MR. GLICKSTEIN. Well, I understand that all of those types of grant programs go through the regional planning council for consideration—

MR. YOUNG. We don't review housing.

MR. GLICKSTEIN. Pardon?

MR. YOUNG. We don't review public housing, for instance, or 235, 236, or the other federally assisted housing programs.

MR. GLICKSTEIN. But Circular A-95 lists a mass of programs covering two or three pages which are subjects of review by the regional planning council, is that correct?

MR. YOUNG. Right.

MR. GLICKSTEIN. But does Circular A-95 specifically say that with respect to these programs the regional planning council should ascertain the impact of the programs on low- and moderate-income people or on black people?

MR. YOUNG. If it does, we haven't been doing it.

MR. GLICKSTEIN. I haven't found it in there.

VICE CHAIRMAN HORN. In other words, just to clarify, you are saying Circular No. A-95 issued by the Bureau of the Budget which is now the Office of Management and Budget, giving guidelines to local regional groups on the implementation of Federal programs,

contains no criteria having to do with civil rights, equal protection of the laws for minority groups, is that what you are saying?

MR. YOUNG. That's the way I read it, sir.

VICE CHAIRMAN HORN. What is the date of that circular?

MR. GLICKSTEIN. July 24, 1969.

VICE CHAIRMAN HORN. Then it was issued after all the basic civil rights law we now have on the books were passed?

MR. GLICKSTEIN. That is correct.

VICE CHAIRMAN HORN. And that is a matter that could be done by simple administrative act?

MR. GLICKSTEIN. That is correct.

I have no further questions, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Horn, you have the floor, do you want to keep it?

VICE CHAIRMAN HORN. I have nothing further.

CHAIRMAN HESBURGH. Mrs. Freeman, would you like to say anything? We have 10 minutes now for all of this.

COMMISSIONER FREEMAN. Mr. Young, did I understand you to say that as the executive director of the regional planning council you have no information about the document Dr. Horn was talking about?

MR. YOUNG. A-95?

COMMISSIONER FREEMAN. Yes.

MR. YOUNG. I don't have it in front of me. We use it all the time. I mean our staff uses it. What I was saying is, I didn't know for sure whether or not what the Staff Director asked me was in there but I didn't think it was, that is with respect to civil rights, etcetera. Is that your question?

COMMISSIONER FREEMAN. As a State official, I suppose we would call you a State official,—

MR. YOUNG. The council happens to be a State organization which is unusual around the country.

COMMISSIONER FREEMAN. How do you perceive the role and the duty of the State of Maryland with respect to these problems that we have been hearing about in these past 2 days?

MR. YOUNG. Well, let me, if I may, confine my answer to the Baltimore metropolitan area because that is the area that the council has planning jurisdiction and other jurisdiction in.

COMMISSIONER FREEMAN. This is the area we are studying.

MR. YOUNG. Right. I perceive it very broadly—our law is very, very broad. Our staff can advise local units of government, the State, the Federal Government, private organizations, or individuals on any subject that our council directs us to.

COMMISSIONER FREEMAN. Well, we see this area as being in trouble in terms of race, in terms of poor people, and we also see that there is a governmental responsibility to the people. This is why I asked the question as to how you, as the executive director of the regional planning council, would see your responsibility in this regard.

MR. YOUNG. Well, then, I think that there has to be a concerted national effort. The Baltimore region, in my opinion, is similar, not much different than, in the regards that I think that you are talking about, most parts of the country. And, in fact, I think that in many respects we are better off here, partly because we have among the major metropolitan areas of the United States such a simple political structure. We only have six major units of government in our region with two million people.

Other comparably sized metropolitan areas in the country have literally hundreds of them to deal with. I think that we have to talk about transportation and mass transit, for instance, to make jobs available, readily available, for people in the city, to get to them out in the counties. The employers in the counties want that kind of transportation available to them, and I think ultimately perhaps just that alone might solve more problems in the long run than concentrating just on housing because in the long run that will make people used to living and working with people that they are not used to working and living with now.

I think we are on the way to this because I think Congress is likely to very soon pass a massive Federal assistance program for rapid transit, and I think this State is pretty well committed to assist the Baltimore region for the local share of the cost of that.

COMMISSIONER FREEMAN. We also received information that of the 16,000 employees of the agency where we happen to be holding this hearing, about 4,000 are black but that it is necessary for them to live in the city of Baltimore rather than the county because of racial discrimination. Would you comment on that?

MR. YOUNG. I haven't experienced it myself. If I recall correctly among our professional people on our staff that I have talked with, they have found ability to find housing in the county and I can't remember for sure but I think one of our professional blacks on the staff lives in the county.

COMMISSIONER FREEMAN. Mr. Harris, do you have any comment?

MR. HARRIS. Only that racial discrimination certainly exists and I personally did at one time try to move into Baltimore County and was unable to do so, in an area that I wanted to move into.

COMMISSIONER FREEMAN. Thank you. I have no further questions.

CHAIRMAN HESBURGH. Dr. Rankin? Dr. Mitchell?

COMMISSIONER MITCHELL. Just one or two if I may.

Mr. Young, I have been looking at some of the publications of the planning council. You have one the title of which I have here: The Baltimore Region Housing Element. Is that published by your group?

MR. YOUNG. Yes.

COMMISSIONER MITCHELL. On page 12 of that document you suggest an increase or you advocate an increase in the supply of moderate-income housing near the economic development that is taking place in the suburban parts of the metropolitan area. On the following page you suggest both low- and moderate-income housing for the urban renewal projects in the city of Baltimore.

Is there some special reason for omitting low-income housing in the suburban area and making a point of recommending it in the ghetto area?

MR. YOUNG. If I remember correctly, what you are dealing with is only for 1970. This was done in 1969. There are operation goals for the year 1970.

COMMISSIONER MITCHELL. You are not making a value judgment at all about—

MR. YOUNG. I believe, as Mr. Gavrelis said, there is no point in our opinion of being planner-dreamer type planners. We are trying to deal with the real world. And for the year 1970 it wouldn't be too practical to expect this county, for instance, to have a public housing program. You didn't ask me but as I tried to indicate earlier, I think the solution to this kind of thing is not public housing but subsidized housing with Federal and other income maintenance.

COMMISSIONER MITCHELL. So in your long-range view of the county's housing needs, you do see a subsidized program that would make it possible for people in low-income groups to be living around the county near where they work?

MR. YOUNG. Yes, sir.

COMMISSIONER MITCHELL. Do you in your own planning activities at the planning council, do you think in terms of improved suburban access for black and other poor people? Is that one of—

MR. YOUNG. Access to everything.

COMMISSIONER MITCHELL. I am talking about transportation, highways and the like.

MR. YOUNG. Yes.

COMMISSIONER MITCHELL. One of the things that we have heard and seen in reports as we have come to this point in this hearing, is an occasional statement that suggests that the black people don't really want to leave the inner-city; they prefer to live in the city,

and they don't really feel welcome in the county outside the city. How do you feel about that?

MR. YOUNG. Well, I have talked about this kind of thing with, I don't know, dozens of black people in the city and on our staff and elsewhere and I have to speak from hearsay, you know, opinion. I find that their opinions, and this is not a scientific sample, very tremendously—my own opinion based on human nature is that what everybody wants is an equal opportunity. There are a lot of people who vote for a wilderness bill, for instance, from the East Coast, for a wilderness area in the Rocky Mountains they will never see; but they vote for it; they want it. Equal opportunity is a much stronger kind of feeling that people have than the wilderness thing.

I am convinced that—my own opinion is that most people, based on our past experience all over the world, tend to want to live with people that they feel comfortable with, as you put it, but that doesn't mean that there aren't a lot of people that would take advantage of equal opportunity if it really existed.

COMMISSIONER MITCHELL. Mr. Harris, what is your feeling about this? Do you think a black person would rather stay in Baltimore or that he just doesn't feel welcome and that we aren't making it easy, or possible in most cases, for him to get out in the counties?

MR. HARRIS. I can only give you my opinion on it, of course, but I would suspect that black people if they really wanted to move to the county, if they wanted to do so because of the amenities of living in the suburban areas, the school systems, the relatively safe streets I guess I should say, and it is not so much just to get to the county to integrate the county. I think if they could get the same amenities within the city, the same sort of services that the county people are given, I think that I personally would make the decision to stay in the city.

And that is a personal opinion.

COMMISSIONER MITCHELL. Thank you. No more questions, Mr. Chairman.

CHAIRMAN HESBURGH. Gentlemen, we thank you very much for your help in this matter and we commend our audience for their sticktoitiveness to be with us since noon today, and it is now 10 o'clock tonight, and this meeting is adjourned until 9 o'clock tomorrow morning, and we will conclude tomorrow afternoon around 6 o'clock.

Meeting adjourned.

(Whereupon, at 10 p.m., the hearing was recessed until 9 a.m., Wednesday, August 19, 1970.)

UNITED STATES COMMISSION ON CIVIL RIGHTS

WEDNESDAY MORNING SESSION
AUGUST 19, 1970

VICE CHAIRMAN HORN. This begins the third day of the Baltimore hearing of the U.S. Commission on Civil Rights.

To give you an idea of the schedule today, we will begin this morning with a group of staff papers and panels dealing with the Department of Housing and Urban Development. There will be a break at approximately 10:50 and we will begin again with the Department of Transportation at 11:05, followed by the Baltimore County Executive at 12:00.

The afternoon session will begin at 2:15 with a staff paper on the new town—various new towns—and then some discussion of Columbia, Maryland, and a panel of employers. There will be a break at 4:50 and then at 5:05 we will begin the last part of today's hearing dealing with administrative action by employers.

Then Father Hesburgh, the Chairman, will have a concluding statement at approximately 6:15 and the hearing will adjourn at 6:30.

We will begin this morning's session with a staff paper read by a member of our staff, Ann Allen, a paper dealing with the HUD programs and activity in Baltimore City and County.

(Whereupon, Mrs. Ann Allen was sworn by the Vice Chairman and testified as follows:)

TESTIMONY OF MRS. ANN ALLEN, STAFF ATTORNEY, U.S. COMMISSION ON CIVIL RIGHTS

VICE CHAIRMAN HORN. Please be seated and proceed.

MR. POWELL. Did you prepare a report in connection with the subject matter of this hearing?

MRS. ALLEN. Yes, I did.

MR. POWELL. I have your report entitled "HUD Programs and Activities in Baltimore City and Baltimore County". Is this the report you prepared?

MRS. ALLEN. Yes.

MR. POWELL. Will you summarize it for us?

MRS. ALLEN. Programs of financial assistance administered by the Department of Housing and Urban Development—known com-

monly as HUD—have played a major role in the physical development of the Baltimore area. Although the best known HUD programs are in housing and urban renewal, HUD also provides financial assistance for such diverse activities as community planning, construction of water and sewer facilities, and the preservation of open space areas. Baltimore County has received funding for the latter two programs.

Programs of housing assistance administered by HUD include public housing, interest subsidies for developers of low-cost housing and rent supplement payments.

Although Baltimore County has no federally assisted public housing or urban renewal, private developers there have received a great deal of Federal assistance in the form of Federal Housing Administration (FHA) mortgage guarantees and subsidies.

Under Section 221(d)(4) of the National Housing Act, a developer can receive a long-term FHA insured loan for the construction of multifamily projects. Priority in occupation is to be given to persons displaced by governmental action.

Also located in Baltimore County is federally subsidized housing constructed under Sections 235 and 236 of the National Housing Act. The former is a home ownership program; the latter, rental housing. Both programs are designed to provide low- and moderate-income housing for persons with incomes just above the eligibility limits for public housing. The income limitation in the Baltimore area for both programs is \$6,210 annually for a family of four.

Several laws impose equal opportunity requirements in connection with HUD assistance. Executive Order 11063, issued in 1962, prohibits discrimination in the sale or rental of residential property owned by the Federal Government or provided with Federal assistance.

Also, Title VI of the Civil Rights Act of 1964 requires HUD to assure nondiscrimination in its assistance programs. Title VIII of the Civil Rights Act of 1968 is best known for its prohibition of discrimination in the sale or rental of housing. However, another important provision of the act is one requiring HUD to administer its programs affirmatively to further the goal of open housing.

In the past few years, Baltimore County has received approval for three water and sewer grants, encompassing numerous projects in various parts of the county. Under guidelines adopted recently, HUD will consider factors such as the existence of low-income housing and the size of the low-income population in the applicant locality before approving a water and sewer grant.

This requirement does not apply, however, to "open space" assistance, which helps finance the acquisition and development of land for preservation as open space. Baltimore County has received many of these grants, a large portion of which are for small recreational areas located next to county schools.

FHA housing activity in the Baltimore area is administered by the FHA Insuring Office in Baltimore. Other HUD programs are administered by the HUD Regional Office located in Philadelphia. The Equal Opportunity Office in Philadelphia has responsibility for the administration of equal opportunity requirements for all HUD-financed projects in the Baltimore area.

The Equal Opportunity Office in Philadelphia reviews all applications for HUD funding in the region, except that it does not review applications for assisted programs administered by FHA. These are processed by the FHA Office in Baltimore. There is no equal opportunity office in the Baltimore FHA Office.

The procedure for enforcing nondiscrimination requirements in FHA programs is the signing of assurances of nondiscrimination by applicants for FHA assistance.

In the absence of discrimination complaints there are no equal opportunity reviews by HUD after a project has been approved and is operative. Therefore, there is no routine method for insuring that a program is being administered on a nondiscriminatory basis.

MR. POWELL. Mr. Chairman, with your permission I would like the full text in the record in this proceeding.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 16 and received in evidence.)

VICE CHAIRMAN HORN. Any further questions?

MR. POWELL. No further questions. Thank you, Mrs. Allen.

VICE CHAIRMAN HORN. Thank you.

Our next witness will be Allen Clapp, Director of the Federal Housing Administration, Baltimore Insuring Office. Will Mr. Clapp please take the stand?

(Whereupon, Mr. Allen T. Clapp was sworn by the Vice Chairman and testified as follows:)

**TESTIMONY OF MR. ALLEN T. CLAPP, DIRECTOR, BALTIMORE
INSURING OFFICE, FEDERAL HOUSING ADMINISTRATION,
BALTIMORE, MARYLAND**

VICE CHAIRMAN HORN. Mr. Powell?

MR. POWELL. Mr. Clapp, please state your name and address.

MR. CLAPP. Allen T. Clapp. My business address is Federal Building, Charles Center, Baltimore.

MR. POWELL. What position do you hold with FHA?

MR. CLAPP. I am a Director of the FHA Insuring Office.

MR. POWELL. How long have you been Director of the Baltimore Insuring Office?

MR. CLAPP. Approximately 3½ years.

MR. POWELL. Could you tell us please how many units of 221 (d) 3, 221 (d) 4, 235, and 236 housing have been approved for Baltimore County?

MR. CLAPP. I would have to refer to my notes.

MR. POWELL. Do you have a list that we could have, Mr. Clapp, of this housing?

MR. CLAPP. You already have the list. It has been given to the staff.

MR. POWELL. How many 235 projects do you have?

MR. CLAPP. Two.

MR. POWELL. Can you tell us the number of units for each of these programs for which you have applications pending for Baltimore County?

MR. CLAPP. For 235?

MR. POWELL. 235.

MR. CLAPP. Those two projects of 122 in one and 100 in the other.

MR. POWELL. How many 236 projects have been approved in Baltimore County? Would you list the number approved for each category?

MR. CLAPP. I have it by number of units, not by number of projects. I could count them up.

MR. POWELL. I want it by number of units. I am sorry I didn't specify that.

MR. CLAPP. 236 for Baltimore County, we found feasibility for 646 and we have committed on 943.

MR. POWELL. 221 (d) 4.

MR. CLAPP. That was 236. 4, we have feasibility on 1,483 units and we have committed on 699.

MR. POWELL. Do you have a great demand for these programs?

MR. CLAPP. Would you restate that?

MR. POWELL. Do you have a greater demand for these units than you can fill from a funding standpoint?

MR. CLAPP. Yes, very definitely.

MR. POWELL. Since you don't have sufficient funds for your 236 projects, for example, have you established methods for approving applications?

MR. CLAPP. Yes.

MR. POWELL. What are these priorities?

MR. CLAPP. The priorities have not always remained the same. We have, of course, the priority for any urban renewal area or project in an urban renewal area that would not be in Baltimore County. Our priorities in approving these projects are based on the need in the area and the ability of the sponsor to produce the unit.

In other words, if we have one sponsor come in that has the know-how and can produce the unit in a minimum amount of time, we would allot the funds to that rather than to one we know would take several months to produce.

MR. POWELL. That sounds like criteria. Have you established priority from the standpoint of where the project is located, as to what applications you approve? You mentioned urban renewal projects. Are there any other priorities you establish?

MR. CLAPP. This is difficult to do because of the fact that we don't control the land. We can only consider the ones that are brought to us.

MR. POWELL. In approving projects do you give special weight to projects which are located in the inner-city?

MR. CLAPP. Yes.

MR. POWELL. What level of priority does that receive?

MR. CLAPP. That would—

MR. POWELL. You mentioned urban renewal projects. I take it that is your first priority, is that correct?

MR. CLAPP. Yes. The inner-city would receive a priority if we had an opportunity to build a project there but this is very remote. We have one project in the inner-city and the city—is the mike working now?

MR. POWELL. Speak into the microphone.

MR. CLAPP. It doesn't seem to be working.

MR. POWELL. Speak up.

MR. CLAPP. How about this one? How about this one?

MR. POWELL. Can everyone hear me? You mentioned the need, Mr. Clapp. Wouldn't you say there is an urgent need—what do you mean by need? Certainly there is a need for units.

MR. CLAPP. There definitely is a need in the inner-city but the problem is the availability of land. We have one project that we had funded in the inner-city. Through action of the city the project was killed last week. This was in the newspapers. We have no other projects at this time in the inner-city other than the urban renewal area.

MR. POWELL. Do you inform the Relocation Office of Baltimore City Department of Housing and Community Development on a regular basis regarding 235 and 236 housing opportunities in Baltimore County?

MR. CLAPP. Yes, we do.

MR. POWELL. When was the last time you gave them such information?

MR. CLAPP. I don't recall.

MR. POWELL. We have received a letter from the director of Relocation in DHCD stating that as of August 3, 1970, his office hadn't received this information from your office since August 1969, over a year ago. Does that sound like it might be accurate?

MR. CLAPP. That doesn't seem possible.

MR. POWELL. I have the letter to that effect, Mr. Chairman.

VICE CHAIRMAN HORN. Do you wish that included in the record?

MR. POWELL. Yes, I would like that included in the record.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 17 and received in evidence.)

MR. POWELL. Mr. Clapp, to what extent in making site selections for 235 and 236 is the potential for residential integration taken into account?

MR. CLAPP. All sponsors who come into the office are told that they must have an open housing policy. It is our belief that any project that is built in Maryland would be open to all people.

MR. POWELL. Are any steps taken to see that this is achieved?

MR. CLAPP. Yes, I believe so, in that we require them to sign statements to the effect that they will not discriminate. We discuss it with them. We hold a preconference, a prefeasibility conference, with them in which we discuss this and tell them it must be accomplished.

Then again at the labor conference this point is discussed. I would say at least five or six times during the course of processing it's discussed with them.

In addition to that, they sign statements that they will not discriminate at various stages of the processing, including when they get—

MR. POWELL. How is the equal opportunity program of FHA enforced? In addition to receiving assurances of nondiscrimination, is there an affirmative action program?

MR. CLAPP. I think the affirmative action program is carried on by the fact that both the chief officer and myself discuss with sponsors at various times the need for open housing.

MR. POWELL. Is a check made to see that the program is being carried out?

MR. CLAPP. We check with them, occasionally talk to the builders. This is not done on a scheduled basis but it is done on an in-

formal basis. We talk to all the sponsors to ask them how they are coming with their renting, what percentage is the project integrated?

We do this both in projects which are in predominantly black areas as well as those in predominantly white areas.

MR. POWELL. Are there any equal opportunity officers in the Baltimore office?

MR. CLAPP. No.

MR. POWELL. Are applications forwarded to this station and FHA programs sent to the regional office by the equal opportunity office staff?

MR. CLAPP. The projects are sent to Philadelphia to be reviewed. Up until recently they were sent up for review prior to commitment.

Now, they are sent up for postreview. I could not answer as to whether the equal opportunity officer is included in the review.

MR. POWELL. Mr. Clapp, do you require any affirmative action by sponsors to make housing available to minority group members?

MR. CLAPP. Yes. Statements that they sign saying that they will.

MR. POWELL. Are assurances of nondiscrimination by financial institutions required of them to become FHA approved lenders?

MR. CLAPP. Not by our office. I would assume this is done by Washington when they approve a lender.

MR. POWELL. So your office doesn't investigate the practices of the lender to be sure he doesn't discriminate?

MR. CLAPP. That is correct, we don't investigate.

MR. POWELL. Mr. Clapp, what kind of sanctions do you impose against a participant in an FHA program who is discriminating against minority members?

MR. CLAPP. We refuse to do business with them.

MR. POWELL. You refuse to do business with them? For how long a period does this ineligibility last?

MR. CLAPP. It's not a definite period. We have had one case of that in the Baltimore office. That transpired prior to my coming with FHA and I believe he was then reinstated this past spring.

My guess would be that he was—that the privilege of building federally insured projects was withheld from him for approximately 4 or 5 years.

MR. POWELL. Do you require him to take affirmative action of any kind?

MR. CLAPP. To be reinstated?

MR. POWELL. Yes. How does he get reinstated?

MR. CLAPP. This was handled through the EO office in Philadel-

phia. Also from Washington. From the time he requested reinstatement until he was reinstated, I would guess was about 18 months.

MR. POWELL. Other than lapse of time, was he required to take any specific steps designed to show he would change his policy of discrimination?

MR. CLAPP. Yes, he was.

MR. POWELL. What were those steps?

MR. CLAPP. I would defer that question to the EO officer from Philadelphia who handled it.

MR. POWELL. Are you familiar, Mr. Clapp, with the letter sent to all FHA insuring officers by the Assistant Secretary Commissioner and Federal Assistant Secretary known as Letter 58 on the subject of equal opportunity in HUD programs?

MR. CLAPP. Yes.

MR. POWELL. Among other things, this letter required quarterly reports on equal opportunity progress, did it not?

MR. CLAPP. Not to my knowledge.

MR. POWELL. Mr. Chairman, I have a letter from the Secretary of HUD indicating that such reports are required. I would like to have at this time a copy of that letter entered into the record of this proceeding.

CHAIRMAN HESBURGH. Without objection, it is so ordered.

(Whereupon, the document referred to was marked Exhibit No. 18 and received in evidence.)

MR. POWELL. Do you collect racial data for housing assistance insured by FHA?

MR. CLAPP. No.

MR. POWELL. Do you feel that this information would be useful to you in assuring nondiscrimination in FHA programs?

MR. CLAPP. Yes, I believe it would. How can you assure it if you don't know what the situation is?

MR. POWELL. Why not collect such data?

MR. CLAPP. Lack of time, lack of—we operate under instructions from Washington. The guidelines of what we do, responsibility of each position are laid down by the central office and we follow these.

With the workload that we have and the number of people that we have to do it, we have a hard job to keep up with the responsibilities as they are outlined.

MR. POWELL. What you are saying suggests that whether you do something or not depends on priorities, is that correct?

MR. CLAPP. Yes.

MR. POWELL. Then you don't place too high a priority on—

MR. CLAPP. No, I won't say that. There are certain things we have to do, we have to do them. If Washington tells us to collect data, we assume that they will give us the manpower with which to do it.

MR. POWELL. Mr. Clapp, what steps do HUD and FHA take to assure that housing is available without discrimination in all parts of Baltimore?

MR. CLAPP. Well, in all parts of Baltimore County?

The only place that we have been able to be active has been where builders have brought in sites to us, their own sites. We have insisted there be no discrimination in housing.

But we have no authority or capability to move beyond the sites that are brought to us.

MR. POWELL. Mr. Chairman, I have no further questions.

VICE CHAIRMAN HORN. Mrs. Freeman, would you like to begin the questioning?

COMMISSIONER FREEMAN. I would like to ask if you will review the procedures of your office with respect to the programs that you have discussed, 221(d)3, 235, and 236. These are programs for moderate-income families, is that right?

MR. CLAPP. That is correct.

COMMISSIONER FREEMAN. And FHA approves a limit on the income that these families receive, is this not correct?

MR. CLAPP. This is so, yes.

COMMISSIONER FREEMAN. And FHA also approves the schedule of rents for each of the projects?

MR. CLAPP. Yes.

COMMISSIONER FREEMAN. What is the procedure after a project has been approved with respect to the rents and the income? How does your office handle this or how does your office monitor this?

MR. CLAPP. On an annual basis, financial reports are sent in by the sponsor. We review these reports. If he wishes an increase in the rent, he must request it but it must be also accompanied by this financial report which will set forth the need for the rent.

Under these programs, the nonprofit—pardon me—the limited dividend sponsor is limited to a 6 percent return on his investment and the rents are established and maintained and reviewed on an annual basis so this 6 percent return is maintained.

COMMISSIONER FREEMAN. How do you know whether the nonprofit sponsor has received a return within the 6 percent or above it?

MR. CLAPP. By auditing the financial statement. His statement is prepared by a C.P.A. and submitted to us.

COMMISSIONER FREEMAN. Does FHA audit this?

MR. CLAPP. This is handled in our Property Management Section.

COMMISSIONER FREEMAN. But it's under the jurisdiction of FHA?

MR. CLAPP. Yes.

COMMISSIONER FREEMAN. How often does FHA audit this?

MR. CLAPP. Annually.

COMMISSIONER FREEMAN. If you find that tenants have been accepted into the project at incomes in excess of the maximum approved by FHA, what do you do?

MR. CLAPP. Under our programs, tenants can remain in there but they must pay the economic rent. They cannot take advantage of the lower rent.

COMMISSIONER FREEMAN. After you have made the finding that they are not paying the economic rent, what do you do in terms of the nonprofit sponsor?

MR. CLAPP. I am not familiar with all the details of this portion of our program. However, the rent must be adjusted immediately. Whether there would be a retroactive requirement or not, I don't know.

COMMISSIONER FREEMAN. How do you justify the distinction between the continuous audit with respect to income and rent and no audit review with respect to nondiscrimination or equal opportunity in the project? You indicate that you do have a continuous audit with respect to these items and, of course, we know that you also have one with respect to the construction costs.

However, you have indicated that all you require is a signed statement before the project starts and then you discuss it sometime later.

There seems to be, even from the standpoint of the director of the Baltimore Region, a sort of imbalance in terms of what you consider the law that you want to have the people abide by and one that you want to ignore.

MR. CLAPP. Well, we work under the directives that are laid down by Washington. They have set up a procedure for us to review as far as rent and so on is concerned. They have not established any procedure for us to review as far as the racial mix is concerned.

COMMISSIONER FREEMAN. You are saying that the Washington office has not prescribed any procedure—

MR. CLAPP. For review as far as racial mix is concerned.

COMMISSIONER FREEMAN.—for implementation of Title VIII of the Civil Rights Act of 1968?

MR. CLAPP. That we have no system of review after a project is completed to determine racial mix.

COMMISSIONER FREEMAN. Do you, in your capacity as Director of this office, recognize any responsibility under the law?

MR. CLAPP. Yes.

COMMISSIONER FREEMAN. Could you indicate ways in which you feel, based upon the testimony that we have here and about what you have found about this office and what is happening in Baltimore County, how should your office be functioning in this regard?

MR. CLAPP. Well, I think we should require—some years ago it became unpopular to report the racial mix of a project and at this time—this was before my time with FHA—but any such tally was discontinued.

I think we should have required from the sponsor of the project a report annually telling us what the racial mix of the project is. Then from that we could spot check this. This would be something that would be a workable system putting the burden on him to supply the information.

We could check against the information and do this in a reasonable amount of the time the same as we do the fiscal check of the project.

COMMISSIONER FREEMAN. Is there anything in the law or rules and regulations of HUD to prevent your doing that beginning today?

MR. CLAPP. I don't believe there is anything that would prevent it other than the fact that I just don't have the staff.

COMMISSIONER FREEMAN. What about having the staff that reviews the maximum income take on this assignment?

MR. CLAPP. As a matter of fact, right at the present time we have fallen behind in that too, due to lack of staff. I have requested temporary help for a period of 6 months to attempt to catch up on this review.

COMMISSIONER FREEMAN. How many employees does the Baltimore office have?

MR. CLAPP. Approximately 62.

COMMISSIONER FREEMAN. What are the classifications of those employees? How many examiners or auditors do you have?

MR. CLAPP. The auditing is done by the realty officer. In that section, we have three realty officers authorized. At the present time we have one.

COMMISSIONER FREEMAN. Are they real estate brokers?

MR. CLAPP. No. They are career Government employees.

COMMISSIONER FREEMAN. What grades are they?

MR. CLAPP. Eleven and 12.

COMMISSIONER FREEMAN. Of the 62 employees, how many are above Grade 7?

MR. CLAPP. I would guess perhaps 20.

COMMISSIONER FREEMAN. How many of them are black?

MR. CLAPP. I am only guessing. Two.

COMMISSIONER FREEMAN. How many of them are women?

MR. CLAPP. One.

COMMISSIONER FREEMAN. Thank you.

VICE CHAIRMAN HORN. Is that all, Mrs. Freeman?

COMMISSIONER FREEMAN. That is all.

VICE CHAIRMAN HORN. Dr. Rankin?

COMMISSIONER RANKIN. Once a pledge against discrimination is signed, your responsibility ends, am I correct in that?

MR. CLAPP. No, I don't believe so.

If I felt that, I wouldn't spend the time that I do personally questioning the sponsors about what their projects are.

COMMISSIONER RANKIN. I appreciate that. Now could I ask you, as you have looked over these projects, have you seen any evidence of discrimination?

MR. CLAPP. No, I have not.

COMMISSIONER RANKIN. You think there is none in Baltimore County?

MR. CLAPP. Would you restate the question?

COMMISSIONER RANKIN. I said you looked over and there was no evidence of any discrimination at all in Baltimore County?

MR. CLAPP. Not that I have seen in the projects that we have developed.

COMMISSIONER RANKIN. Wouldn't you like to have a little closer scrutiny sometime?

MR. CLAPP. Yes.

COMMISSIONER RANKIN. You might learn something then, is that correct?

MR. CLAPP. I don't think so. I think I know what the situation is.

COMMISSIONER RANKIN. You know pretty well now?

MR. CLAPP. I think I know.

COMMISSIONER RANKIN. Well, I want to go to the problem of criteria. These criteria are set up by your office and by the Philadelphia office, am I correct?

Priority—

MR. CLAPP. No, they are outlined in directives from Washington which are national priorities.

COMMISSIONER RANKIN. You don't set any criteria at all in your office?

MR. CLAPP. We use judgment.

COMMISSIONER RANKIN. You use what?

MR. CLAPP. Judgment.

COMMISSIONER RANKIN. Well, can this judgment change from month to month and day to day?

MR. CLAPP. I think that it can.

COMMISSIONER RANKIN. What if I would put in an application and you said I don't trust that fellow. Let's set up a criteria that nobody south of the Mason-Dixon line can be insured.

MR. CLAPP. I couldn't get away with that.

COMMISSIONER RANKIN. You couldn't?

MR. CLAPP. No.

COMMISSIONER RANKIN. You can't get away with anything? I am interested in that criteria. Because if you can change criteria from time to time—

MR. CLAPP. I can't change criteria. Washington sets up the criteria which must be followed. We have to follow that. Now we have to use our judgment to determine whether or not the sponsor—

COMMISSIONER RANKIN. Whether the criteria is met?

MR. CLAPP. —really intends to follow the criteria and whether this site is really a good site.

COMMISSIONER RANKIN. And whether the criteria is met, is that correct?

MR. CLAPP. Yes.

COMMISSIONER RANKIN. And this is the same—your areas extend beyond Baltimore County, am I correct?

MR. CLAPP. Yes. We have the State of Maryland with the exception of five counties adjacent to Washington.

COMMISSIONER RANKIN. And there is no change in criteria outside of Baltimore County to the criteria that is asked for in Baltimore County.

MR. CLAPP. No.

COMMISSIONER RANKIN. The rules are the same?

MR. CLAPP. Yes.

COMMISSIONER RANKIN. Thank you.

VICE CHAIRMAN HORN. Dr. Mitchell?

COMMISSIONER MITCHELL. Mr. Clapp, do you ever meet with other FHA regional directors, your colleagues?

MR. CLAPP. Yes.

COMMISSIONER MITCHELL. About how often in a year do you get together?

MR. CLAPP. Well, it hasn't—since FHA, or HUD has gone into their reorganization, we haven't had as many meetings as we had previously. When I first came with FHA the directors were meeting two or three times a year. Now it's not that often.

COMMISSIONER MITCHELL. What do you do at these meetings? Do you get briefed on regulations? Do you compare notes?

MR. CLAPP. Generally they are called for specific purposes. The last meeting we had where the directors were all together had to do with the reorganization of HUD.

COMMISSIONER MITCHELL. Aside from getting ready for hearings like this, what is the biggest single problem you have got?

MR. CLAPP. Personnel.

COMMISSIONER MITCHELL. Is it your impression that most of the people in your job in the FHA organization would identify that as their biggest problem, too?

MR. CLAPP. I know several of them that would.

COMMISSIONER MITCHELL. I guess what I am really asking is: is there anything going on in Baltimore City or County with respect to the work you do that is any different really than the situation that one would find in FHA offices around the country? Do you have special kinds of problems that are characteristic of this area?

MR. CLAPP. I think all of us have unique problems. Baltimore County presented quite a problem to us.

COMMISSIONER MITCHELL. What problem? Describe that?

MR. CLAPP. Because of the fact they had no workable program. We had practically no activity of any kind of FHA in Baltimore County for many years. Then with the 1968 Act when the requirements for workable programs was taken out we were able to come in there with our 236 projects and I think we made great strides in Baltimore County.

We have many projects, many more in the feasibility stage. We have several in the vicinity of this plant whereby standard housing will be made available to people of moderate-income in Baltimore County. I think this has been a unique problem and I think we could make a lot of progress in providing this type of housing in Baltimore County. I assume probably that other offices have the same kind of problems.

They probably have counties that are as restricted as Baltimore County has been one way or another but I think that the progress we made in the last 2 years has been very good.

COMMISSIONER MITCHELL. We had some builders here yesterday. Among other things they complained bitterly about the tremendous amount of paperwork involved in dealing with an agency like yours. Is that a subject of conversation between you and the builders from time to time?

MR. CLAPP. Yes, it is.

COMMISSIONER MITCHELL. Can you represent the precise language?

MR. CLAPP. That testimony no more than finished when I got on the phone and called the office and asked for a rundown of all the cases that had been put through, particularly of those who were testifying.

It was interesting to find that Mr. Knotts' cases have taken from 2 to 3 months to process from time of application to commitment. But I think that Mr. Knotts, being the type of man that he is, would not be the success he is if he would sit still and wait for something if he didn't complain.

He would complain if it took 10 minutes to get the commitment out.

This is how he got to be one of the biggest builders in Baltimore. How he got to own 6,000 apartments. Because when he gets ready to go on something, he is ready to go. From the time he comes into FHA he made up his mind what he wants to build and he is ready to build.

In fact, one project he came in with he already had the sewer and water and streets in. This precludes much of FHA planning. In order for this project to be acceptable we had to go to Washington and get a special dispensation to accept the project. He couldn't sit still while I got over to Washington to find out.

But this is the type of man he is. And this is the type of man that gets things done.

COMMISSIONER MITCHELL. Have you checked on the other builders in that panel? Did you find any extensive delays?

MR. CLAPP. Average processing time is about 6 months.

COMMISSIONER MITCHELL. Is that abnormally long? Would you say that is a long time?

MR. CLAPP. It's longer than we would like to have it but it's much less than it was a few years ago.

A few years ago it took about 3 years. In fact, when I came to the Baltimore office it was a project in here then for processing that had been in the office—in fact, I was asked, one of the first things I did was to sign an extension of the commitment and I asked the deputy director who brought it in for my signature how many extensions they had.

It turned out this was the 19th extension. This looked pretty ridiculous to me so I had him take it back and rewrite it and told the fellows if they didn't start within 30 days we would cancel the commitment.

Fortunately that—he was able to get started in the next 30 days.

I don't know whether my paragraph had any effect on him or not. But the delay is caused by several different things, most of which we feel would be under control of FHA. A man like Mr. Knotts, as much as he will fuss, if you tell him that you need a document he will go and get it. He will have a runner in the office with it before lunch.

If you tell him in the morning you will have such-and-such a document in your package, there will be someone there with that document before you go to lunch. This type of individual you can get things built, where some others will say I don't see why you need that and they will fight it.

They don't want to provide the document or they think maybe we can do it their way or that way. Let's make it just a little bit different.

As a result, it runs into time and runs into red tape. There is a lot of red tape. I won't deny that. But red tape comes about as a result of people not doing what they should.

You have to have some checks and balances. Otherwise, you won't get the kind of projects you want to live in.

COMMISSIONER MITCHELL. Thank you.

VICE CHAIRMAN HORN. Father Hesburgh?

CHAIRMAN HESBURGH. No.

VICE CHAIRMAN HORN. Let me ask two questions before turning to Mr. Glickstein.

You mentioned red tape. You are a man on the firing line. You are dealing with the local builders. You're sort of halfway between them and the Washington and regional bureaucracies.

In these packages you talk about, documents that are required, are there any papers in your judgment, in your experience, that really aren't necessary to get the job done? And, if so, what are they?

MR. CLAPP. Not that I am aware of.

VICE CHAIRMAN HORN. In other words you feel that every single paper that HUD and FHA in particular require is absolutely necessary?

MR. CLAPP. It is there for a purpose. It is there because somebody produced a project that wasn't what it should be and it was found the steps had to be taken to make sure that the project came in the way it should.

VICE CHAIRMAN HORN. Sometimes we punish the 99 percent who are innocent for the guilt of 1 percent. Things get out of proportion, I guess is what leads to this question.

MR. CLAPP. If we lived in Utopia, the builder could come in and

say I want to build a project and you could say all right we will insure it and go ahead and build it without looking at plans and specifications and looking over his papers and everything else.

But we don't live in Utopia. We make mistakes. Builders make mistakes. We have to have forms. We have to review the project to make sure that it will work. The type of projects that we are dealing with, we are attempting to provide housing for people with moderate-income.

The cost of building projects today is so high that this is very difficult. There is a very narrow line between a project that is feasible and one that is not. We have to make sure that this project is feasible. We have to make sure that the rents coming in will pay the debt-service on the project.

This is not something that you can just wave a magic wand and have the answer to it.

VICE CHAIRMAN HORN. Would you say that all parts of all those forms are also necessary? In other words, you see not even a paragraph you could drop?

MR. CLAPP. I wouldn't make that blanket statement. I do not personally review these forms. I have a very competent staff that does. We have made suggestions at times to central office. Our chief underwriter who is very competent has been working with the Washington office on a suggestion for using computers to speed up the processing. We think the processing could be reduced by perhaps as much as a month if we could use a computer system.

He is working with Washington on this. We know something will come out of it. No, we don't have the ultimate forms.

VICE CHAIRMAN HORN. Your response to a question of Dr. Mitchell's, you mentioned that the regional directors and area directors used to get together more often than they do now.

Perhaps Dr. Mitchell asked you this but I didn't quite hear it: in these meetings since you have been with HUD, to what extent has equal opportunity been a focus at any of these meetings? Has this subject ever come up as far as how we carry out Title VIII of the 1968 Act?

MR. CLAPP. I believe in 1968 we had a meeting in Philadelphia where this was discussed, responsibilities, in regard to this. Now I can't give you the exact data but I would say, yes, this was discussed.

VICE CHAIRMAN HORN. Did they spend 10 minutes on it? Ten hours? One hour? What?

MR. CLAPP. Not at that meeting. We spent, I would imagine, probably a half an hour.

VICE CHAIRMAN HORN. Half an hour. And that was the last time it was discussed with the area directors or city directors?

MR. CLAPP. At a formal meeting.

VICE CHAIRMAN HORN. At a formal meeting. Has there been any special sessions held with people from, say, the Assistant Secretary of the Equal Opportunity Office in HUD to come up and brief regional people and see the process involved?

MR. CLAPP. No. There have been people from OE that have come to Baltimore and discussed the problems with me.

VICE CHAIRMAN HORN. There have been?

MR. CLAPP. Yes.

VICE CHAIRMAN HORN. On particular cases?

MR. CLAPP. Yes. And then, of course, we always get into the general discussion.

VICE CHAIRMAN HORN. Have you held any briefings with your own staff on some of these problems?

MR. CLAPP. Yes.

VICE CHAIRMAN HORN. You have?

MR. CLAPP. Yes.

VICE CHAIRMAN HORN. Mr. Glickstein?

MR. GLICKSTEIN. I have two quick items.

Just to clarify the record, you were asked a question about Letter 58 which deals with equal opportunity in HUD programs. You said you were familiar with that. Then you were asked a subsequent question about filing quarterly reports dealing with integration, the extent of integration activities related to that in your area.

I just wanted to make clear that that is not the provision of Letter 58. The exhibit that was introduced into the record was a letter from former Secretary Weaver to our former Chairman John A. Hannah in which Mr. Weaver said that Directors of all Insuring Offices are required to make quarterly reports on the progress of integration in their jurisdictions.

That is not an item in Letter 58. I wanted to clarify the record on that point. The other question I wanted to ask you, I believe you were asked some questions about what efforts are made to insure that developers integrate their projects, have affirmative action programs.

We heard testimony yesterday from builder Mr. Myerberg and he has a project, Kingston Project on Kingston Road in Middle River, which, I believe, is a 235, and he told us that it was all-white and none of the homes was rented to black people.

How does something like that happen? What is FHA's responsibility in respect to something like that?

MR. CLAPP. This project is in the Essex area where by and large nonwhites have chosen not to live. This is an area that is very hostile, in my opinion, to any nonwhites and I think probably that this is the largest reason that this has happened.

There is very little integration in this particular area.

MR. GLICKSTEIN. Have you checked on the affirmative action efforts of Mr. Myerberg to integrate?

MR. CLAPP. We have discussed this with him. We have talked to him about his ads that were run in the paper. And his ad that he has, I believe, on Eastern Boulevard. I have been out to the project myself and looked at it. I don't know how to bring about integration of a project unless the person comes out there.

MR. GLICKSTEIN. But your office will continue approving 235 projects in that area of the county assuming you have the money even though that area continues to remain all-white?

MR. CLAPP. I don't believe that this area is going to always continuously remain white. I think somewhere along the line it will break down. Let me say a word about the 235 program.

We have only two projects in Baltimore County. We have no 235 projects in Baltimore City. We have a very limited number of 235 projects throughout the State. The biggest reason being that we have a limitation because of labor cost, material cost in the Baltimore area of \$20,000 for a three-bedroom home under Section 235.

The builders find it difficult to produce a home for this amount of money. Now, the two projects we have in Baltimore County are projects; Mr. Myerberg's project was a 203 project. It's a project where he has owned the land for sometime; it has been zoned; he had many of the streets in.

Mr. Colvin's project is also a project where his firm has owned the land for many years and the zoning and all was accomplished so he has a lower land cost. I imagine probably that these are the reasons why these two projects have gone ahead.

But with our cost limitation, it's very difficult to get builders to come into these programs. We have gone out and tried to do some missionary work. We talked with builders. The answer we get is we can't make it at \$20,000. There is just no use in trying, I cannot produce a house for that amount of money.

On the other side of the coin, the problem we have, if you get a plan to produce the house for that money we are trying to put people of moderate-income into these houses.

The cost, even at 1 percent interest, the cost of a \$20,000 house is quite high. Our funds are limited to 15 percent of the total allocation for existing homes but the existing homes, there are many,

many standard existing homes that can be purchased in the Baltimore area for \$10,000 or \$12,000, but we are pretty well forestalled from insuring these because of the limitation of the act on the funds putting it into new housing.

So the 235 program, as far as we are concerned in Baltimore, has not reached the goal that was hoped for. I think there are two things that need to be done to improve it.

We need a little more subsidy to help produce this house perhaps in the form of a grant to cover public utilities or something of this nature so we can reduce the cost of these houses and get them down to a point where a person of moderate-income can buy them.

The portion of the market that can purchase a 235 home is very, very small. A builder will come in with four or five contracts before he will find one that will work where the person has enough income and doesn't have too much income.

It's a very, very narrow line. This needs to be broadened out some and there needs to be more subsidy in the proposition if you want to reach the truly moderate-income family.

MR. GLICKSTEIN. Thank you.

VICE-CHAIRMAN HORN. Thank you. Any further questions?

MR. POWELL. I would like to have permission to enter in the record the documents from which Mr. Clapp was reciting earlier.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the documents referred to were marked Exhibit No. 19 and received in evidence.)

VICE CHAIRMAN HORN. Thank you. We appreciate your coming here.

The next panel will be Messrs. Phelan, Jackson, Dinney, Hobbs, and Hawthorn.

(Whereupon, Mr. Warren Phelan, Mr. Wagner Jackson, Mr. Robert Dinney, Mr. Tom Hobbs, and Mr. Samuel Hawthorn were sworn by the Vice Chairman and testified as follows:)

TESTIMONY OF MR. WARREN PHELAN, REGIONAL ADMINISTRATOR; MR. WAGNER JACKSON, ASSISTANT REGIONAL ADMINISTRATOR FOR EQUAL OPPORTUNITY; MR. ROBERT DINNEY, DEPUTY ASSISTANT REGIONAL ADMINISTRATOR FOR METROPOLITAN DEVELOPMENT; MR. TOM R. HOBBS, DEPUTY REGIONAL DIRECTOR OF PLANNING; AND MR. SAMUEL HAWTHORN, ASSISTANT REGIONAL ADMINISTRATOR FOR PROGRAM COORDINATION AND SERVICES OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, PHILADELPHIA REGIONAL OFFICE

VICE CHAIRMAN HORN. Mr. Powell?

MR. POWELL. Beginning with the gentleman closest to the ros-

trum, would each of you please state your name, address, and position with HUD?

MR. JACKSON. My name is Wagner D. Jackson. My title is Assistant Regional Administrator for Equal Opportunity in the Philadelphia Regional Office, Department of Housing and Urban Development and I live at 829 North Clayton Street, Wilmington, Delaware.

MR. DINNEY. My name is Robert A. Dinney, Deputy Assistant Regional Administrator for Metropolitan Development. I work in the HUD Regional Office, Region 2 in the Curtis Building. I reside at 181 Camp Meeting Road, Willow Grove, Pennsylvania.

MR. PHELAN. My name is Warren Phelan, I am a Regional Administrator, Region 2, Philadelphia. Our business address is 60 Walnut, Curtis Building, Philadelphia.

MR. HOBBS. Tom R. Hobbs, Deputy Regional Director of Planning. Business address is Curtis Building in Philadelphia.

MR. HAWTHORN. Samuel Hawthorn, Assistant Regional Administrator for Program Coordination and Services, Curtis Building, Philadelphia.

MR. POWELL. Mr. Dinney, as Deputy Assistant Regional Administrator for Metropolitan Development for this region, Region 2, you administer the water, sewer, and open space projects for Baltimore County. Is that correct?

MR. DINNEY. Yes.

MR. POWELL. How many water and sewer grants have been awarded to Baltimore County?

MR. DINNEY. Three.

MR. POWELL. How many open space grants?

MR. DINNEY. I believe there were 13.

MR. POWELL. In what areas of the county are these projects located?

MR. DINNEY. The water and sewer grants were located in various areas of the county. The projects involved sewer and waterlines in addition to pumping stations and I believe storage tanks. The storage tanks and the pumping stations serve basically the area across the county north of Baltimore City. The sewage lines serve areas also throughout the county from the eastern part to the south towards the western part.

MR. POWELL. Has an application for Baltimore County for either of these programs ever been rejected?

MR. DINNEY. Yes, sir.

MR. POWELL. How many?

MR. DINNEY. I believe we had under the water and sewer program initially about 12 that were rejected.

MR. POWELL. What were the reasons for the rejection?

MR. DINNEY. I believe at that time it was the lack of funds.

MR. POWELL. Other than lack of funds, were any projects rejected?

MR. DINNEY. Not to my knowledge. I might add that the lack of funds was one of the reasons that we had a selection system which indicated how we were going to invite folks to come in and submit the full proposal. This was done on a preliminary basis.

MR. POWELL. Mr. Dinney, HUD Form 41903 states the present equal opportunity requirements for water and sewer and open space programs; is that correct?

MR. DINNEY. That is the information that we received in connection with evaluating a project. That requests the information to be submitted.

MR. POWELL. Mr. Chairman, with your permission I would like to have this form entered into the record of the proceeding.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 20 and received in evidence.)

MR. POWELL. Mr. Dinney, what are these requirements? What type of information do you require?

MR. DINNEY. Do you want me to specify for the program?

MR. POWELL. Just give me the title of the information you need. Specify by 41903.

MR. DINNEY. We usually get maps of an area. Demographic maps to indicate where the people are located. Areas to be served. Where there is presently service. Where there is not service, the minority areas. The enclaves, as people suggested the other day as far as the nonwhites in order to make a determination that the locality is not discriminating in service and that all the people in a given area will be served by a proposal.

MR. POWELL. Mr. Hawthorn, please describe briefly the functions of your office.

MR. HAWTHORN. Assistant Regional Administrator for Program Coordination and Services. That means that we administer several what we call technical branches of regional office operation such as the Planning Division, the Workable Program Division, the Market Analysis and Relocation Branch plus intergovernmental relations and a variety of other topics.

MR. POWELL. Mr. Hawthorn, what role does Program Coordination and Services have over applications from Baltimore County?

MR. HAWTHORN. Well, recently or—in other words, from the time—

MR. POWELL. In Baltimore County, the projects here are water and sewer and open space. What was your role?

MR. HAWTHORN. From the water and sewer side, our Planning Department wouldn't have a role. If the county had a Workable Program we would administer that. If they had any Relocation we would administer that as well and we would administer any renewal projects per the application.

MR. POWELL. Mr. Hawthorn, considering there is only a 3 percent black population in the county, how adequate is the planning process in Baltimore County in dealing with the problems?

MR. HAWTHORN. It is—there is a lot of detailed answers to that. I would like Mr. Hobbs to discuss it in more detail at this moment.

MR. HOBBS. Mr. Powell, we make determinations for our Metropolitan Development staff with regard to the adequacy of planning for both water and sewer and open space projects which would be submitted to our office. The requirements relating to planning require that we evaluate the planning process within the local jurisdiction specifically for open space and the planning process that is being carried on at the areawide or metropolitan level.

We feel that while the primary emphasis on planning requirements for MD [Metropolitan Development] projects is at the areawide level, in the case of the Baltimore Region, the Baltimore Regional Planning Council, that this planning cannot go forth successfully without being very closely tied to the local planning process.

We have, over the last several years that we have been dealing with Baltimore County on MD projects, been evaluating that local planning process. We have made adequacy findings with regard to that process based upon the knowledge that we had at the time but our review procedure requires us to evaluate progress over time.

MR. POWELL. You mentioned that you review the regional planning council; is that correct?

MR. HOBBS. That is right.

MR. POWELL. Isn't it true that the housing element of their plan contains no low-income housing component?

MR. HOBBS. I wouldn't say that the housing component of their work program or planning process contains no housing component.

MR. POWELL. No low-income housing component.

MR. HOBBS. There is an expressed concern in that housing element to deal with the low-income housing problem in the region. The housing element has been required as part of the planning process only since 1968 and, secondly, it is about a year since most of the planning agencies have been actively involved in housing

but the regional planning council is not embarked on a work program relating to housing.

The currently adopted regional guide plan does not have specific statements with regard to low-income and minority housing.

MR. POWELL. In your reviewing, is the Equal Opportunity Office consulted by your office during these plan reviews?

MR. HOBBS. It has been at times, yes.

MR. POWELL. Mr. Hawthorn, your office is in charge of HUD relocation activities; is that correct?

MR. HAWTHORN. That is right.

MR. POWELL. Do you make any efforts to assure that persons displaced by federally assisted projects in Baltimore City are able to relocate anywhere in the metropolitan area?

MR. HAWTHORN. Do we make any effort? How do you mean?

MR. POWELL. Do you make any efforts to assure that persons displaced by federally assisted projects in Baltimore City are able to relocate anywhere in the metropolitan area including Baltimore County or the other suburban counties?

MR. HAWTHORN. Statutorily, we are required to find relocation within the community itself. However, if it is agreeable to the surrounding areas, arrangements could be made in agreement, a cooperation agreement, to institute relocation resources outside of the displacing—

MR. POWELL. Are such steps now taken?

MR. HAWTHORN. They have been in certain areas around Baltimore City, yes.

MR. POWELL. Mr. Dinney the new water and sewer guidelines that have been in effect for only a few weeks provide that in rating an application your office will consider low-income housing supply and the existence of a plan which includes a housing element for the locality. If Baltimore County were to submit an application within the next few months which didn't fill these requirements, what measures would you require them to take?

MR. DINNEY. We would review a project in light of the new evaluation system. We have minimum requirements under the program as it exists today. If it fails to meet the requirements, we would not process it. We would reject it and return the preliminary inquiry.

However, if it resulted in a proposal which would be close to the minimum requirements, and we could induce a locality to comply and offer them some grant assistance for their proposal that they could comply with the housing element and low-income, we would try to do so. That is what we would call an opportunity project.

Also we have one other element that is separate and distinct

from the evaluation system and that is planning. You have a housing element in planning today, too. That is a technical requirement for the program. The housing element and accessibility to low- and moderate-income is an evaluation system so you have sort of a check and balance at the present time that has just been instituted, and reevaluation of the entire water and sewer program.

MR. POWELL. Mr. Dinney, do these guidelines contain criteria ratings relating to racial integration?

MR. DINNEY. No, they don't.

MR. POWELL. Do they have any provisions related to minority group residents in the applicant locality?

MR. DINNEY. The only concern, the only thing it takes into consideration as far as that, is the income levels. The lower-income levels are given higher preference in a priority rating system.

MR. POWELL. Mr. Jackson, you are the Assistant Regional Administrator for Equal Opportunity; is that right?

MR. JACKSON. That is correct.

MR. POWELL. Will you describe the procedure by which your office reviews an application for HUD assistance?

MR. JACKSON. That would be our procedure under Title VI of the Civil Rights Act 1964. It would apply both to the housing assistance programs and to urban renewal programs. In the case of the housing assistance program we would review the program reservation, requests for X number of units for a given locality to determine if, in our judgment, that number of units would adequately service the minority group population in that community.

The next item we would review would be the tentative site approval. In that instance we would check to see whether or not the site being proposed for public housing meets the present site selection policy applicable to that program. That policy is generally as follows: the purpose of it is to provide an opportunity for minority group families to acquire public housing outside of their present areas of racial concentration. In the urban renewal program we would review primarily the project boundaries, proposed project boundaries, to assure that such boundaries hadn't been drawn so as to arbitrarily include or exclude minority group persons for any reason and we would also examine the availability of the housing of relocation resources for minority groups.

MR. POWELL. Mr. Jackson, you mentioned the site selection of HUD. Would you describe that for us, please? We've heard testimony on that.

MR. JACKSON. Sorry, Counsel, I didn't understand you.

MR. POWELL. You mentioned the site selection policy. Would you describe that for us?

MR. JACKSON. Yes. I just described the purpose of the policy.

MR. POWELL. Yes. Would you describe what the policy is?

MR. JACKSON. The policy continues after the statement of purpose that if the only site submitted to our regional office for review is in an area of racial concentration, it is *prima facie* unacceptable and it is to be returned to the local housing authority with directions to find an ultimate site or an additional site which meets all other acceptable criteria or finally to factually substantiate that no other acceptable sites are available in that community.

MR. POWELL. In the context of a city which is predominantly black, do you think the balancing site requirement is an effective one in that it is limited in application by city boundaries?

MR. JACKSON. No, I don't.

MR. POWELL. Are these guidelines in writing?

MR. JACKSON. They are, indeed. They have been in effect since February 1967.

MR. POWELL. Mr. Jackson, how large is the staff which investigates—

VICE CHAIRMAN HORN. Let me interject a question here, Counsel.

I wonder, you mentioned the guidelines and some of the process and criteria.

Do you send people down to the site to personally examine it or do you base your actions strictly on the happenstance of complaints you hear about or what?

MR. JACKSON. No, indeed, we collect maps of all the communities in which we deal showing the location of minority group families in that community and when those maps are recent and accurate we may sometimes be able to make a judgment as to acceptability of the site on the basis of that demographic data.

In the event that those demographic data are not of recent origin, we personally inspect each site.

VICE CHAIRMAN HORN. Thank you.

MR. POWELL. Mr. Jackson, you mentioned that this site selection policy in writing—do you have a copy of that?

MR. JACKSON. I do.

MR. POWELL. May we have a copy?

MR. JACKSON. You may.

VICE CHAIRMAN HORN. Do you want it entered at this point in the record?

MR. POWELL. Yes, I do.

VICE CHAIRMAN HORN. All right. It will be entered at this point in the record.

(Whereupon, the document referred to was marked Exhibit No. 21 and received in evidence.)

MR. POWELL. Mr. Jackson, other than Form 41903, do you have written guidelines from Washington on the equal opportunity requirements for the various HUD programs?

MR. JACKSON. Yes. You heard those with respect to metropolitan development programs, water and sewer and open space.

MR. POWELL. That is 41903. Anything in addition to that?

MR. JACKSON. Not at the moment with respect to those programs.

MR. POWELL. With respect to other—

MR. JACKSON. There is a new policy, by the way.

MR. POWELL. Is this policy—

MR. JACKSON. Yes. It is the one you previously referred to as being of recent origin.

VICE CHAIRMAN HORN. I must say I am tempted to interject at this point. I would like to know whether there were 41,902 previous forms when I hear the numbering of that particular form. There must be some reason for that that my simple mind doesn't understand but I will pass on that.

MR. POWELL. How large is the staff which investigates and conciliates complaints under Title VIII of the Civil Rights Act of 1968?

MR. JACKSON. Five field persons, a director, and secretary in my regional office.

MR. POWELL. How many people are—five people? How large is the area in which they work?

MR. JACKSON. We have been covering six States and the District of Columbia. Pennsylvania, New Jersey, Delaware, Maryland, Virginia, West Virginia, and the District.

MR. POWELL. So it is fair to say you have less than one person covering the entire State of Maryland?

MR. JACKSON. That would be correct.

MR. POWELL. What is the average time for processing such complaint?

MR. JACKSON. Through the inauguration of recently reduced investigative criteria—

MR. POWELL. Are you speaking of a future program? We are interested in your existing program.

MR. JACKSON. Well, at the present time we complete investigations of Title VIII complaints within approximately 60 days.

MR. POWELL. Investigation. But your process includes conciliation, also, does it not?

MR. JACKSON. That is correct.

MR. POWELL. How long does it take to process a complaint? The investigation stage is only one facet of that. That takes 2 months.

How long does the entire procedure take? How long before the person complaining gets some kind of action?

MR. JACKSON. The person that complained under Title VIII gets immediate action in terms of an acknowledgment—

MR. POWELL. I beg your pardon?

MR. JACKSON. The complainant under Title VIII who files a complaint with our regional office gets immediate action within 3 days. He gets an acknowledgment of receipt of his complaint with requests for more data if that is necessary and in any case an investigator will call on him in the immediate future to proceed with the investigation.

MR. POWELL. How long does the process take, Mr. Jackson? The entire process?

MR. JACKSON. The entire process, I would guess, would approximate 50 or 60 hours at the moment.

VICE CHAIRMAN HORN. Are you saying your work effort per complaint is about 50 or 60 hours?

MR. JACKSON. That is correct.

VICE CHAIRMAN HORN. What is the time lag? The time the complaint is filed to disposition one way or the other?

MR. JACKSON. I would think—

VICE CHAIRMAN HORN. Average time. Median time. You know.

MR. JACKSON. That would average no more than 2 months.

VICE CHAIRMAN HORN. Two months. All right.

MR. POWELL. That is the time for investigation, Mr. Jackson?

MR. JACKSON. That is the entire process I am referring to.

MR. POWELL. Mr. Jackson, does the Equal Opportunity Office review applications for FHA assistance?

MR. JACKSON. No, we don't.

MR. POWELL. Is there any relationship at all between your office and the FHA Insuring Office in Baltimore?

MR. JACKSON. Yes, there is.

MR. POWELL. What is that relationship?

MR. JACKSON. We relate to the FHA Insuring Office in Baltimore and indeed the eight other FHA Insuring Offices in our region in a number of ways. We sift them, for example, in provision of counseling—a service provided by FHA office.

MR. POWELL. That is because they don't have Equal Opportunity Offices of their own? Is that right?

MR. JACKSON. At the moment that is correct, yes.

MR. POWELL. Mr. Jackson, do you have authority from the standpoint to veto an application for a HUD program?

MR. JACKSON. I will not characterize it as veto. We have recommendations for approval or disapproval.

MR. POWELL. Okay. You have recommendations for approval or disapproval.

MR. JACKSON. And qualified approval, I might add.

MR. POWELL. Are there procedures by which you are informed whether or not your recommendation has been followed?

MR. JACKSON. Yes.

MR. POWELL. Would you describe those procedures?

MR. JACKSON. They tend to take the effect of discussions among other staff and our receipt of copies of memoranda of final disposition.

MR. POWELL. Would you say that you were involved in the decision as to whether the thing is approved or not?

MR. JACKSON. Unquestionably.

MR. POWELL. Mr. Jackson, only approximately 3 percent of Baltimore County is nonwhite. Given this demographic characteristic, how effective are the present equal opportunity requirements in assuring that minority group persons receive the benefit of HUD programs?

MR. JACKSON. Insofar as HUD programs are available in Baltimore County I would think they would be adequate. However, as you well know those programs don't include housing assistance or urban renewal.

MR. POWELL. You mentioned that you do have the power to recommend approval or disapproval of an application for a HUD project. Have you ever recommended disapproval?

MR. JACKSON. Many times.

MR. POWELL. How many times? I am talking now about Baltimore County. No, generally. Make that generally. How many times?

MR. JACKSON. I couldn't estimate the number of times that I have recommended against approval of a particular project.

MR. POWELL. Would you say that it was more like 10 or 20?

MR. JACKSON. Well, it depends on the time span. I have been making such recommendations for 7 years.

MR. POWELL. I see. Within the last year or two. Within the last 2 years have you made any recommendations for disapproval?

MR. JACKSON. I have.

VICE CHAIRMAN HORN. How many projects would you have considered in this time period? Then what is the estimate of percentage that you might have recommended disapproval on?

MR. JACKSON. I can't tell how many—I have no record of how many public housing sites or urban renewal projects, for example, we have approved with me. I would judge, however, on the average, our recommendations for approval or disapproval in any HUD pro-

gram administered by our Philadelphia office are generally filed at least 99 percent of the time.

MR. POWELL. Could you provide, then, the Commission with a record of the number of recommendations for disapproval you made since you have been with HUD and an indication of how many were followed and not followed? Would you also provide us with a number of approvals you made and with an indication of whether they were followed?

MR. JACKSON. I didn't hear the last part.

MR. POWELL. Will you also provide us with the number of tentative approvals?

MR. JACKSON. Qualified approvals?

MR. POWELL. Yes. Can you provide that information to the Commission?

MR. JACKSON. I will. Over what period of time, sir?

MR. POWELL. For the last 2 years.

MR. JACKSON. Thank you.

MR. POWELL. Mr. Jackson, under Section 808(e)(5) of the Civil Rights Act of 1968, provision was made that HUD programs will be administered affirmatively so as to further the purpose of the fair housing act. What forms of affirmative action does your office require, if any?

MR. JACKSON. With respect to all programs of HUD?

MR. POWELL. With respect to the provisions of Title VIII. Provisions made that HUD programs will be administered affirmatively so as to further the purposes of the fair housing act.

MR. JACKSON. Yes. Well, you have heard of the equal opportunity review criteria which apply to all of the programs of HUD. Affirmatively implemented, those, to my judgment, would tend to support the requirement for meeting Title VIII.

MR. POWELL. Mr. Phelan, as Regional Administrator you have final authority to approve project application at your level; is that correct?

MR. PHELAN. Yes. We approve applications making recommendations for funding to Washington.

MR. POWELL. Mr. Phelan, has there ever been a situation in which you have had to resolve a disagreement between the Equal Opportunity Office and the Program Office over whether an application should be granted?

MR. PHELAN. Yes.

MR. POWELL. Have you ever rejected an application on the ground it failed to meet equal opportunity requirements?

MR. PHELAN. Yes. Frequently.

MR. POWELL. Have any such applications been rejected in Baltimore County?

MR. PHELAN. No. We haven't had any applications from Baltimore County.

MR. POWELL. Mr. Phelan, we heard testimony here in the last 2 days about the shortage of low-income housing in Baltimore County and the reluctance of the county to take action to ease this problem.

In your opinion, should HUD take steps to assure that the county increase its supply of low- and moderate-income housing in order to benefit from other HUD programs?

MR. PHELAN. We take what steps we can. It is impossible for us to foresee Baltimore County of course to establish a housing authority or utilize even the rent supplement program.

MR. POWELL. Do you feel the threat of cutoff of all Federal funds would be an affirmative impetus to a suburban jurisdiction such as Baltimore County willing to provide low-income housing to minority group persons?

MR. PHELAN. Yes.

MR. POWELL. You do? Mr. Chairman, I have no further questions.

VICE CHAIRMAN HORN. Commissioner Freeman?

COMMISSIONER FREEMAN. Mr. Jackson—I believe this question could be directed to all of you—did you hear Mr. Clapp's testimony earlier concerning the FHA program at their office, administration with respect—

MR. JACKSON. I was out of the room part of the time, Commissioner, but I heard most of it.

COMMISSIONER FREEMAN. We asked Mr. Clapp concerning their procedures in terms of the implementation of the equal opportunity program and he indicated that the sponsor signs an application, signs the assurance, and this is about the last of it. There is no monitoring. I would like to ask Mr. Phelan if—you said you heard it—if you would comment on that testimony in terms of the requirements of your office.

MR. PHELAN. I feel our requirements in that area should be strengthened and there should be a better program of reporting than we have and perhaps a better program of monitoring. I think we should continue a variety of programs to carry out the affirmative action program and assure that there is appropriate advertising and utilization of minority staff in all the operations of the developer, whether it is site, construction, and all the rest. I would say more briefly that our reporting system and our monitoring system should be strengthened.

COMMISSIONER FREEMAN. Could you indicate for the Commission some of the reasons why there is an audit or a continuous audit with respect to the buildings, the maximum rent, and the income, yet there is no monitoring or audit with respect to equal opportunity?

MR. PHELAN. Well, FHA has always been sensitive to foreclosures or financial failures and so forth. That is a tradition, I think, of the program. Probably the tradition of America, that we pay more attention to that sort of thing than to some of the social problems. Consequently, historically they have been concerned with financially feasible projects and to some extent still are. I think they will be in some trouble also if too many of them failed and the next time they went up before Congress for appropriations and so forth—this isn't to say they shouldn't, at the same time, have a stronger response to the equal opportunity provisions under which we operate. I think it is because of the recent history and recent recognized importance of that, that we have begun to be aware of it and start working on just a little bit more of some of the programs if not adequately in FHA yet.

COMMISSIONER FREEMAN. Would it be a correct assessment or evaluation to say that even since the law, Title VIII and also since Title VI, that there has actually been little change with respect to minority family inclusion in the low- and moderate-income housing?

MR. PHELAN. I think there has been an increased awareness of the need for it and I think there has been—I don't have the statistics with me to prove it. I suppose I might get them from Washington. But I think across the region there has been a greater awareness of the need to treat the black people better, treat them equally, and I think that this is reflected generally in housing. That is my opinion.

COMMISSIONER FREEMAN. Well, we see something lacking in the commitment with respect to a question from Dr. Rankin concerning a project that is all-white. The answer of Mr. Clapp is that it was in an area where these people are not accepted.

Is this the kind of attitude that should actually follow with respect to a Federal agency in trying to carry out a program?

MR. PHELAN. No. I think that the builder in that case was one that Mr. Jackson had some experience with and might comment on at this time regarding our procedure and policy.

MR. JACKSON. I might add, Commissioner, that there has now been developed affirmative marketing standards for our FHA programs to assure equal opportunity insofar as occupancy of the

projects are concerned with FHA-insured development. The case in point that was referred to involves a builder sponsor who was barred from participation in FHA programs in 1966 and, as Mr. Clapp indicated, it was before his time, but who recently applied for reinstatement and in so doing, that process for reinstatement was handled by my office and my staff and I have with me the terms of that agreement, if you would like to hear it.

COMMISSIONER FREEMAN. Could you offer that agreement and the proposed management procedures as soon as they are completed? Could we have a copy of those?

MR. JACKSON. Yes.

VICE CHAIRMAN HORN. Would you like that submitted for the record?

COMMISSIONER FREEMAN. Yes.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 22 and received in evidence.)

COMMISSIONER FREEMAN. Thank you, gentlemen. No further questions.

VICE CHAIRMAN HORN. Dr. Rankin?

COMMISSIONER RANKIN. Mr. Phelan, and this sounds like a stupid question, but what is the purpose of HUD?

MR. PHELAN. The purpose of HUD is to improve the urban environment, make it a better place to live and work for America.

COMMISSIONER RANKIN. Does your office do that?

MR. PHELAN. I think so. We try.

COMMISSIONER RANKIN. What I am getting at is: are you a regulatory agency or do you encourage and plan or is it just the regulatory function that you perform?

MR. PHELAN. I think it is both. I think it is a combination of financial support, regulatory encouragement, and the encouragement that comes close to regulatory are some of our planning requirements you heard about earlier today.

COMMISSIONER RANKIN. It is easy to get lost in regulations, isn't it?

MR. PHELAN. Well, if you are Regional Administrator of HUD, it is, because we have so many programs and really, seriously, so many concerns. I envy those like Small Business Administration that make loans to small business. That is the extent of their business. We have business loans among the other things we do. We duplicate about every activity of the city in one way or another or support or encourage or control it, so we do have an awful lot of work to do.

COMMISSIONER RANKIN. It is your job to carry out the laws that have been passed in Congress and the rules and regulations; is that correct?

MR. PHELAN. Yes.

COMMISSIONER RANKIN. Even though you might not agree with all of them; is that correct?

MR. PHELAN. I think so.

COMMISSIONER RANKIN. And you don't agree with all of them? Well, that is an unfair question. I won't ask that. That is an unfair question. But what I am leading up to: do you make recommendations for change in laws and change in regulations?

MR. PHELAN. Yes, we do. Yes, sir.

COMMISSIONER RANKIN. You do that quite frequently?

MR. PHELAN. We do it on a regular basis. Not frequently but annually or semi-annually or whenever a good idea strikes us.

COMMISSIONER RANKIN. I think Mr. Jackson mentioned guidelines established in 1967; is that correct? Certain guidelines?

MR. PHELAN. For site selection, yes, that is right.

COMMISSIONER RANKIN. How often should guidelines be changed?

MR. PHELAN. As often as they need to be. I couldn't set a time limit on that. They are currently under study. We found that they need change now. They need increased applicability to the FHA programs obviously and we found problems with regard to urban renewal areas and so forth. They need change and they are being studied at the Washington level right now.

COMMISSIONER RANKIN. And notices are sent out each time they are changed? Is that correct?

MR. PHELAN. Oh, yes.

COMMISSIONER RANKIN. Should they be uniform over the entire United States?

MR. PHELAN. That is one of the problems, you know, when you develop a national regulation to develop the kind that can apply in States that have in this case I guess 50 different urban renewal laws under which you operate as well as the Federal requirements. It is very difficult to develop the kind of regulations that can apply to every city, every area, every State, every State law in the country and still have it workable. That is why we are a little slow at getting out the regulations once in a while and they shouldn't be so strict as to be the same all over.

COMMISSIONER RANKIN. Should they have special guidelines for Baltimore County?

MR. PHELAN. I don't think so. I think the same guidelines for Baltimore County are those that apply anyplace else.

COMMISSIONER RANKIN. Even though it is largely white?

MR. PHELAN. Well, the guidelines we use will correct that situation. They have them in other places.

COMMISSIONER RANKIN. You mentioned you had rejected projects because they didn't meet equal opportunity specifications. Is that correct?

MR. PHELAN. Yes.

COMMISSIONER RANKIN. Did you ever compare what you have done with other regional offices to see if there are more rejections in your office than others?

MR. PHELAN. I haven't done that, no.

COMMISSIONER RANKIN. I wondered with respect to my area of the United States, which is the South, if you would have more rejections coming from there than from here.

MR. PHELAN. I know you have some down there.

COMMISSIONER RANKIN. Yes, I do, too.

MR. PHELAN. I heard about them in some of the regional administrative meetings.

COMMISSIONER RANKIN. But you never made any comparison?

MR. PHELAN. No, I haven't made any comparison, no.

COMMISSIONER RANKIN. And the office in Washington never has?

MR. PHELAN. I don't know about that. Maybe Mr. Jackson could comment on that.

MR. JACKSON. I think, Commissioner, I would know of no special study involving a comparison between the rate of rejection as between regions.

COMMISSIONER RANKIN. Don't you think that would be an interesting study?

MR. JACKSON. I would think it might be but the problem has always been one of writing regulations for the Nation which can be equitably applied throughout the Nation.

COMMISSIONER RANKIN. Thank you. That is all.

VICE CHAIRMAN HORN. That is a good suggestion, Dr. Rankin.

Has the staff approached HUD to seek such information at this point?

MR. POWELL. No, I don't think we have.

VICE CHAIRMAN HORN. I would suggest we do. I think it is an excellent suggestion to get a regional comparison of these rates of disapproval and approval. Dr. Mitchell?

COMMISSIONER MITCHELL. I have no questions.

VICE CHAIRMAN HORN. Father Hesburgh?

CHAIRMAN HESBURGH. I suppose I am talking to you, Mr. Phelan, because you are in charge. I take it that the whole thrust of the

Federal housing program is really to stimulate housing and particularly to help the poor. Would you say that is adequate?

MR. PHELAN. Yes, that is true.

CHAIRMAN HESBURGH. Stimulate housing in general, but especially to help the poor?

MR. PHELAN. That is correct.

CHAIRMAN HESBURGH. Since most of the poor people in this area, or the great majority of them, are black, it would seem to me that the best judgment on the housing assistance in this area would be how the black people would be helped. Is that a fair statement?

MR. PHELAN. Yes, I think so.

CHAIRMAN HESBURGH. I am not trying to trap you.

MR. PHELAN. That is right, yes.

CHAIRMAN HESBURGH. Do HUD or FHA have clear statistics in this area on how much money was spent to assist housing and stimulate housing and how much of that housing is actually being used by black people or poor people?

MR. PHELAN. We can get it in programs exclusive of FHA.

CHAIRMAN HESBURGH. I see. Why should it be exclusive of FHA? Isn't that a fairly large proportion?

MR. PHELAN. Yes, it should include FHA. I hate to hedge on that. I think that information can be obtained in Washington.

CHAIRMAN HESBURGH. We have very great difficulty obtaining it in other areas where we had hearings. The last place we did obtain it, it turned out that, what was the percentage, 90, in St. Louis?

MR. GLICKSTEIN. Ninety-six percent.

CHAIRMAN HESBURGH. Ninety-six percent of the help wound up in white housing which would seem to indicate the poor aren't being helped as much. We had evidence here—

MR. PHELAN. Would that include your housing assistance programs as well?

CHAIRMAN HESBURGH. FHA.

MR. PHELAN. Oh, FHA, all right, fine.

CHAIRMAN HESBURGH. We have one case before us here, federally assisted project, with no black people in it at all, in an area that is at least a very large proportion of the city of Baltimore, about half the people are black.

MR. PHELAN. Without attempting to apologize for that project that is an old one which was converted from 203(b) and which we had had some problems and I think the record will show we have done as much as we could in that particular instance.

CHAIRMAN HESBURGH. Does FHA require you now to keep statistics on how effective a program is in terms of how many poor

people actually get into these houses when the assistance comes from the Federal Government?

MR. PHELAN. We don't have, to my knowledge, an organized report on that.

CHAIRMAN HESBURGH. Do you think you should have?

MR. PHELAN. FHA may have one. I am not sure.

CHAIRMAN HESBURGH. Do you think you should have one?

MR. PHELAN. Yes. Obviously we should know what levels were—

CHAIRMAN HESBURGH. I think it is important because we had a scholarship program at the university and if I didn't know right now how many kids are being helped I wouldn't have much of an idea whether it is working or not. But I can tell you down to the number and percentage and how many were black and so forth. It is the only way I know whether or not it is effective. This is true of the Federal program. If it is set up to stimulate housing and help especially the poor who can't get housing without this kind of help, that we somehow should get a regular report on whether it is working or not.

MR. JACKSON. Father, I might add such a system is now being devised. Such a racial data reporting system for all HUD programs is now being devised.

CHAIRMAN HESBURGH. I think if it is, it is high time because we have been frustrated. Everywhere we go we try to find out if the program is working, which is our job. If it is working for the poor, giving equality of opportunity and equal protection which we have to assure for all Federal agencies and everybody says we don't know. We don't have any statistics. It seems to me if we get all these financial statistics it is much more highly important that the program has priorities that we also get the human statistics, would you agree to that, sir?

MR. JACKSON. Yes.

CHAIRMAN HESBURGH. I also get the impression this morning from various witnesses that somehow in the past and continuing somewhat in the future, the purpose of providing housing for everyone on an equal basis has a fairly low priority. If you were to judge it simply by what is required to check out its effectiveness and check out from the first right to the end how the program was working. Would you agree to that?

MR. PHELAN. That may still be true of some of the FHA programs but I think we have a real continuing concern and an active followup on the other programs.

CHAIRMAN HESBURGH. You say your procedures are adequate?

MR. PHELAN. It is hard to say they are adequate. Obviously, quite obviously, they probably should be improved.

CHAIRMAN HESBURGH. Mr. Clapp, for example, says he has 62 people working here but he doesn't have enough people to check whether or not the primary purpose for which he is here and doing this work is effective. Which is whether or not these programs are helping the poor.

MR. PHELAN. You have to watch that line of approach because if you use, you know, if you use too much of your staff going around to check the social problems, you wouldn't be building any housing.

CHAIRMAN HESBURGH. I realize that. I would rather make a few mistakes building the houses provided when I got to the end there were poor people in them than to be perfect planning the financial things and when you get them built there are not poor people in them but people who really don't need help as much as others do.

MR. PHELAN. I don't think we have gone that far in the balance. I was told there was a foreclosure as recently as this week in Washington of 75 units of 235. I don't think we are watching the financial side altogether too closely. This is a consideration you always have, however, when you go up before Congress.

CHAIRMAN HESBURGH. Well, it is probably on my mind because I heard John Gardner talk last night, part of his talk, and he said this whole Government needs a complete rethreading and reorientation because our priorities don't get met. We meet things that are not important and don't meet things that are important. The good purposes of programs are frustrated because we don't follow through and see that they really work. Good men are driven out of their trade because of the kind of procedures that surround them and the deadness of purpose and I agree with that. After looking at these programs for 13 years now. Excuse me, Mr. Phelan, you wanted to say something?

MR. PHELAN. All I want to say is that I agree with that. The priorities we get were suggested here by one of the questions from the Counsel this morning. How many people do you have working on Title VIII activities? Less than one per State. On all of the activities of Title VIII. I will give you another statistic that kind of appealed to me since I have been here. We have 16,000 employees nationwide including the Washington office in HUD. They got 16,000 employees in this building here in HEW.

Now, I am not saying that we are more important than HEW but it seems to me the Department has got the problems that you hear discussed here over the past 3 days, 2½ days so far, and it just deserves a little more assistance, particularly in the areas that you are talking about, in terms of staff. It takes more in the other

areas as well to get the job done a little faster and to eliminate the kind of delays and complaints that some of the builders talk about occasionally, justified or not.

CHAIRMAN HESBURGH. Following up on that, Mr. Phelan, I agree with you. Let me just say for the record we found the following over the years, what we are looking at here and what we looked at across the country. Number one, the Congress gets very holy in passing legislation for social purposes. They get a little less holy when it comes to appropriating the money to carry out those purposes. When it comes to checking on whether they are working they are really simple. There it gets ridiculous. You get two or three people checking on billions of dollars of Federal contracts through 15 States. You can't do it.

MR. PHELAN. Exactly.

CHAIRMAN HESBURGH. I think this is exactly what John Gardner is talking about. It is high time we checked our priorities and checked our performance and quit kidding ourselves. We sit here in this room for 3 days and we look at an area that is exactly described as follows: dense housing, 50 percent black in the city, surrounded by a nice white ring that is 1 or 2 percent black where there is practically no middle-income, low-income housing. So if you were going along and did have a good job in the city you couldn't move out there because there is none available, where we are told clearly people don't want minority or poor people out there and the programs, unless you want to start paying \$15,000 and up for a home you can't get in the area. Where with such blacks as have been in the area, some since the Civil War now being eliminated by making industrial land and driving them off their land or offering a good deal to sell it off, and here in the midst of this we mouth all this pious stuff about life, liberty, and the pursuit of happiness and being interested in all the people and we have all these social programs to help the poor. I just find it kind of incomprehensible. I am not saying it to blame you. I am merely saying we are totally to blame for it and we ought to do something about it. It is long due and overtime.

MR. PHELAN. Quite obviously I think of the problems of the localities as well. One of the other problems we have administering all these programs, we give the money to somebody else to handle it and then they come to us to say what went wrong here.

CHAIRMAN HESBURGH. I think when they give it to somebody else you better say look, do this or you're never going to get another nickel of money.

MR. PHELAN. That is not the way it operates, you see. We have

the goals and we have the problems and I think we have some of the solutions here in this metropolitan area, but there is a limit to how far, what our legal powers or authority or anything else to move out.

CHAIRMAN HESBURGH. What would happen, Mr. Phelan, if you took the whole area with enormous amounts of Federal help coming in, defense contracts and God knows what else, roads, housing, and everything else and said, look, this is a bad social situation. Apparently from all the indications we get nobody wants to do anything very effective about it. A lot of pious talk but nothing happened. So we are pulling the Federal Government out 100 percent on everything.

MR. PHELAN. One of the recommendations I was going to make had you asked me for it earlier was that there be a better kind of coordination of all the Federal programs.

Now this makes sense from an operating point of view. From a very personal point of view we in HUD get a little tired of being out in the lead all the time insisting on planning, insisting on equal opportunity, insisting on fair housing, insisting on housing for the low-income families and fight, in fact quarreling all the time with the local operators, the local leadership to accomplish these goals, so what I would suggest is that there be a better kind of coordination among all the Federal programs.

At the same time we are talking about housing out here, HEW is putting more employees out here all the time. It should be coordinated a little bit better.

CHAIRMAN HESBURGH. Well, I don't think we have an argument about the goals. I think what we are talking about is probably how to get them more effectively. Thank you very much.

VICE CHAIRMAN HORN. Let me ask you, Mr. Phelan, a couple of questions along the lines of the last comment.

Philadelphia is sort of a residential Federal center, isn't it? There are several regional directors?

MR. PHELAN. Yes.

VICE CHAIRMAN HORN. How often do the regional directors of these different agencies meet, Mr. Phelan?

MR. PHELAN. We have what is called a Regional Federal Council and we meet biweekly and we also have staff people working among ourselves all the time.

VICE CHAIRMAN HORN. And there is an executive secretary of that council, is there? Isn't there some staff assistance?

MR. PHELAN. Yes. Each of the directors, each of us directors, they are supposed to provide one full-time staff person. We have

only been in business a little over a year and so not all the others have provided their staff assistance.

VICE CHAIRMAN HORN. Conceivably this is one vehicle that exists even though it might be understaffed and lack centralized directors, say, representing the White House or the Chief Executive but at least there is a chance for you and your counterparts in other agencies to get together and discuss some of these problems. Now, to what degree have you discussed matters such as equal opportunity and carrying out the guidelines of '64, '65, 1968 Acts and Executive orders in this area?

MR. PHELAN. All the time, this is the constant subject of our conversations all the time and the regional council, the Regional Federal Council, is a relatively recent creature.

Now to make one point, we have no hesitance at thinking and saying and acting as if we represent the White House. So there is no problem on at least HUD's authority out there.

VICE CHAIRMAN HORN. Do you come to actual decisions?

MR. PHELAN. We will make the necessary decisions in these areas to begin with.

Now I would like to go back a little. There was also a Federal Executive Board. You asked how we talk about these problems. I personally developed the Philadelphia Plan that has been the basis for contract compliance across the country. This was developed out of the several, as a Subcommittee of the Federal Executive Board, as a Subcommittee of the Contract Compliance people. Mr. Jackson and a guy from Labor and a guy from GSA and so on. So they didn't go to Washington to ask any questions. We sat down together and developed a plan that we thought would work and got everybody on the same wavelength and everybody talking on the same, to the same, you know, identify the guy responsible in each project and so forth, so there are a lot of things we can do and quite a few things we have done.

VICE CHAIRMAN HORN. Right. In other words, there is this opportunity for some real creative leadership by Federal regional directors in all these agencies.

MR. PHELAN. Yes. I want to say that the Regional Council consists in our case of OEO, HUD, HEW, and Manpower and Labor. We also have as a regular participant a gentleman from Washington, since they are not located in Philadelphia, DoT, and on an *ad hoc* basis we have the kind of relationship that any of the regional directors will come in and meet with us and work on problems of mutual interest.

VICE CHAIRMAN HORN. Do you find that most of the Federal

regional directors come to a consensus on some of these problems? Are there parochial interests that never get resolved?

MR. PHELAN. I think at the Philadelphia regional level we get along very well. I think the Philadelphia Plan which I mentioned is a very difficult contract compliance, different sets of regulations, procedures, and everything else. We got together on that one. I think we can get together on practically everything else.

VICE CHAIRMAN HORN. Let me ask you one last question, Mr. Phelan.

Now Mr. Clapp is director of the Federal Housing Administration, Baltimore Insuring Office. I assume there are a number of similar directorships.

MR. PHELAN. We have nine in this region.

VICE CHAIRMAN HORN. Nine in the region.

To what extent do you deal directly with these particular directors of FHA, or does one of your assistant directors handle—

MR. PHELAN. I have an assistant director for that.

VICE CHAIRMAN HORN. To what extent, say, have you had meetings with either your assistant director or these various office directors, not only in FHA but the other HUD programs to really get high in their agenda the priority of equal opportunity in housing development.

MR. PHELAN. I don't know, it is a pretty constant thing with us. The several assistant regional administrators we have up there including the Assistant Regional Administrator for FHA meets with us and communicates with us on a regular basis. The district directors I think are in maybe every quarter and there is genuine emphasis on the need for equal opportunity.

VICE CHAIRMAN HORN. So this isn't just discussed once a year or when some new regulation comes out. The continuing thrust you are saying to—

MR. PHELAN. Wagner, do you want to speak to that? Maybe it's not quite as good as I think.

MR. JACKSON. I think the question might be more appropriately asked of those regional directors. They hear from me quite frequently.

VICE CHAIRMAN HORN. Do you feel you get a response?

MR. JACKSON. I do, indeed.

VICE CHAIRMAN HORN. Thank you. Mr. Glickstein, do you have any questions?

MR. GLICKSTEIN. I have no questions.

VICE CHAIRMAN HORN. We will recess now until approximately

11:05 when we will start discussing the Department of Transportation.

VICE CHAIRMAN HORN. We will begin this next session of the morning hearing of the U.S. Commission on Civil Rights with a paper from a member of the staff, Mr. David Hunter. Mr. Hunter's paper will be on Civil Rights Implications of Suburban Freeway Construction.

(Whereupon, Mr. David Hunter, having been previously sworn, testified further as follows:)

**TESTIMONY OF MR. DAVID HUNTER, STAFF ATTORNEY,
U.S. COMMISSION ON CIVIL RIGHTS**

MR. GLICKSTEIN. I have a paper in my hand entitled, "Civil Rights Implications of Suburban Freeway Construction". Are you the author of the paper?

MR. HUNTER. With the assistance of Mr. William Sudow, a staff attorney, I did prepare the paper, yes.

MR. GLICKSTEIN. May I have the paper produced in the record?

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 23 and received in evidence.)

MR. GLICKSTEIN. Will you please summarize the paper?

MR. HUNTER. Yes. Much of the population growth that has occurred in the United States in recent decades has been in the suburban parts of large metropolitan areas. Some of the important aspects of this growth are that the new development is more spread out than the old, that it is more dependent on private means of transportation than the old, and that black people have, by and large, been excluded from it.

In looking at this pattern of growth, one must keep in mind that it was not inevitable: the increase in population could have taken place in many different ways.

For example, new growth could have been channeled into new cities in rural areas. The vast migration of population from rural areas and small towns to large metropolitan areas could thus have been avoided. Suburban growth could have been limited by a policy of reuse of urban land and by controlled, high density suburban development.

The provision of highways, which has allowed suburbia to be automobile-oriented, has had a great impact on the nature of suburban development. Use of the automobile has encouraged low density and scattered development, limiting opportunity for those not

having automobile transportation and making a public transportation system economically difficult.

Suburbanites are the primary users of the suburban highways. This is particularly true for suburban beltways, which ring many cities. The principal function of these beltways is to link suburban communities together.

During the past few years, millions of dollars of Federal highway money have been used for highway construction in Baltimore County, mostly for parts of the interstate system. In fiscal year 1970 over \$12 million was spent, and more than \$13 million is expected to be spent in fiscal year 1971.

Because of the important role highways play in the life of suburbia, because many suburban areas have a number of relatively few residents who are black or of low-income, because of the heavy financial involvement of the Federal Government in the construction of suburban highways, and, finally, because of Federal laws and policies against discrimination in programs assisted by the Federal Government and in favor of residential integration, it is important to examine Federal highway policy from a civil rights point of view.

Such consideration in the past has been restricted to two matters—the employment of blacks in the construction of highways and the displacement and relocation of blacks living in the path of proposed highways. While these issues are important, they should be preceded by the examination of a more basic question, the effect and propriety of the Federal Government's financing of suburban highway construction.

The Federal Government pays 90 percent of the cost of the interstate highway system as well as 50 percent of the cost of other through roads. The interstate system is now authorized for 42,500 miles, at a cost to the Federal Government of \$50.6 billion.

Federal money for highways comes from a special highway trust fund. This method of financing differs significantly from the usual method of paying for Federal projects.

Monies collected in the trust fund—and over \$5 billion is collected each year from taxes on gasoline, commercial vehicles, and auto accessories—may be used only for the construction of highways and the administration of the highway program.

Because of the trust fund, the allocation of Federal resources to highway construction does not have to compete with other possible Federal expenditures in the annual appropriations process. Billions of dollars are thereby poured into highway construction, while housing, education, health, and mass transportation programs, for example, are starved for funds.

Two Federal civil rights acts passed in the 1960's apply to the Federal highway program. Title VI of the Civil Rights Act of 1964 prohibits discrimination in any program receiving Federal financial assistance.

Regulations recently published by the Department of Transportation offer examples of the application of Title VI to highway projects. A State is in violation of Title VI if it locates or designs a highway in a way that requires the relocation of any persons on the basis of race, color, or national origin, or if it locates, designs, or constructs a highway in a way that denies reasonable access to it, or use of it, to members of a minority group.

The regulations set out an elaborate procedure for assuring compliance with Title VI. Failure to comply with the requirements will result, according to the regulations, in a State's Federal funds for highways eventually being cut off.

Title VIII of the Civil Rights Act of 1968, the fair housing title, requires all Federal agencies to administer their programs relating to housing and urban development in a way which furthers open housing.

Under this section of the act the Federal Highway Administration must take affirmative action to administer the highway program in a way that will help bring about an end to segregated housing patterns.

That is the conclusion of the statement.

CHAIRMAN HESBURGH. Thank you very much, Mr. Hunter. We would now like to call Mr. August Schofer, Regional Administrator for DoT.

(Whereupon, Mr. August Schofer was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. AUGUST SCHOFER, REGIONAL FEDERAL HIGHWAY ADMINISTRATOR, BALTIMORE, MARYLAND

MR. GLICKSTEIN. Mr. Schofer, would you please state your full name, address, and position for the record?

MR. SCHOFER. I am August Schofer, the Regional Federal Highway Administrator. My office is in the Federal Building here in Baltimore.

MR. GLICKSTEIN. How long have you held that position, Mr. Schofer?

MR. SCHOFER. My service with the agency goes back 43 years. I have held this position since 1959.

MR. GLICKSTEIN. What sort of academic or professional training do you have? Are you an engineer or—

MR. SCHOFER. I am a member of the Ohio bar and a graduate in highway engineering of the Johns Hopkins University.

MR. GLICKSTEIN. Mr. Schofer, in the summary of the staff paper that was just read, some figures were given about the amount of money spent on highways in Baltimore County. I believe the figures were given for 1970 as somewhat over \$12 million and the projection for 1971 something over \$13 million. I believe you also provided us with figures for 1968 and 1969, a little over \$8½ million in 1968 and almost \$17½ million in 1969. A total for these 4 years comes to about \$51 million. Is that approximately correct?

MR. SCHOFER. That doesn't lend itself to a yes or no answer, sir. Monies have been spent by the State highway department in Baltimore County. The Federal funds are allocated to the States and they in turn make allocations to the political subdivisions. If you refer specifically to projects which have been initiated at the request of Baltimore County, they don't total anywhere near the figures you quoted.

We supplied you, I believe, a breakdown which showed that Baltimore County has been receiving about \$300,000 on the average per year. The larger sums which you have included in your report cover the costs that were expended by the State highway department on State roads including the interstate system over which Baltimore County has no jurisdiction. So my figures for Baltimore County, if you would like to have them, show there were no monies spent by Baltimore County in—

MR. GLICKSTEIN. We were asking the amount of Federal funds spent in Baltimore County.

MR. SCHOFER. The figures we supplied you for the total Federal expenditures for all highways in Baltimore County, included those of the State, were as you quoted.

MR. GLICKSTEIN. That is what I was interested in. That is approximately \$51 million of Federal dollars spent over those years?

MR. SCHOFER. If those are the figures we gave to you, yes, sir.

MR. GLICKSTEIN. That's right. It adds up roughly to that figure.

MR. SCHOFER. All right.

MR. GLICKSTEIN. That is quite an amount of money, is it not?

MR. SCHOFER. Well, it's an allocation that is in accordance with Title 23 and it is based on an apportionment formula that is in the law.

The interstate funding, of course, is based on a 2-year review of the cost of completing the system and an apportionment factor is so arranged as to make it possible for all States to complete the system at the same time.

MR. GLICKSTEIN. But \$51 million is a lot of dollars.

MR. SCHOFER. Quantitatively, no. My office and I personally are responsible for a program of \$1 billion.

MR. GLICKSTEIN. Do you think the \$51 million invested in Baltimore County over the last 4 years for highways have benefited the residents of the county?

MR. SCHOFER. Highways benefit everyone. Highways serve an economic need. I daresay that very few here came without having traveled over a highway. Highways furnish the means for the transportation of all of our goods and products. To say that these highways that were of an interstate character benefited Baltimore County any more so than they did the residents of Maryland or the residents of the other 49 States, I can't say that it specifically benefited them more than the others because these are limited access highways when they are one the interstate system. And it's only at the interchange that you have an on or off so there are transportation arteries.

MR. GLICKSTEIN. Doesn't the system help people in the county, for example, get back and forth to work more quickly?

MR. SCHOFER. If they have an interchange in their vicinity it permits them the mobility, the access to the things that they want to do, the freedom of movement and the freedom of choice which is so inherent in a democracy.

MR. GLICKSTEIN. Doesn't the system also make it possible for companies to locate in areas where they otherwise might not have been able to locate?

MR. SCHOFER. We have studied in our processes the things that influence plant location to determine whether highways *per se* are the dominant criteria in the selection of a plant site. Unfortunately, in the figures and the answers that we have gotten from industries who locate outside of the central area indicate that highways are a prominent indicator or a prominent part of their selection process, but not the number one factor.

MR. GLICKSTEIN. A prominent factor?

MR. SCHOFER. Yes, it's up there in the first five.

MR. GLICKSTEIN. Mr. Schofer, Title VI of the Civil Rights Act of 1964 provides that no person because of race, be excluded from participation in or denied the benefits of any program receiving Federal financing assistance. This June the Department of Transportation issued regulations implementing Title VI. Have you made any changes in your offices' enforcement of Title VI since these regulations were issued?

MR. SCHOFER. Yes. There is a change that is about to be made.

It is rather hot, because in coming here this morning I interrupted one of our six sessions of regional administrators, at which time we are given the opportunity to learn of proposed changes in our administrative process. And it is a continuing and evolving one since we are getting into a new area and problems are arising and changes are constantly being made. So there is a memorandum, a draft memorandum, on the Secretary's desk which would indicate or give us some implementing help on Title VI.

But by and large, Title VI is the accumulation of all of the civil rights obligations of the many agencies that now constitute DoT. DoT came into being April 1, 1967. It was made up of a number of agencies that were operating under civil rights acts and this Title VI to which you refer is a consolidation of all of those and made applicable, if you will, to the situation of a unified organization. There is nothing really new.

MR. GLICKSTEIN. In other words, you don't want to give the impression that regulations implementing Title VI—which was enacted in 1964—with respect to the highways program were first promulgated this past June but they had been in force for some time and this is a consolidated set of regulations?

MR. SCHOFER. That's correct.

MR. GLICKSTEIN. One of the provisions of the new regulations provides that the State shall not locate or design a highway in such a manner as to require on the basis of race, color, or national origin the relocation of any persons. What does this mean?

MR. SCHOFER. Well, this means—let me go back a little bit to say that the location of a highway is a complex and time-consuming operation. It takes from 3 to 7 years from a concept to final ribbon cutting. The location of the highway is studied very carefully through utilizing all of the techniques that we have developed over the years and now we are involved in social, economic, and environmental considerations in addition to the engineering ones that formed the greater part of our previous considerations.

Now in response to your question, we don't necessarily locate a highway so as to go through any particular color or nationality. There are other considerations that are involved in highway locations.

I think you have a copy of 20-8 which concerns the hearing process and the items that are to be considered in the location of a highway.

Now I have statistics to show that since the relocation assistance program went into effect that 75 percent of the people that have been displaced in this country were white. In Baltimore City, one

of the highway locations that we have in mind in here goes through a German, Polish—I'm not sure which—it's an ethnic group—it's unfortunate but this is the location that has been determined from a series of studies being the most appropriate, the one that would do the most good for the people who were going to be using it.

Now we have another section here in Baltimore which went through a predominantly black neighborhood. In that case, the recommendations were studied and restudied and restudied. We had finally come about with a solution that avoids that neighborhood entirely. But instead of taking out black people we take out about two thousand dead people. We would have to, of course, rebury them but this seems to be an acceptable solution to the problem.

So we don't, in carrying out this act, discriminate against any group. And it is not a group that determines the location of the highway. There are many other factors involved in highway locations.

MR. GLICKSTEIN. One of the purposes of these regulations is to guarantee in planning these highways the project doesn't unfairly impinge upon any racial group; is that correct?

MR. SCHOFER. It doesn't say that in those words. We don't locate a highway purposely to move a particular group, white, black, Polish, Norwegian, or what-have-you. We don't deliberately locate it to do these things. There is no discrimination if we avoid selecting a location that takes out a group purposely.

There is nothing in there that says we may not do these things. The facts show that our locations up to date have been predominantly white areas.

MR. GLICKSTEIN. One other provision of the regulations provides that the State shall not locate, design, or construct a highway in such a manner as to deny reasonable access to and use thereof to any persons on the basis of race, color, or national origin. What does that provision mean?

MR. SCHOFER. Well, our interchanges are free to anybody that has a car.

Wherever there is an entrance, color doesn't determine his right to use that.

MR. GLICKSTEIN. You think that that provision means that you just can't keep people off the highways because of race, color, religion, or national origin?

MR. SCHOFER. Well, I would so interpret. The facilities that we are building on these roads for rest areas, there is no discrimination there. There is no white or black facilities on there. It's completely integrated facilities. What one has, the other has.

MR. GLICKSTEIN. As our data have shown in this hearing 3 percent of the population of Baltimore County is black. There has been testimony that there are a variety of devices including planning, zoning, practices of builders and brokers that resulted in excluding black people from Baltimore County. Do you think it might be said that because of these various practices that black people are being denied reasonable access to the highways in Baltimore County?

MR. SCHOFER. Highways have existed in this country for many years. If I may be permitted to go back a little bit, back to the turn of the century when there were 3.6 million miles of highway in this country. Today there are 3.7. In spite of those antihighway groups who insist we are paving over the cities with blacktop and concrete, the number of miles of highways in this country in the last 70 years have increased only 100,000. 42,500 is the interstate system. What we have done is improve the existing roads.

MR. GLICKSTEIN. May I interrupt you? You indicated that approximately \$51 million of Federal money has been spent in Baltimore County in the last four or so years. Data indicate that 3 percent of the population of Baltimore County is black. Do you think that black people have been denied reasonable access to highways that have been built in Baltimore County?

MR. SCHOFER. The highways that are there, these \$300,000 worth of expenditures for Baltimore County *per se*—

MR. GLICKSTEIN. \$51 million of Federal money.

MR. SCHOFER. The \$51 million includes the interstate system which is free and open to all users. The other highways are facilities at grade. They are built to satisfy a need. We don't go out there and build highways to develop an area. All highways that we are interested in—

MR. GLICKSTEIN. Highways result in developing an area.

MR. SCHOFER. Highways are already existent. I have here a copy of an article written by Dave Goldberg who is the chairman of the Department of Transportation, State of New Jersey, and he shows very distinctly that it makes no difference whether the highway is improved as to whether people will move out to the suburbs or whether industry will move out to the suburbs. I am on the planning commission for DC—

MR. GLICKSTEIN. I thought you said a little while ago that the surveys of the Department of Transportation indicate a prominent factor that businessmen consider in locating in the suburbs is availability of highways?

MR. SCHOFER. One of the factors that they—

MR. GLICKSTEIN. A prominent factor.

MR. SCHOFER. Yes, but not the sole factor. We have computer programs to determine on the basis of a questionnaire that has been issued to companies that have relocated, we have asked the question: "Why did you go to where you did?" And not one of the first five items on that list was, "the accessibility to highway transportation or an interchange."

MR. GLICKSTEIN. Would you mind looking at the large map behind you?

MR. SCHOFER. Yes.

MR. GLICKSTEIN. The beltway, which is part of the interstate system, is clearly indicated on that map, is it not?

MR. SCHOFER. Sure.

MR. GLICKSTEIN. The grey area in the center, almost a square, is the city of Baltimore. That area is where 50 percent of the population is black. Do you think that people living in that area of the city have the same access to the beltway and the connecting roads as the people who live in Towson, Catonsville—

MR. SCHOFER. Our studies have shown that 50 percent of the people who approach a city of no destination downtown. Now if your thesis holds true, everybody coming from the north, south, east and west had to funnel through the downtown area in order to get to a destination.

The beltway makes it possible for these people to circulate outside of the congested area to reach a destination.

MR. GLICKSTEIN. In other words, the beltway is a great use to a person living in the suburbs to go from one place from the suburbs to another?

MR. SCHOFER. The people in the central city have equal access to the beltway.

MR. GLICKSTEIN. You just said people using the beltway are not necessarily going into the city.

MR. SCHOFER. Don't put any words in. I said the people approaching the city haven't a destination downtown. I didn't say everybody that lives along the beltway.

VICE CHAIRMAN HORN. You could argue that you are saving people downtown from traffic hazards, accidents, and health and injury to their children.

MR. SCHOFER. Right.

CHAIRMAN HESBURGH. Your point might be better made if you mentioned what we hear in the hearing of the isolated black communities in the county; some 24 of them were mentioned last night. A number of them, their roads don't connect up to the regular roads, so they don't have to go through the white community to get to the beltway. They go some other way on a special kind of road.

That might make the point better.

MR. GLICKSTEIN. Do you want to comment on that?

MR. SCHOFER. I didn't hear it.

CHAIRMAN HESBURGH. We heard testimony in some of the black communities in the county that the roads within the community don't connect with the regular roads going to the white community so they have to have access to their community and back out again without passing through white neighborhoods. These are dead end roads, roads that are circulatory beginning here and coming here without going any place except inside their community.

MR. SCHOFER. Our jurisdiction of course is limited to roads on the Federal aid system. Not all the roads and streets are eligible for funding.

CHAIRMAN HESBURGH. I understand that perfectly. I am talking about a total attitude of Government, your part of Government. A total attitude of Government would be if a community so constructed its internal streets to keep people in the community from circulating through other areas of other parts of the community, that would give you an attitude toward roads. If you have to spend \$51 million over a short period of time, maybe you ought to use a little of your own money connecting up these roads internally so they would be more accessible to the community.

MR. SCHOFER. This is highly desirable.

CHAIRMAN HESBURGH. I think it's essential.

MR. SCHOFER. You have a regional planning council here in town that is supposed to be considering those things. The "Great White Father" in Washington doesn't answer all these questions.

CHAIRMAN HESBURGH. But the "White Father" from Washington decides whether money goes here, Federal money, and whether money should go to a community that is not upholding the purpose for which the country is established.

MR. SCHOFER. No, sir. I'm sorry to disagree. The initiation of projects is not a Federal responsibility. Only the allocation of funds. The State initiates the projects. They propose a system and they propose projects and we approve it.

MR. GLICKSTEIN. Do you have to automatically approve these projects?

MR. SCHOFER. If it's on a Federal system and it provides continuity, it provides a service and is adequate to perform the function for which it is designed, yes.

CHAIRMAN HESBURGH. I think the trouble with you is that you are thinking about roads as roads. I am thinking about roads as serving human beings who have certain rights in a community in a Nation. Now if a community is so chintzy about its internal roads

that it doesn't connect them up to keep certain people out of certain areas or make it difficult to get in certain areas, then I think the last thing the Federal Government should do is come along and say: "Here is \$51 million to help you with your roads."

MR. SCHOFER. Well, we don't control the actions of local government to that degree.

CHAIRMAN HESBURGH. But Title VI says a few things about not rewarding people for not following out—the fundamental purpose of Government is much deeper than providing roads. It is to provide a human situation where people of equality, in which they have equal protection, equal opportunity. If you don't have equal opportunity to move within your own community, why pour millions and millions of dollars into a community for making access easier around the periphery of the community?

MR. SCHOFER. We are serving the greater number by what we are doing here. We are talking about thousands and hundreds of thousands of vehicles moving on the highways. Now I don't know of the situation to which you refer to; I am not able to speak—

CHAIRMAN HESBURGH. That says something that you don't know that—

MR. SCHOFER. I am not responsible for it. I am not the father of the State of Maryland. I am not directing Baltimore County to do anything.

MR. GLICKSTEIN. It is one of your responsibilities in improving the projects to determine that Title VI of the Civil Rights Act of 1964 has been complied with; is that correct?

MR. SCHOFER. Yes, sir. And I am confident in my own opinion that we are.

MR. GLICKSTEIN. Father Hesburgh is suggesting that black people in the county—and I was suggesting that black people in the city—are being denied benefits of these programs.

MR. SCHOFER. Of Federal aid programs.

MR. GLICKSTEIN. Of the highway system.

MR. SCHOFER. Of Federal aid programs. That is the only thing I want to talk about, is the Federal aid program.

MR. GLICKSTEIN. Right.

MR. SCHOFER. I am not going to talk about the State program or the county program or the city program. Federal aid.

MR. GLICKSTEIN. We have been trying to focus on the interstate highway. There is no question about that. That is 90 percent federally funded.

MR. SCHOFER. Right.

MR. GLICKSTEIN. And I was suggesting that that road is not as

readily available to black people in the city as it is to the 97 percent of the white population in the suburbs. Father Hesburgh was suggesting that that road is not as readily available to the 3 percent, to a good portion of the 3 percent of the black people in the county because of various factors as it is to the white people and we are asking you: aren't these factors that you should take into consideration in deciding whether more dollars are poured into Baltimore County?

MR. SCHOFER. The interstate system, the beltway, was built between 1956 and 1959 or early 1960. It has hair on it. It has become obsolete. We had to go back and enlarge it. It is accessible to all people. It saves the people who are approaching the city from the mix of traffic downtown. The people in town, who have cars, have access to the beltway the same as all others. There are some areas that are not served adequately by highways. Local jurisdictions who have the authority and control over those roads are the ones to—

VICE CHAIRMAN HORN. Could I interject?

Look, I think the question is: what degree of discretion do you and the Department of Transportation and your predecessor agency in the construction of this beltway have in requiring the State, because of its 10 percent contribution to the interstate system, to provide sufficient access roads? Is there a master plan that you have to approve that relates that interstate beltway to the other highways in the area? If the other highways don't provide sufficient connections, can you require as a condition of the approval of that master plan giving \$51 million in funds, let's say, to this county as opposed to a county in Kansas or in my State of California, can you require that county or State jurisdiction to complete the necessary access roads?

MR. SCHOFER. I would offhand say no.

VICE CHAIRMAN HORN. You say you have no discretion on it?

MR. SCHOFER. We have no authority. I am not prepared to go with you on discretion. We have no authority. This is all I want to talk about, is the authority that is delegated from the Secretary of Transportation to the Federal Highway Administrator and in turn to me. We have authority over those roads on which there is financial assistance and which are, therefore, a part of the Federal aid system. The Federal aid system is only 7 percent of the total 3.7 million miles in the country.

Now there happens to be now a regional plan for this Baltimore area. There wasn't one, I can't speak, I don't know what it was in 1956, but I wasn't here.

VICE CHAIRMAN HORN. In the approval of these plans do you, for example—what kind of cooperative relationship do you have with the State department of highways or its equivalent in terms of where State roads cross your freeways, whether you let them dead end up at the interstate or will you build a tunnel or overpass or what? Can you work in any requirements that way?

MR. SCHOFER. I need to answer your question by telling you all our Federal apportionments are made to the State highway department. Under the law, they have the right to initiate projects, to design the projects, to construct the projects, to maintain them. If they comply with all of our rules and regulations, and I assure you there are many, then they are entitled to reimbursement for a pro rata share of the cost. These are State roads, not Federal roads. The policing and maintenance of all of the roads in the country, except in the National Parks, are State or local jurisdiction roads. We have financial participation in their accomplishment. We try to integrate them. We try to make them usable and adequate and safe and a lot of other things, but the final authority and ownership, if you will, of those roads, are local.

VICE CHAIRMAN HORN. Then we get back to the Counsel's original question, which is the degree to which the Department of Transportation feels that Title VI, let's say, is applicable as a criterion of judgment in terms of that interstate master plan submitted by a State department of highways. I think that is where the difference of opinion comes here.

CHAIRMAN HESBURGH. I think we can resolve this with Secretary Volpe. We will be talking with him about this. I am only trying to make one point, Mr. Schofer. That is a simple point. If this country really believes what it says in the Declaration of Independence and the Constitution and Bill of Rights, and we have been saying it for 200 years, every single public dollar that is spent in this country ought to be spent with sensitivity to the priorities of the community where it is spent. If this community is not sensitive to the demands of the constitutional Bill of Rights, equal opportunity protection, then the Federal Government should say until you want to be part of this Nation, don't expect to have part of the largess of this Nation, whether it is highways or schools or real estate help or land help or fresh air, whatever it is. I think if certain localities in this country want to say we don't want to go along with what the Nation stands for, say, okay, you go along your own way but don't expect help from public money because we are not going to buttress that kind of mentality. That is all I am saying. That every Federal expenditure of Federal money should be sensitive to the

human situation as well as the technical situation attending his department or activity.

COMMISSIONER MITCHELL. I wanted to ask Mr. Schofer a question which is possibly relevant but somewhat off this point we have been discussing.

I come from a city in Colorado which is having mass transportation problems. The city may, in fact, because of problems like that, have to end up buying its city bus system and providing mass transportation for citizens who are left in the city after the suburban development has run its course. One of the reasons that mass transportation system can't survive economically is that there has been created around the city not quite a beltway like this but a system of highways, largely Federal, by the way, in Colorado—Interstate 70 running east-west. I-25 running north-south which runs in and out of our Valley Highway and becomes a part of it for a while—which had the effect of providing easy transportation for people who have the money to buy automobiles or people who have been forced to buy automobiles because that is the way you have to transport yourself. But in the process what happens is that the mass transportation system collapses.

Now I would not want to get into the argument about whether you have the obligation, the assignment, the responsibility or even the duty of any kind to get concerned with anything but highways, or Federal highways, but don't you look at the general effect of the construction of any Federal highway, even an interstate highway, designed to go through a place and come out the other side would have on the other transportation facilities available to the citizens of that community?

MR. SCHOFER. Unqualified yes. This is part of our 3 Cs, cooperative, comprehensive, and continuing planning process which is in progress in each of our cities of over 50,000 population where we are seeking to determine a balanced transportation system. We are part of an organization which is dedicated to providing a coordinated and balanced transportation city and UMTA, Urban Mass Transportation Administration, is part of our organization and we work very closely with Mr. Carlos C. Villarreal and we are interested in moving people. We have many, many instances where we are building exclusive busways to encourage people to use the bus instead of their car. We have demonstration projects going on in Washington and we have them in other cities.

We also have a reverse flow type of demonstration project where we pick up people in the ghetto areas and take them out to the suburbs to work at a vastly reduced fare. It costs \$1 to come to

town and it takes only 25 cents to go out. We are seeking solutions to a problem which will move people to their places of employment and to recreation and to whatever they have, without necessarily continuing the building of highways to the extent that it overwhelms the city.

So in answering your question, in many words, nevertheless we do exactly what you are saying and if you have a transportation planning process in your locality or the State, they are supposed to consider all forms of transportation.

MR. GLICKSTEIN. Father Hesburgh suggested that some of the questions we have been asking you we should take up with Secretary Volpe but—

MR. SCHOFER. These are policy questions, yes, but may I add another word?

These roads that these people—and I don't know who they were or where they live—may have been subdivision roads or township roads or county roads or city streets under the jurisdiction of local subdivision. Unless they happen to be a part of the Federal aid system, we have no control over those. We would not necessarily add them on if they are such low volume users. So these are matters that need to be integrated at the local level.

Of course we urge—these things that you suggest are not foreign to our thinking. We hope and urge that these be done but we have no authority to require that it be done.

CHAIRMAN HESBURGH. That is precisely what we have to straighten out with Secretary Volpe. It seems to me if they will spend millions of millions of dollars on a road to which people don't have equal access—I can see we worked our way through problems where people might have equal access to a barber shop or equal access to a school or equal access to a voting booth—what I am trying to make the point here is that people ought to have equal access to everything, including roads. Now this has not completely unrelated to the fact that a community only has a 3 percent black population and the road is a convenience in that area and if you can't live there you don't have the convenience. That is not playing with words. That is a reevaluate. You can argue the other way around and say people downtown aren't being inconvenienced by people passing from the neighborhood all day long to get from south Baltimore to north Baltimore or east or west, but I am trying to make the point this Commission had it up to here with communities that just have to be dragged kicking and screaming into the Constitution and its observance. That is all I am saying. These same communities are being rewarded by all sorts of beneficence.

Be it good roads, good assistance in sewer systems, water systems, all kinds of special pollution problems, attractive situations created for business to come in to make the place more popular, jobs multiplied all over the place because of good roads etcetera. They are not completely unrelated. Access to better schools. All of these things are part of the total system.

I think the point this Commission is trying to make, and I assume that is the reason you have been invited here today, sir, and again we are not picking on you; we are not picking on anybody. We are just trying to make the point to the public, all the people sitting out here and the people that are responsible for this community—public and private—that unless we are totally committed to equality of opportunity, equal access to everything, then we don't have what this country proposes to have, which is an equal society. That is the only point we are making.

We are trying to make it maybe obtrusively or seeming to stretch things as regards roads but we will stretch it as far as it goes whether it is roads or peanuts. We are pushing an equality of opportunity of access.

MR. SCHOFFER. May I say this one thing—the emphasis on this \$51 million is way out of proportion. Interstate 95 runs from Maine to Florida and 70 goes from here across the country.

Now it isn't being built for Baltimore. It is the interstate system of national and defense highways that this is a part of.

CHAIRMAN HESBURGH. I would have to run around the other side of town or they would have to build a bridge. That is another way of doing it.

MR. SCHOFFER. If you wanted it to avoid Maryland, yes.

CHAIRMAN HESBURGH. If we are serious about it. All I am saying is we are really serious, we are serious. All we get in these hearings, not just here but all over the country, is that people aren't really serious about equality of opportunity. And the Government really isn't serious.

Now we are getting more serious. That is why we exist, to make sure that people get more serious and we are a real pain in the neck to everybody trying to insist on it, but we will keep on insisting that every function of Government is wedded to Title VI and Title VI means simply one thing: that every American has the same access to the beneficence of America as everybody else; that the public dollar is combined in its expenditure. That is all we are saying.

Maybe we made the point and overmade the point. We really ought to excuse this witness because I think we are perhaps boring

you and boring the audience but I think the point is a valid point and I appreciate your being here because it gives us the opportunity to say that even a thing like the highway is important for equality of opportunity.

MR. SCHOFER. I would like to look up from my own information the place that you keep referring to to see just what it is because I hardly conceive of a situation which is isolated. If you have any specifics, we will be glad to look at it.

CHAIRMAN HESBURGH. I will see that our staff or our Staff Director will see that our staff gives you the information regarding roads in this community that start here and come back where they start and go nowhere else.

Mrs. Freeman, did you want to ask a question?

COMMISSIONER FREEMAN. Yes. Mr. Schofer, I would like to refer to the comment you made about 75 percent of the people displaced being white. I think this is part of the attitude and the concept demonstrates part of the difficulty that we have here. The white persons who were displaced were not denied housing in any of those areas. But the black persons who were displaced are denied housing in the areas from which they are displaced. So it seems to us that the Department of Transportation needs to require that there be opportunity for relocation within that area or the plan will not be approved. The point that was made about 2,000 dead people being displaced, they don't need decency and sanitary housing so it doesn't matter for them, but black people need to be relocated in decent, safe, and sanitary housing in Baltimore County if this is the place from which they are displaced.

MR. SCHOFER. This objectivity is sought in every instance but we have no requirement necessarily that it be in the same neighborhood. We try to achieve neighborhood relocation. This is part of our relocation assistance in payment program. I am not talking about neighborhoods.

COMMISSIONER FREEMAN. I am talking about the political boundaries.

MR. SCHOFER. We have no requirement that—we offer them housing, which is DSS—decent, safe, and sanitary—in accordance with the specifications that we set forth as to the number of square feet and the plumbing and the heating and the lighting and all of those things that assure that they are in safe, sanitary, decent housing. But we have no requirement—while it is a desirable thing—there is nothing which says that they must be reestablished in the area from which they are displaced.

COMMISSIONER FREEMAN. Our recommendation is, or mine is,

that if they wish to stay in the county, that they ought to have the right to stay in the county.

MR. SCHOFER. This may come about as a result of some legislation which I have some material on. Senate bill No. 1, that Senator Muskie and others have introduced. This may be possible under that which is uniform relocation assistance programs for all units of government.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. This is not your responsibility, I recognize, but it seems to me it is a form of discrimination that exists in highway construction and that is that most States levy a state-wide gasoline tax for roads. Isn't that right?

MR. SCHOFER. All States.

COMMISSIONER RANKIN. That is correct. Then the people inside the cities in most States must keep up their streets, isn't that true?

MR. SCHOFER. They receive funding from the State gas tax for that. There is no tax on—

COMMISSIONER RANKIN. I beg your pardon. In some States they receive—we got a fund in North Carolina which is a drop in the bucket compared with the cost of paving our streets.

MR. SCHOFER. You are talking about construction or maintenance?

COMMISSIONER RANKIN. Construction.

MR. SCHOFER. Right.

COMMISSIONER RANKIN. In that sense, as the black race lives within cities, it puts a heavier tax on the people who live in the city because they happen to live in the cities. Maybe it is not because they are of a particular race but it results in that heavier tax.

MR. SCHOFER. This is a result of your State law and city ordinances. All Federal funds must be carried out in accordance with not only Federal laws but State laws and local laws if they are involved in it because they are contributing some portion of the cost. So we have to comply.

COMMISSIONER RANKIN. Again as I said above here, I wish the Federal Government could put some pressure there to equalize just a little bit. Another thing. Do you charge at all for interstate travel on the interstate highway?

MR. SCHOFER. No, sir.

COMMISSIONER RANKIN. Well, coming up here all the southern roads funnel into Richmond and out of Richmond. I paid 90 cents to come up and 90 cents to go back. I have been wanting somebody to explain that for a long time.

MR. SCHOFER. I will be glad to. When the interstate system was

laid out and it ran in an area which paralleled an existing toll road, we were confronted with a question of whether we were going to invest Federal funds in building a competing facility to the detriment of all of those who had financed the toll road, and whose bonds were being held by various people, widows, retirees, and others and it was decided that we would incorporate the toll road into the interstate system route and free that number of dollars for accelerating the interstate system elsewhere.

COMMISSIONER RANKIN. Now this road must have been paid for by now. Remember all this traffic they get there. Are we going to continue year after year to have to pay 95 cents to Virginia?

MR. SCHOFER. In the case of the Richmond facility, there is a payoff date after which it is supposed to be free. This is true also for Maryland on the JFK, which has a payout date after which it is supposed to become free and part of the interstate system. However, in the case of Virginia, I noted recently that they have—Congress has enacted authority for them to increase their indebtedness to add lanes to make that a three-lane facility in each direction, in which case the payout will be in the future.

COMMISSIONER RANKIN. So you doubt that there will be a time when I don't have to pay 95 cents to get to Richmond?

MR. SCHOFER. I think you will for a while.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Mrs. Freeman asked you some questions about relocation of persons displaced by highways. If a highway were to displace a group of black people and a group of white people how would you determine whether housing was available to each of these groups?

MR. SCHOFER. These processes that we refer to are carried out by the State highway department or for them by relocation, RLA, in the cities. We have guidelines that establish the criteria by which they are offered or assisted in obtaining relocation housing. Any house that is available and on the market as a result of information that we receive from multiple listing or which comes to our attention in any way, meets the cost ability of the individual, is accessible to transportation, to his place of work, to his place of worship. All of those things are considered and discussed with the individual and he is offered that type of housing.

MR. GLICKSTEIN. If you were going to displace 50 black people would you have to determine that there were 50 homes available for those 50 black people before you could displace them?

MR. SCHOFER. Before we even authorized the job we would have to have a design report showing that there were that amount of

housing which were DSS available in their income group. They would be offered those houses or they could find them themselves, whichever they chose, but that we are obligated to make an offer for 90 days for housing that would accommodate the size of the family, the heating and lighting and sanitary conditions that are defined in what we call comparable housing. I think you have copies of all our PPMs, do you not?

MR. GLICKSTEIN. We do.

MR. SCHOFER. Yes.

MR. GLICKSTEIN. There has recently been a Department of Transportation order issued on replacement housing which provides that all replacement housing must be fair housing open to all persons regardless of race, color, religion, sex, or national origin. What does that mean?

MR. SCHOFER. I don't know whether it needs very much explanation. All housing that we offer to them must be available to them if they can pay that price, if it is within their income, and it meets all the other conditions. They can't deny them the opportunity to buy or relocate there because of race, color, creed, sex—

MR. GLICKSTEIN. Would this requirement be met if some of the replacement housing is available to whites but not to blacks?

MR. SCHOFER. I think we have a fair housing law here in Maryland. I don't know whether we would be encountering anything like that. If it were multiple listing or it came to our attention through a foreclosure by FHA or VA, these are fair housing, and they would be available to everyone regardless of color, or the other things.

MR. GLICKSTEIN. One final question, Mr. Schofer.

In the fair housing act of 1968, the Federal law provides that all executive departments and agencies shall administer their programs and activities relating to housing and urban development in a manner affirmatively to further open housing.

How does your office implement this requirement?

MR. SCHOFER. Does that say open housing or does it say fair housing? You used that word open housing in your manuscript. We read it fair housing.

MR. GLICKSTEIN. How do you construe the difference between fair housing and open housing?

MR. SCHOFER. Well, I think we are offering them fair housing in the carrying out of our function and your recitation of cooperation with the Secretary of Housing and Urban Development. I have cooperated with Mr. Phelan. I was with him when we developed the Philadelphia Plan because I was part of the Philadelphia Region.

MR. GLICKSTEIN. You were asked whether fair housing and open housing meant the same thing. Secretary Volpe's directive of this year, June 24, defines fair housing. He says all replacement housing must be fair housing open to all persons regardless of race, color, religion, sex, or national origin. That would seem to equate fair housing and open housing.

MR. SCHOFER. We are talking about fair housing if it is broad enough and includes the open housing, then this is the manner in which we are carrying out our function. We are seeing to it that whatever housing is offered to these people who are being replaced or displaced is fair housing.

VICE CHAIRMAN HORN. I still gather you have some distinction in your own mind—

MR. SCHOFER. Yes, there is a legalistic distinction and I would like to leave with the Commission, I have only one copy here, of a paper that was developed by our General Counsel which discusses this very point.

VICE CHAIRMAN HORN. Could we get excerpts and put it in the record at this time?

MR. SCHOFER. I would like to leave this entirely with you. It is complete except for one exhibit which we would like to submit at a later date. But this, from a legal standpoint, discusses open housing and fair housing.

VICE CHAIRMAN HORN. And how it relates to fair housing?

MR. SCHOFER. Yes.

MR. GLICKSTEIN. Thank you.

CHAIRMAN HESBURGH. Thank you very much, Mr. Schofer. We appreciate your coming. Our next witness is the Baltimore County Executive.

(Whereupon, Mr. Dale Anderson was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. DALE ANDERSON, BALTIMORE COUNTY
EXECUTIVE, TOWSON, MARYLAND

MR. POWELL. Mr. Anderson, would you please state for the record your name, address, and position with the Baltimore County government?

MR. ANDERSON. Yes. My name is Dale Anderson; I am County Executive of Baltimore County; elected county executive.

MR. POWELL. Your address, please?

MR. ANDERSON. My home address or business address? County Office Building, Towson, Maryland.

MR. POWELL. Mr. Anderson, do you view Baltimore County and

its citizens as having any interest in the present and future well being of Baltimore City?

MR. ANDERSON. Yes.

MR. POWELL. Mr. Anderson, what do you see as solutions to the problems of the city?

MR. ANDERSON. If I may, sir, I would like to read an excerpt—

MR. POWELL. The format is in the form of questions and answers.

What do you see as a solution to the problems of the city?

MR. ANDERSON. Well, I see as part of the solution to the problem of all our cities the rebuilding of cities, the building of new cities, the relocation of population into areas, rebuilding our rural areas, placing industry in areas such as this where they will attract people to move into other areas.

MR. POWELL. You mentioned relocation of population, Mr. Anderson. Has Baltimore County taken any steps to help in this respect? Particularly with respect to moderate- and low-income housing?

MR. ANDERSON. There is moderate- and low-income housing being built in Baltimore County, yes. I think the great fear is that this should be a Federal program. People are naturally anxious that this should be a Federal program nationwide where we can properly distribute population without repeating the mistakes that we made in the cities by putting too many people in one place. I think that has been one of our major problems.

MR. POWELL. We have heard testimony that while almost 50 percent of the population of the city is black, only 3 percent of the county's population is black. In view of this, don't you think there ought to be programs to see that black citizens have greater access to the county?

MR. ANDERSON. Yes. I think there should be, and I think there are. There are programs going on now, Federal programs.

MR. POWELL. We heard testimony from Mr. Embry, commissioner of the department of housing and community development, that in order for him to build public housing in the county with the assistance of HUD, he needs a resolution approving a project from the county council. Would you be willing to recommend to the council that it approve such a resolution?

MR. ANDERSON. I was willing to answer the first letter, and I honestly do not remember receiving the second one and telling him at that time that I had no objection to it.

MR. POWELL. What he needs is a resolution from the county council. Would you be willing to recommend to the county council to approve such resolution?

MR. ANDERSON. I would send it down to them.

CHAIRMAN HESBURGH. Just a minute. It has been alleged earlier to me personally that the reason we are having this hearing is to have Mr. Anderson here and embarrass him. That was not our reason. That is not our reason. I did not even know there was a Mr. Anderson when this was organized some months ago.

Since that is not our intention, and since we are trying throughout this hearing to be perfectly fair to everyone, it is hardly going to be fair to Mr. Anderson if people react emotionally to what he is saying. He is trying to say the truth. We are here to get the truth. We are not trying to pick on him or anybody. We are simply trying to get the truth of the situation. I need your cooperation. If we cannot get it we will clear the room.

Thank you.

MR. POWELL. Mr. Anderson, in submitting your requests to the county council would you have any recommendation with respect to its approval?

MR. ANDERSON. With respect to what Mr. Embry wrote me about leasing some vacant property in Baltimore County, yes I would have no objection to it. I told him in the original letter.

MR. POWELL. You would recommend approval?

MR. ANDERSON. I would recommend it to them, yes.

MR. POWELL. Mr. Anderson, various witnesses during the past 2 days of hearing have pointed to what they believe to be a substantial shortage of housing for persons of moderate- and low-income. To whatever extent this housing shortage exists, what in your opinion has caused it?

MR. ANDERSON. Well, there are a lot of things causing it. We know this because it is happening in every metropolitan area of the country today, not only a shortage of housing in Baltimore County, but there is a shortage in St. Louis County.

I understand you have done some work there, in Westchester County, in King County, Washington, and all the major metropolitan areas. I think a large part of it exists because of the economic situation that makes the housing that is built affordable to the people we are talking about—poor people.

I think again that the Federal programs which now exist and are being utilized, incidentally, did not start soon enough.

MR. POWELL. What is the responsibility regarding poor people and the need for moderate- and low-income housing, Mr. Anderson, what is the responsibility of local government to help them with low-income housing? For example, would it not be a good thing for this county to have a public housing authority?

MR. ANDERSON. It possibly would. I could not say that it would because I believe that private enterprise can and will do the job.

MR. POWELL. We heard testimony in these proceedings, Mr. Anderson, that many poor people, many of whom are black, have been forced to leave the county and move to the city because of the shortages of moderate- and low-income housing. Does that indicate to you there is a need and that the county government should take some steps?

MR. ANDERSON. I said before that there is a need for low- and moderate-income housing everywhere, but the important thing is that we put it in the right places and Baltimore County takes its share. We cannot go about, as I said before, making the same mistake that we made in the major cities by just moving our problems across the county line into the county. That is not the answer to these problems.

MR. POWELL. You mentioned that Baltimore County should take its share. The present situation is that only 3 percent of the county is black and almost 50 percent of the city is black. Further indication is that the city is about 11,500 persons per acre and the county only 1,000 persons per acre. Don't you think that there is an urgent need for the county to take some steps? The private sector apparently is not doing the job.

MR. ANDERSON. No, I believe the private sector is, and I believe they will.

MR. POWELL. Mr. Anderson, would it be beneficial for the county under its zoning and planning authority to require that any large development plan a development that contained at least a minimal number of low- and moderate-income dwelling units?

MR. ANDERSON. I do not know that we could do that at all.

MR. POWELL. Have you consulted your planning and zoning people on it?

MR. ANDERSON. No.

MR. POWELL. Considering that Baltimore County is a community which is predominantly white, yet surrounds a city that has a large black population, does the county provide for any programs to educate its population, to provide a climate of racial tolerance and understanding?

MR. ANDERSON. I am sorry, I did not understand fully your question.

MR. POWELL. Considering, Mr. Anderson, that you have a city which is predominantly black with social conditions, regarding administration of justice and whatnot, and a county which is 97 percent white, the question is, does the county provide for any pro-

grams to educate its population to provide a climate of racial tolerance and understanding?

MR. ANDERSON. I think we try, yes. I think it is important that we do, very important. I recently said in some remarks that I made to the Metropolitan Chamber of Commerce and other places that this is the greatest problem this Nation faces today, and if we do not solve the difference between the races we will face the greatest tragedy we ever had in America, and I believe it.

MR. POWELL. Mr. Anderson, would you consider that the recent program of your human relations commission in holding the meetings in different parts of the county so that the needs of black people could be heard, do you consider this as a positive step in creating racial harmony?

MR. ANDERSON. Yes, I do. I think they should hold those meetings, and contrary to reports I have never said anything otherwise.

MR. POWELL. Mr. Anderson, does the county provide any legal recourse with enforcement powers for someone who has suffered racial discrimination?

MR. ANDERSON. Does the county? Yes, we would. The State's attorney would take proper steps.

MR. POWELL. Do you feel that your human relations commission, in order to better do its job, should be given enforcement powers?

MR. ANDERSON. Should be given enforcement powers? I am not sure. I do not know of any in this State that has those enforcement powers.

MR. POWELL. Do you feel they should not be given enforcement powers?

MR. ANDERSON. No, I did not say that; I said I am not sure they should have the enforcement powers. I think they could be more capably handled by the State's attorneys office.

MR. POWELL. Well, the fact is, Mr. Anderson, that we have heard testimony that there is a dual housing market, one for blacks and one for whites, and that the best proportion of the market for blacks is in the city and only a limited portion is in the county. In view of this, don't you feel the human relations commission should be given enforcement powers?

MR. ANDERSON. No. I think the State's attorneys office has enforcement powers and I think they can better handle it.

MR. POWELL. Mr. Anderson, is there an open housing law in the State of Maryland?

MR. ANDERSON. I would say there is an open housing law in the United States of America. I said it publicly time and time again.

MR. POWELL. Mr. Anderson, we have found that Federal laws

often are considered by people as being remote and not necessarily reflecting the public policy of the State. We found that there are verifications of that here. There is evidence that many black people do not feel they are welcome to the county. Only 3 percent here. In view of this, do you feel that there should be county ordinances guaranteeing open housing as well as nondiscrimination in other areas?

MR. ANDERSON. No, I do not think it is necessary. I said that it is the Federal law. I said publicly to the people of Baltimore County you must obey the Federal law. I think if we start breaking down their attitude we will break down the whole system into a greater problem than we have now.

MR. POWELL. Mr. Chairman, I have no further questions at this time.

CHAIRMAN HESBURGH. Vice Chairman Horn?

VICE CHAIRMAN HORN. I wonder, Mr. Anderson, we heard some testimony that there are various extremists in the county, either left or right, and it was not completely clear in the context of this hearing. To what extent do you feel that an extremist dominates some of the politics of the county and perhaps prevents the county government from doing some of the things they might like to do?

MR. ANDERSON. There are some people everywhere and in the county the same as any other county or city who have stronger attitudes on politics and policies than others. Some people refer to them as extremists, and perhaps they are. I am not trying to define them, but I know the things that have happened in Baltimore County like referendums that have been defeated and so forth to social policies. Those figures are not made up of all extremists because they are too great. They are not extremists. Some extremists or some people with strong political attitudes probably have more influence on some of the policies than others.

I would say that is a fair statement, whether it is in Washington or any other political subdivision.

VICE CHAIRMAN HORN. Along this line, in your role as an elected county executive, which is unusual in many counties, as you know—it is often an appointed executive responsible to an elected board—how do you see your role in terms of moral leadership in advancing what really two-thirds of the Congress of the United States and the last four or five Presidents of the United States have committed themselves to in terms of equal opportunity for all citizens?

MR. ANDERSON. I believe unquestionably that we should follow what this United States of America started out to do and see that every man has an equal opportunity. There are some limitations,

obviously. The Federal Government, in my opinion, failed miserably from the very beginning for about 200 years. We are going to celebrate our birthday in a couple of years. So there must be leadership to this point. We have demonstrated some of it.

In East Towson, for instance, we are trying a program over there, where we were to build a much needed road, Towson Town Boulevard, but I am not going to permit that road to be built until we have properly located settlement or development for the people that have to be replaced. And I am on record with this. Those people have my promise. I can say as long as I am county executive that road is not going to be built until we have proper housing for those people. We are not going to displace them.

We have never consciously, to my knowledge, displaced anyone in Baltimore County; not consciously. I agree that has happened, but I did not know about it. We did not know about it.

VICE CHAIRMAN HORN. Often, in our hearings nationwide, it seems that we sometimes concentrate on the bad one can do, but we are equally interested in the good one can do. You can go around and meet a lot of people, you are on the firing line, you face a tremendous number of pressures.

What examples could you cite in terms of the improving of racial relations in the county or improving the better understanding of the problems of modern urban America of which your county is a part? You are as urbanized in many areas as any city. What positive programs have been done in your judgment?

MR. ANDERSON. Maybe I do not see the forest for the trees, but I do not think it is as bad as it is made out to be.

Let me cite another example of East Towson. When we put a half million dollars in the budget a couple of years ago for this project I had not had one complaint, from one white person or black person, about this project and what we planned to do, and I had many white people, when East Towson was in danger of being demolished for a highway, many white people called and wrote letters asking that we do everything possible to save East Towson, that it should be saved.

VICE CHAIRMAN HORN. Has the county got any sort of educational program other than the human relations commission that tries to deal with some of the concerns that bother people at times and try to get them out in the open and discuss them and explore them?

MR. ANDERSON. No official program that I can cite.

VICE CHAIRMAN HORN. Do you think that type of program, given the fact that you are sort of a white belt, whether by choice, acci-

dent, happenstance, or purpose, surrounding a city that is almost 50 percent black, do you think that type of program would be helpful?

MR. ANDERSON. It would be helpful, yes.

VICE CHAIRMAN HORN. Would the county government have any interest in furthering such programs?

MR. ANDERSON. We try in many instances, as I repeatedly said here today, and made public speeches to the point. In one instance, I said several times, and I think you will find records recorded in the television studios that we have an obligation to help save Baltimore City, because if Baltimore City dies the greater part of this State is going to die. But the answer is not in my opinion to overcrowd Baltimore County schools and sewer and water facilities. The answer is to rebuild and redevelop a fine school system in Baltimore City.

VICE CHAIRMAN HORN. How would you feel about, say, a merger of Baltimore City and County? You know this is what many areas are starting to discuss.

MR. ANDERSON. I am absolutely opposed to it in all honesty because Baltimore City and Baltimore County and many of our metropolitan areas are getting too large to govern anyway.

VICE CHAIRMAN HORN. You favor more decentralization?

MR. ANDERSON. You are only going to complicate matters in my opinion. And the opinion is shared by many experts.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Anderson, this Social Security Administration with its 16,000 employees is an economic benefit to the county, is it not?

MR. ANDERSON. Yes.

COMMISSIONER FREEMAN. We heard testimony that of the employees, about 4,000 of them are black and that most of them would have to live in the city because they are denied opportunity to live in the county. Let us suppose that the Federal Government and industry, before coming to the county, would require assurances that all of its employees would have opportunity to live in this county. What would be your position with respect to this?

MR. ANDERSON. I think they should require it. But may I add something to that? The gentlemen that were in my office just recently, Mr. Powell, the General Counsel, asked me about this very project and this is one of the things that I think would be the answer to the problems we face. Before locating the Social Security building here, and believe me we are happy to have it because it brought millions of dollars in payroll and many fine people into

this neighborhood, but these Federal installations should be located where they are most needed to help from crowding up the urban areas.

This is one of the mistakes that the Federal Government made in locating the Social Security building in Baltimore County.

COMMISSIONER FREEMAN. You would want it to move then?

MR. ANDERSON. No, I would not want it moved, but I have to be honest with what I am trying to say.

COMMISSIONER FREEMAN. Are you saying you do not want any more industry in Baltimore County?

MR. ANDERSON. I am not saying that at all; I am saying that particularly the Federal installation should be put where they are most needed to help the most people and that industry, private industry, should be encouraged to do the same thing, even if it takes tax incentives.

COMMISSIONER FREEMAN. Then if we would recommend that no further Federal installation would come to Baltimore County and that no industry would relocate here until and unless there were assurances of equal access to housing which is clearly not the case now, you would be in agreement with that?

MR. ANDERSON. I would not be happy about it at all, but I still have to be honest in my answers. We try to attract industry but we do not want too much industry in one location until we are able to supply more sewer and water and sanitary facilities and more schools. We honestly do not—I am not talking about any race of people—want too much development in Baltimore County because one of our mistakes has been overdevelopment in the last 10 or 12 years.

COMMISSIONER FREEMAN. Thank you, Mr. Anderson.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Mr. Anderson, maybe I am prejudiced on one side because I am a former member of a city council, but the people who live around the city really have a greater stake in the city than the people in the city have in the areas around. Isn't that true? Because the people who live around, many of them earn their living inside the city and the reverse is not true, isn't that true?

MR. ANDERSON. The reverse could be true.

COMMISSIONER RANKIN. It could be true, but up to now it has not been true.

MR. ANDERSON. Not in equal figures, but an awful lot of people live in Baltimore City that work in Baltimore County.

COMMISSIONER RANKIN. I recognize that fact, but still there is considerable stake that you people in the county have in the city of

Baltimore, isn't that true?

MR. ANDERSON. Yes, I admitted we do have a very serious stake in Baltimore City.

COMMISSIONER RANKIN. Is there a feeling—I do not know, I listened to this testimony the last 2 days—that people outside do not have the interest in the city of Baltimore that they should have? Is that wrong, or did I just get a wrong impression?

MR. ANDERSON. No, I think some people have the interest. I could not say that all of them do but—

COMMISSIONER RANKIN. But not to the extent that it would cost money to help alleviate the situation?

MR. ANDERSON. Well, as a matter of fact it does cost money to help alleviate it and we do pay, some of the State funds that come from Baltimore County are channeled into other parts of the State.

COMMISSIONER RANKIN. Yes, but on the other hand, the people who have the jobs inside and live outside escape some taxes by living outside; isn't that true?

MR. ANDERSON. Yes, the taxes are less in Baltimore County than they are in Baltimore City.

COMMISSIONER RANKIN. I have been worried about this attitude that I have obtained during the last few days, that there was a hostility there. The people outside did not want the people inside the city to come out and live outside.

MR. ANDERSON. I do not think it is a hostility. I think, as I said before—it is an apprehension that they do not want to see the mistakes duplicated. They do not want to see overcrowding here and overcrowding there. They want a planned community.

COMMISSIONER RANKIN. Well, if you had a referendum and they could exclude or include low-income housing in the area outside the city, do you think they would vote for low-income housing outside or against?

MR. ANDERSON. I think they would vote against it.

COMMISSIONER RANKIN. You think they would vote against it?

MR. ANDERSON. Yes.

COMMISSIONER RANKIN. So they are not interested in the city to that extent?

MR. ANDERSON. I would have to say that is right.

COMMISSIONER RANKIN. How can we change that? Is it possible? You said you were in favor of it personally. I am not talking about the government. I am talking about the citizenry. Is there a possibility of changing this attitude? How can it be done?

MR. ANDERSON. Yes, I think, going back to what I said before, I think that all of the social ills of this country have to be 100 percent Federal responsibility, financing and otherwise. I think all welfare,

for instance, should be 100 percent financed by the Federal Government so we can make some reasonable equalization of it.

I can see no reason why someone in New Jersey that is in trouble and not working at the present time and needs some welfare aid is getting \$600 a month, perhaps, if that figure is correct, and someone in Mississippi is getting \$40 a month. This just does not make any sense to anybody. It is not fair. It is not reasonable.

So the Federal Government, by reasonable regulations, and I think it can be done without treading on anyones' constitutional rights, is going to have to control these things.

COMMISSIONER RANKIN. All right.

What functions would you leave to the local government if you are going to turn welfare and health and education over to the Federal Government? What are you going to leave to the local units?

MR. ANDERSON. Up to now I only spoke about welfare, but since we want to get a little deeper I think the State should take over the education, too. Don't kid yourself, there is plenty left to do for the local government. Sanitation facilities—

COMMISSIONER RANKIN. You would keep that local?

MR. ANDERSON. —and roads. Yes, I think—it is my opinion, which does not necessarily have to bear any resemblance to fact, that this is eventually going to be the answer to it.

Incidentally, I do not know if I said it or not, but this opinion is shared by Mr. John Gardner who is presently the chairman of the Urban Coalition.

COMMISSIONER RANKIN. Your attitude is proper as is Mr. Gardner's attitude. What I am interested in is the attitude of the citizenry. That worries me a little bit and, as I see, it worries you some, too.

MR. ANDERSON. It does.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Mr. Mitchell?

COMMISSIONER MITCHELL. Mr. Anderson, straighten me out on something and I am really serious. My notes have a conflict. Earlier, and again recently talking with Commissioner Freeman, I got the feeling from you that you believe that the massive social ills that beset our society are really a Federal problem.

MR. ANDERSON. Well, they have to be implemented at the local level. Here is where the land is, and here is where the houses have to be built and that sort of thing.

COMMISSIONER MITCHELL. That is the point. Later on, talking about low-income housing, you expressed the feeling that private enterprise can do the job. Now my question is a serious one because

what this problem is gets to the heart of what the Commission is trying to isolate. We know and you know and everybody knows that the country has some serious problems. This Commission's concern is with the nature and effect of those problems on the civil rights of the people of the country.

What we are interested in is, how does the Commission identify ways in which the people of the United States, through their Federal Government because that is where we report, engage in legislative or other activities that improve the conditions of life in this country in terms of the rights of individuals, or do you return to the Government and say our feeling is, after looking around, that much of this should be put in the hands of private enterprise?

Yesterday—let me finish and I would like to hear your thoughts on this—yesterday we talked to builders who said: "Gee whiz, we have to have more Federal money to do this job." We talked to real estate people and we talked to the banks. The banks say we cannot handle the size of mortgage it takes to provide lending money or buying money to people in lower-income groups.

So when you talk to free enterprise about these things, they tend to say themselves Government will have to deal with these problems. Yet as we move around and listen to informed people like yourself we get this conflicting vista of where the people turn to develop a program. How do you feel about that?

MR. ANDERSON. I admit it is complicated and it takes the Federal Government an awful long time to do anything. We have been working on this problem now for about 20 years. It looks like we will not solve it in the next 20. But private enterprise is building housing right now at a greater rate than it has in recent years with Federal money and that is what broke it loose.

Until recently housing in this entire Nation was terribly depressed. The most depressed industry in the Nation.

COMMISSIONER MITCHELL. And private enterprise building with Federal money does not disturb you? You feel when you say private enterprise can handle this, you do not mean private enterprise through its own—

MR. ANDERSON. No, sir. We are building houses now, as you know, under 235 and 236 programs, and these programs I believe can be very successful as long as the Federal Government in fairness to all the people in our 50 States sees that it does not all go in the same place. That is my argument.

COMMISSIONER MITCHELL. Your feeling—

MR. ANDERSON. Excuse me. I do not think we ought to build 25,000 low-cost units in Baltimore County and not build any in Montgomery County or Charles County or Osceola County, Michi-

gan. This is just not the answer to the problem. We are piling up the problem. We are duplicating the problem.

COMMISSIONER MITCHELL. What you say is there are places for both free enterprise and the Government and they must work together and in some cases they have to bear the whole load themselves?

MR. ANDERSON. No, sir. We know, for instance, that a family making, say, \$5,000 cannot afford a \$15,000-\$20,000 house and you cannot build a house today for any less. You know, I had 12 years in the building business. I know a little bit about it. I am not an expert, but I know a little about it.

COMMISSIONER MITCHELL. I am an official homeowner, so I know something about it, too.

You commented also that you thought the States were going to have to take over, or the community was going to have to take over more and more the educational problem. I was looking as I came at the impacted aid funds from the Federal Government that come into this area and these are the kinds of things that confuse people trying to study this sort of situation. The county, Baltimore County, is getting as of the 30th of June about \$8.27 from the Federal Government as an impacted school area, one which bears the pressure of children brought there by the Government. The city of Baltimore is getting about \$5.81. The dollar amounts are roughly the same. But here is a county which generally speaking has no place for, isn't doing very much in the field of low-income housing for reasons you described and others I assume, but which is at the same time drawing more heavily than the city on Federal aid for its schools.

MR. ANDERSON. Well, I do not know the answer to that question. I did not know the figure was \$8 whatever it was or the city figure was \$5, but I can say this, again on public record, I said many times that it cost much more to educate a child in Baltimore City than it does in Baltimore County, and they should therefore have more Federal and State money, but let's get back to education just for a moment.

The only way you are ever going to have equal education and equal opportunity of education is if the States take over the education system. Because the people in Charles County cannot afford the kind of schools the people in Baltimore County can, or the people in Montgomery County. This is one of our problems.

VICE CHAIRMAN HORN. Is there an equalization law in Maryland that takes money from the rich counties to give to the poor for education?

MR. ANDERSON. There is an equalization fund in Maryland that is about the most unequal I ever saw in my life.

VICE CHAIRMAN HORN. Who is this in favor of? Does it favor the rural areas as opposed to the urban?

MR. ANDERSON. No, it does not. I just think the entire system will have to be revamped and in favor particularly of impacted areas like Baltimore City and some rural areas. It is based on ability to pay and the wealth of the county and so forth, but they are continually working on it and trying to upgrade it and make it more fair.

CHAIRMAN HESBURGH. Dr. Mitchell, have you completed?

COMMISSIONER MITCHELL. Yes.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. Mr. Anderson, Dr. Mitchell was talking to you a moment ago about providing Federal funds to developers to assist them in providing more low- and moderate-income housing. We also asked the developers, the builders that testified yesterday, whether it would not permit them to build homes in the \$15,000 price range if the county provided at its own expense local roads, sewers, water supplies, parks, recreation facilities, etcetera. They all agreed that that would be of great assistance and permit them to reduce the cost of units. How do you feel about that?

MR. ANDERSON. I said I was a builder. I know most of the builders. They are after all the profit they can get. They will let us pay for it if we will do it, you can bet on that. I do not see how we could do that. We are taking individual taxpayer's money to aid a developer. When it comes to people we are talking about something different; not a developer.

We have no policy by which we could pay all the cost of roads and sewer and water installations and so forth.

MR. GLICKSTEIN. You say you are aiding a developer, but wouldn't you also be aiding the persons who would be able to move into those \$10,000 and \$15,000 homes?

MR. ANDERSON. To an extent, but let me say this: the taxpayer not only in this State but everywhere is so overtaxed today by the Federal Government, and I know you heard this before and I do not want to be too repetitious, that we are going to get to the point in local governments, particularly like Baltimore City, where there will not be any more taxes to collect. Until we get out of some of the mess that we are in now spending the billions and billions of Federal money and this type of Federal money comes back for these projects, we cannot continue to tax the local population.

MR. GLICKSTEIN. You also said that you have said publicly you recognize the fact that our racial problems are the most serious problems facing the country today.

MR. ANDERSON. Yes.

MR. GLICKSTEIN. Might that not require that people pay more taxes in order to solve that problem?

MR. ANDERSON. I say it will have to be solved unless we face a destiny that none of us like to look at, but I do not particularly think that local money is going to accomplish it. The Federal and State Governments have practically taken all the revenue sources except the real property tax and we are at the point now not only in Baltimore City but in instances in Baltimore County—we are talking about Baltimore County poor people, too, you know—where they cannot pay the taxes.

Some of them say come take the house. I can't pay the taxes on it any more. We only have the real property tax, and now the so-called piggyback tax which is a surtax on the State income tax, and unquestionably we are going to have to go to the State next year and say we are going to have to have an increase. We are going to have to go up from 50 percent. Either that or hit hard again on the real property tax. More than one person has been bankrupted by taxes.

MR. GLICKSTEIN. If you are short of funds of this sort to provide some of these programs, I take it that you would be amenable to more Federal funds and more Federal programs. Is that correct?

MR. ANDERSON. This has to be a part of the answer. I cannot say it is part of the answer without being in favor of it, because we have to answer the problems.

MR. GLICKSTEIN. I think if you had a public housing authority in Baltimore County, I assume that would not directly impose a great financial burden on the county itself, would it?

MR. ANDERSON. Yes, it could possibly. It depends on how it would be administered.

MR. GLICKSTEIN. Generally the county would get payment in lieu of taxes and there would be other financial adjustments made between the Federal Government and county government, so it would not be a financial drain; is that correct?

MR. ANDERSON. Admittedly I do not know too much about it, and I do not know the answer. I will look at it.

MR. GLICKSTEIN. If Baltimore County wanted to make some effort to deal with the serious racial problem you were speaking about, if it wanted to make some effort to disperse the concentrations of poor people in the inner-cities, wouldn't it be wise for the county to have a public housing authority and provide some public housing in the county?

MR. ANDERSON. I think we ought to try to take care of our own people in the county first and I think if the public housing authority proves to be a useful tool, then we could use it for that purpose. But there are many people in Baltimore County that need help, and I think they should be helped first with local tax money.

MR. GLICKSTEIN. Presumably public housing authority in Baltimore County would help current residents in Baltimore County as well, wouldn't it?

MR. ANDERSON. Yes, I would think so.

MR. GLICKSTEIN. You mentioned a moment ago that you felt the State should take over education. What did you mean by that?

MR. ANDERSON. One hundred percent financial responsibility so they could equalize the funds spent educating children so every child would have an equal education and an equal opportunity.

MR. GLICKSTEIN. You mean it should be State school board or just the financial?

MR. ANDERSON. No, I think that local controls should be kept at the local level. This could be done. I think Mr. Rankin could probably be helpful to me because I understand North Carolina takes over 100 percent of the education costs in that State.

MR. GLICKSTEIN. We held a hearing in St. Louis earlier this year, and in St. Louis County there are somewhat over 90 separate jurisdictions—

MR. ANDERSON. Ninety-six.

MR. GLICKSTEIN. —that the county executive has to deal with, In your county this does not exist. How would you compare the problems of being county executive over a county like Baltimore County and a county like St. Louis County?

MR. ANDERSON. I see Mr. Larry Roos a couple of times a year, the county executive, and he can tell you he bemoans the fact that he has these 96 local subdivisions and we have none. We did not plan it this way. Baltimore County just grew up this way. But it is unique and it is simple compared to a county with 96 subdivisions. It is not simple because any subdivision with 630,000 people is no longer simple.

MR. GLICKSTEIN. Would you say that the governmental organization gives you a greater power than Mr. Roos has? Are you able to influence governmental decisions and decisions that affect the whole county to a much greater extent than he?

MR. ANDERSON. Oh, yes, unquestionably, because we have a seven-member county council and one county executive and we deal with no mayors or township councils, so it is simplified to that extent.

MR. GLICKSTEIN. I have no further questions.

CHAIRMAN HESBURGH. Mr. Anderson, would you agree that there seems to be rather strong polarization between the city and the county at the moment?

MR. ANDERSON. Yes, sir, I have to agree to it.

CHAIRMAN HESBURGH. And as long as that exists, would you agree that it is going to be very difficult to solve all these problems we have been talking about?

MR. ANDERSON. Yes, sir, I think it is very difficult.

CHAIRMAN HESBURGH. My mother once told me I should never answer questions that start out "Do you agree?" because they are trying to pull you into something you do not want to say, but that is the only way I know to ask the question. Would you agree it would be a good thing if somehow officials in the city and you and your council could get together after this is all over, this hearing, and maybe—especially after the report comes out which will have all this in detail with anything anybody else wants to add to it—and try to see if somehow there might be practical means taken to get rid of this polarization? Would you agree that would be a good thing for this total area?

MR. ANDERSON. Obviously the problem exists, and obviously someone has to work on it.

CHAIRMAN HESBURGH. It really gets down to the city officials in the city and the county officials. It would seem to me these are reasonable men. I have to in my profession assume they are all decent men.

And they probably are. I do not make any implications. I do not want to judge people. But I assume here we are, if you look at the map behind you, you have a pretty big piece of real estate and yet it is not unmanageable. It is probably the most politically manageable piece of real estate in the United States because you have one city government and one county government surrounding it. It typifies the problems we found in practically every city of size in the United States.

Somehow rather than this hearing being a bad thing for this area, or a troublesome thing or issuing something, it might conceivably, because of your unique political situation give this whole community—I say community now; I am speaking about the commonality of human beings living in this whole locality, city and county—a chance to make a breakthrough for cities in America. Would you think that is a possibility in coming to some solution?

MR. ANDERSON. In all honesty I do not believe we can answer the question. I think I have explained today or at least I tried to

what I think it is going to take to answer the problem. Answering the problem is not moving a greater part of Baltimore City into our county or some other county.

CHAIRMAN HESBURGH. All I am suggesting is that the city officials and the county officials surrounding most of the city, rather than look at the map the way it is in color, foresee 10 years up the pike where there is a big fence and anybody who goes over it gets shot or something, the kind of horrible situation you can imagine if we do not finally settle this human problem, but wouldn't it be a good opportunity here because of simplicities of the government, since you have one county government and one city government, to get the two governments together and say here are a list of problems that emerged from this hearing? Here are problems relating to housing, problems relating to transportation, problems relating to employment, problems relating to the mentalities of the people in the city and the county, problems in the way white people see something one way and black people see it another way and they never seem to get together and see it the same way, and extremes on both ends all adding up to one word—polarization—which I think is a suicidal tendency because the extent that society gets polarized and glares at each other means somebody will be ground under, someone will win and the victory will destroy the country.

All I am saying is it is conceivable—I know nothing about the answer to this—for you and your authorities and the county council and the mayor and his authorities to get together and with this kind of shopping list of problems we brought to light see if there is some way it might be settled.

MR. ANDERSON. Yes, we do work together on other problems, and this unquestionably will be coming up in the regional planning council and the metropolitan area council.

CHAIRMAN HESBURGH. Adding to that, from our point of view it would be extremely helpful if you could come up with some imaginative solutions to these problems. You say we ought to take our fair share of the problems. I do not know what the fair share is. I am not God. I cannot decide what it is, but I have a feeling that none of these problems is really going to be solved unless we get rid of something here that exists across the county in this context, and that is this whole question of misunderstanding, prejudice, polarization of opinion and conviction, tendency to call people names, he is an extremist, he is a liberal, he is this, he is that.

Unless we can get rid of that we are in trouble. I think maybe part of the solution is going to be to somehow get the two extremes in this problem and talking to the middle of this problem.

Is that possible politically? Can you do that without destroying yourself politically? That is all I am saying.

MR. ANDERSON. I think I am pretty well known around here as a fellow that says what he thinks and does what he thinks is right, so it does not worry me too much about what happens to me politically.

CHAIRMAN HESBURGH. So you could really get into this kind of thing and come up with some imaginative solutions and maybe make this metropolitan area a model for America; is that possible?

MR. ANDERSON. No, I do not think that would be possible.

I think we have to sit down and discuss possible solutions, but I do not think you will see in our lifetime a metropolitan government—

CHAIRMAN HESBURGH. I am not saying that; I am not pushing it that way. I think there are dozens of ways you can govern people and this is not necessarily the best. What I am really saying is to find a solution through the cooperation of the city officials and county officials, but in this case you only have two whereas in St. Louis you have 96 plus one, and that you may be able to come up with some realistic solutions that speak to what we said was important, that there be a sharing of this common problem, that the city does not have its own problem, the county its own problem and a fence between them, but there is a community here, it is a metropolitan community no matter how it is governed.

MR. ANDERSON. I do not really agree that that fence is as high or as heavy as a lot of people try to make it appear to be.

CHAIRMAN HESBURGH. But then maybe it is important to get together and make that point factually. The problem we find with this Commission is, as Dr. Mitchell said, we are trying to get human solutions to human problems in this country and if, for example, a lot of the black community here in the city feels there is somebody not welcome, that there are a thousand little fences put up and one big fence eventually, and person after person says I tried to get a house out there and could not. I got the money but cannot buy one. Or I would not go because I would not be welcome. They would throw stones at me, or something.

This is in microcosm a problem the whole country has, and it is the problem John Gardner is talking about so much. I agree he has brilliant ideas to solve it, but some group of people have to eventually solve it in microcosm or we are never going to solve it for the

whole country, and I think with the kind of governmental setup we have here it is a unique opportunity to solve it, but the solving I think is not going to happen—I am not trying to give a speech here, though it must sound like it—I do not think it will happen unless we can get rid of this prejudice, this misunderstanding, this myth, and look at the facts as they are and find real solutions to real facts.

You would agree with that, I think.

MR. ANDERSON. Very difficult problem.

CHAIRMAN HESBURGH. Would anyone else like to say anything?

VICE CHAIRMAN HORN. I would like to say I am sure we all completely agree with your suggestion that because of the uniqueness of two governments, I realize the fear that you might have if the city would say we got our own problems and we would like to dump them on you and you take care of them. City governments have a tendency to do that all over America.

What Father Hesburgh is suggesting, here is a chance, despite all the fears that existed—not just over black-white relations—between urban-rural relations in this country for 200 years, people fearful of the big city boys and the country boys, but here is a chance to sit down and maybe see how through cooperative efforts and trying to get at some of these areas whether they are in civil rights or not, that you might come up with some solutions for changing the attitude and solving some of these problems. I think we are all united on this.

MR. ANDERSON. We will try.

CHAIRMAN HESBURGH. We appreciate very much the fact that you have come here today. Is there anything you would like to say?

MR. ANDERSON. No.

CHAIRMAN HESBURGH. Thank you very much for coming.

We are now going to adjourn for lunch. We will reconvene in this room at 2:15.

(Whereupon, at 1 p.m., the hearing was recessed, to reconvene at 2:15 p.m., this same day.)

WEDNESDAY AFTERNOON SESSION
AUGUST 19, 1970

VICE CHAIRMAN HORN. The afternoon session of the Baltimore hearing of the U.S. Commission on Civil Rights will now begin.

Mr. Powell, I believe you have a few items for the record.

MR. POWELL. With your permission there are two items I would like to have entered in the record.

First is a statement by Mr. Mike Guliazzo on the effects of the transportation of blacks and others leaving the corridors of Baltimore County.

Second is correspondence from the Philadelphia Office of HUD, Baltimore County Office of Planning and Zoning submitted for the record by HUD.

VICE CHAIRMAN HORN. Without objection, both items will be entered in the record.

(Whereupon, the documents referred to were marked Exhibits No. 25 and 26 and received in evidence.)

VICE CHAIRMAN HORN. The next item, we will begin the session on New Towns. We will have a staff paper. Paul Alexander of the Commission staff will present it. Mr. Alexander.

(Whereupon, Mr. Paul Alexander was sworn by the Vice Chairman and testified as follows:)

TESTIMONY OF MR. PAUL ALEXANDER, STAFF ATTORNEY,
U.S. COMMISSION ON CIVIL RIGHTS

MR. POWELL. Mr. Alexander, are you an attorney on the Commission staff?

MR. ALEXANDER. Yes, I am.

MR. POWELL. Mr. Alexander, I have a report entitled, "New Towns". Did you prepare this report in connection with the subject matter of this hearing?

MR. ALEXANDER. Yes.

MR. POWELL. Mr. Chairman, with your permission at this time I would like to have the full text of this report in the record of this proceeding.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 27 and received in evidence.)

MR. POWELL. Would you summarize your report, Mr. Alexander?

MR. ALEXANDER. Yes. In recent years the establishment of new communities has caught the public eye; the possible implications of this development are to be explored in this hearing. The new community which is usually found in the suburban fringe of existing urbanized areas may provide different opportunities for minority access which have been so lacking in the suburbanization process to date.

A new community can be defined as the large scale development of land for residential, commercial, industrial, and recreational uses on a planned and interrelated scale. When a new community is able to provide a high degree of self-sufficiency and not be depen-

dent on neighboring areas it can be appropriately defined as a new town.

In the United States, development has been of new community variety, that is, large scale communities that are generally an integral part of the metropolitan area. As of 1968, there were approximately 50 new communities in this country. One of the best known is Columbia—located some 15 miles southeast of Baltimore City and some 25 miles north of Washington, D.C.

New community development in this country has been the product of private enterprise without any substantial Federal Government sponsorship or inducement. This is a drastically different picture from that of the European experience where new community development has been governmentally sponsored and induced.

For example, in Great Britain, the Government by a national scheme of legislation has provided for grant programs; the Government pays a substantial portion of the construction costs for locating industries, plus paying for portions of the costs of training employees, and makes a contribution toward the salaries of employees.

In addition to the inducement of industrial growth in the new communities, powers are provided to a governmental body for land acquisition and planning control.

Wherever the development has taken place, there are five basic ingredients for new communities:

1. Multipurpose development—it provides an overall plan that provides for residence, industry, and commercial facilities on a balanced scheme.

2. A proper mix of different income housing—unlike traditional subdivision development, housing in a new community should provide for low- moderate- and high-income persons.

3. A sufficient size—the new community should be of sufficient size to be economically and socially viable but not so large as to reproduce the problems associated with large urban population centers.

4. Utilization of the natural environment and contours of the land—this again is a change from the normal subdivision development scheme.

5. Attraction of business and industry—this is essential both to provide employment to the residents and to provide a sufficient tax base for the community.

It may be possible that new communities can play a role in providing for the racially integrated living situation in the suburbs that traditional development has not been willing or able to accomplish.

Additionally, the techniques involved in designing and planning for the new community might have applicability outside of the new community, perhaps for the revitalization of the inner-city. This is the context in which the new community of Columbia will be explored; to determine how to provide for both a racially and economically integrated living situation.

An important ingredient in this process is the role of industry in providing employment for minorities in the new community and assuring that its employees will be able to obtain housing in that community.

MR. POWELL. Thank you, Mr. Alexander.

CHAIRMAN HESBURGH. Our first witness this afternoon is Columbia representative, Michael Spear. Would you come forward, sir?

(Whereupon, Mr. Michael Spear was sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. MICHAEL D. SPEAR, VICE PRESIDENT,
COMMUNITY DEVELOPMENT AND RESEARCH,
COLUMBIA, MARYLAND**

MR. POWELL. Mr. Chairman, with your permission, Mr. Lawrence B. Glick, the Commission's Deputy General Counsel will question this witness.

CHAIRMAN HESBURGH. Fine. Mr. Glick?

MR. GLICK. Mr. Spear, for the record, will you please state your name, business address, and occupation?

MR. SPEAR. Yes. Michael D. Spear. Our business address is Columbia, Maryland. I am a city planner.

MR. GLICK. By whom are you employed?

MR. SPEAR. By the Rouse Company.

MR. GLICK. What is your position with the Rouse Company?

MR. SPEAR. Director of community development and research.

MR. GLICK. How long have you been associated with the Rouse Company in that capacity?

MR. SPEAR. Approximately 3 years.

MR. GLICK. Mr. Spear, can you tell us when the development of Columbia began?

MR. SPEAR. Actual development in Columbia began, in terms of land acquisition, I would say approximately 5 or 6 years ago.

Actual development of the new community began about 4½ to 5 years ago and the first residents and businesses moved into Columbia slightly over 3 years ago.

MR. GLICK. So it was a period of about 3 to 4 years from initial planning until the first residents moved in?

MR. SPEAR. Approximately 3 to 4 years from the time we first began the land acquisition process.

MR. GLICK. What is the present population of Columbia?

MR. SPEAR. Present population is approximately 9,000 people.

MR. GLICK. Would you describe for us briefly, in broad terms, the physical characteristics of Columbia in terms of its land mass, what you project to be its population when it is filled to the extent planned and how land is allocated for different purposes?

MR. SPEAR. Yes, sir.

Columbia is located approximately midway between the two cities of Washington and Baltimore. It is located on approximately 15,000 acres. It is served by several major highways including U.S. 1, I-95 now under construction and Route 29.

It takes approximately 30 minutes to drive from downtown Columbia to downtown Baltimore and approximately 45 minutes to drive from downtown Columbia to downtown D.C.

The new community is planned for approximately 110,000 people and would be completed in about 1980. The 110,000 people would be accommodated in approximately 30,000 housing units.

About half of these or 15,000 would be single family detached units. Another 7,000 would be townhouses. Another 8,000 would be apartments. These apartments will be garden apartments and will be called mid-rise structures, six, eight, or 10 stories.

To serve the population we now plan about 2½ to 3 million square feet of retail space which would accommodate about 600 to 750 various stores from small shops to serve convenience needs of the residents to major department stores.

There will be approximately 3 to 4 million square feet of office space and on approximately 1,500 acres of industrial land plus another 1,000 acres for the General Electric plant, bringing a total of 2,500 acres in Columbia for industries. We will accommodate anywhere from 250 to 300 industries in the area of Columbia development.

When we complete Columbia as a combination of commercial development and as a combination of this industrial development that I have indicated, we estimate that approximately 65,000 jobs will be added to the Baltimore-Washington corridor as a result of Columbia's development.

As part of this development, the Columbia plan includes open space and a whole range of community facilities on approximately 3,200 acres of land and in addition to cultural and institutional facilities, schools, colleges, libraries, hospitals, and the like.

I think if it's appropriate to spend a minute or two to not only explain what these uses are but perhaps how it is structured, I think it would be relevant to your considerations.

MR. GLICK. Please proceed.

MR. SPEAR. The statistics that I gave are very dry and really tell a very small portion of what makes up Columbia and what we are trying to achieve. When Columbia was begun we had a number of objectives which are reflected in these statistics.

First it was our aim to provide what we would say is a real city, not just a suburb. This would mean a balanced community which would include housing and jobs and institutional and cultural facilities.

We said that we would go forward and create a new community which would respect the land—not only the land as a discipline, but what we would do in the area. We said we would try to create the best possible environment for the growth of people and in effect try to arrive at plans and programs for a new town that really grew out of the yearnings and needs of people we would hope would be accommodated there.

People of all socioeconomic classes.

Fourth, and, of course, very important, we would create a new city that it would make a profit and would illustrate that the private sector could not only provide an outstanding environment but in doing so would create its own markets and would undertake a type of development that would produce significant profits sufficient to justify their efforts.

Columbia then in terms of 110,000 people and jobs is organized into a series of villages and neighborhoods. Each village, and there are approximately seven villages, each village would have anywhere from 12,000 to 15,000 people. Within each village there would be a number of neighborhoods.

Each neighborhood would have approximately 3,500 to 4,000 people. At the center of each of the villages there will be a village center and it will include a whole range of commercial, institutional, and cultural facilities to serve the residents in each of these villages. In the neighborhoods there will also be a center to serve the immediate convenience needs of the residents.

The villages will be organized around a new downtown in which there will be approximately 2 million square feet of the shopping space and another 2 million square feet of office space and this new downtown was meant not only to serve the major needs of the new community we are planning but in effect to provide the needs for a whole corridor of over half a million people that we envision developing over the next 10 to 15 years.

Connecting the various villages and neighborhoods in Columbia we had planned a public transportation system which brings together all the various neighborhoods and village centers and the major industrial areas which are organized around the new town to act as one coherent community.

In terms of these neighborhoods and villages, a major concept, a major belief, was that we could introduce into each neighborhood and into each village a full range of housing, not only in terms of their physical characteristics, townhouses, garden apartments, and single family detached units but that we could also introduce into each neighborhood and into each village a full economic range of housing so that in any particular neighborhood there would be both low-income housing opportunities as well as opportunities for middle-income housing and high-income housing.

If you go into Columbia today you can, in fact, if you go into the first neighborhood that was developed in Columbia and is nearly developed within a single neighborhood within approximately a quarter of a mile we begin at 221(d) (3) housing and progress to apartments that are approximately, I would say, \$175 to \$180 a month for a two-bedroom apartment and go to \$30,000 houses, to \$40,000 houses all the way down to the lake where there are some houses, including the land, which cost \$75,000 to \$80,000. This is within a single neighborhood.

We are ranging from housing for low- and middle-income families to housing in the area of \$75,000 to \$80,000 including lots. In trying to put together a new town, Mr. Rouse in his comments later will be addressing, I understand, the general concept of the new towns and housing.

We believe that in doing what we are doing in Columbia and by planning at the scale that we are planning, and I think that what we see on the ground now will support this—what we see on the ground now will support this—what we hope and what we have strived to do is to overcome many of the images that have previously characterized private development and to show that when things are planned at the proper scale that the low- and middle-income housing does not necessarily mean low- and middle-income environment.

There can be, in a single environment, housing at various economic levels. An economic mix such as the ones we achieved in Columbia can be achieved if it is done in the context of total planning. That low- and middle-income housing in single neighborhoods—again this is so critical, when it is done at the scale of Columbia, that low- and middle-income housing need not deter other markets

and that also the anxieties that usually come about with low- and middle-income housing need not occur if people are moving into a community planned on a large scale and have confidence in the plan and that the plan will be carried out.

MR. GLICK. Thank you, Mr. Spear. That was an excellent statement.

I would like to come back to the present a bit more, now. I want to ask you what the present employment at Columbia is. How many persons are employed at Columbia, now?

MR. SPEAR. We presently have approximately 9,000 people either employed or associated with industries now committed to Columbia. This would include about 4,000 to 5,000 construction employees on the site involved in actual development in addition to another 4,200 to 4,500 people working in the various businesses and industries.

We now have approximately slightly over 100 businesses in Columbia that are opened and serving the residents not only of the new community but also Howard County and corridor and somewhere between 35 and 40 industries either located in Columbia today or who have committed to facilities in Columbia.

MR. GLICK. What kind of labor force do these industries use in terms of skilled, semiskilled?

MR. SPEAR. I think it's very broad and really covers the entire spectrum. I would think the employers that you will be speaking to later may be able to address it in specific terms for their particular industries, but in terms of our total projections for the 65,000 to 66,000 jobs we anticipate a full spectrum of jobs both in terms of skills and economic levels.

MR. GLICK. Can you tell me why the company believed it was important to have industry located in the Columbia area or on Columbia land rather than have the residents go elsewhere for work? What does the industry add to Columbia?

MR. SPEAR. It really adds two things. First of all, it adds an economic base in which we can then begin to add the requirements of people living in a county and at the same time provide the economic base to businesses and industries which would not normally require the services associated with people so we were able to move forward in our conversations with Howard County at the time we proposed Columbia and show them that because of the industries that we would be able to attract and because of the businesses that we would be able to attract we would be able to come in with a balanced community of people and businesses and not only pay our own way in terms of county services but in effect also help make a net contribution to the county.

MR. GLICK. When you say "pay your way", do you mean in terms of tax revenue to the county?

MR. SPEAR. Speaking now in terms of tax revenues. Tax revenues and business taxes and the like are meeting the costs of public services and facilities. This is the first reason. The second reason really relates to a set of marketing principles. We feel that residential development and industrial development must go hand in hand.

That to try to develop a residential community at the scale we are talking about, 110,000 people, 30,000 units, without providing employment opportunities in the area would deter our marketing efforts in the area of housing. Vice versa, that to provide or try to develop industries in the area without providing housing would deter our marketing efforts in the area of business and industrial sales.

There were two reasons. One, so we can achieve a balanced economic effect and, second, so we can have a coherent marketing strategy that has housing supporting industrial potentials and industrial potentials supporting housing potentials.

MR. GLICK. Do you think when you reach capacity that the working age population of Columbia will be adequate to fill the needs of the industrial and commercial organization located in Columbia?

MR. SPEAR. Well, we very carefully distinguish between saying that Columbia is self-contained versus it being balanced. We often hear today the concept of let's build self-contained communities. I submit that in a location such as Columbia this would be almost an impossibility.

Our objective has been to provide a sufficient number of jobs so that people living in Columbia would have the opportunity to work in Columbia. We don't believe in fact that all the people living in Columbia will actually work in Columbia; that because of our proximity to both Baltimore and Washington labor markets, as well as job opportunities, that there will be a significant amount of commuting in and out of Columbia through the corridor.

MR. GLICK. Do you think that the corridor itself will be the main source of labor coming into Columbia?

MR. SPEAR. I think it will be a major source. Whether or not the majority of employees will be from the corridor or from the cities themselves, I am not sure what you mean by the corridor.

MR. GLICK. I mean the line between Columbia and Baltimore and between Columbia and Washington but not including the cities.

MR. SPEAR. I would say that a major portion of the labor force for Columbia will come from the corridor but that we will antici-

pate utilizing part of the labor force in both cities to meet the job opportunities in Columbia.

MR. GLICK. Do you think there will be transportation for people to come from the inner-city of Baltimore to Columbia with relative ease?

MR. SPEAR. I think there will be transportation. There is currently transportation between both Washington and Baltimore. It's public transportation. I don't think that that will necessarily be the ultimate transportation solution. As you may or may not know, there is an organization now at work in the corridor beginning to represent some of the industries called the Central Corridor Manpower Corporation, where various industries are beginning to work together and examine their needs, and I would anticipate that at some point in the future that public transportation to Columbia either as a direct response on the part of the transportation companies, as the city begins to develop and the people who live there and the number of jobs there increase, or as a function of direct action on the part of the industries who would be locating in Columbia that transportation would be achieved.

MR. GLICK. Is there any planning going on for that now?

MR. SPEAR. There is planning in terms of we are anticipating needs but in terms of the specific mechanism or vehicle, none has been identified.

Again, as I indicated, there is public transportation now between central cities of both Washington, Baltimore, and Columbia.

MR. GLICK. Do you have any idea how many persons now employed in Columbia both in construction work and in the commercial and industrial enterprises do come from Baltimore, let's say?

MR. SPEAR. No, I don't. We have indications of the origins of people moving in but we have very little data available on the people actually working in Columbia today.

MR. GLICK. You mentioned a few minutes ago that the range of employment in Columbia now is all the way up and down, semi-skilled, skilled, managerial, I suppose; in the master plan for the city, how do you establish a ratio in terms of housing as it relates to income of the workers?

Have you established a proportion of low-income housing, low working class-income housing and managerial income-housing?

MR. SPEAR. What we are really doing in trying to estimate our housing profile, as I said to begin with, we had as one of our principal objectives to produce both the full range of employment opportunities and a full range of housing opportunities.

We have, in doing this, one of the things that need be remem-

bered is that we are a developer in the sense that we are taking land and improving land and selling it to other builders. While we have a certain amount of control over the price at which land is sold to other developers, we don't have a major control over what is actually built either in the way of industries or in the way of housing. But what we have tried to do in our pricing policies for the land is to price land in such a way that housing at all economic levels could be accommodated in Columbia.

MR. GLICK. You are exercising something of a private zoning process, are you not, in the sense that when you sell land for housing, it is established it will be housing and not an industrial plant.

MR. SPEAR. I wouldn't call it private zoning. As you probably know, we needed to go to Howard County to more or less get approval for Columbia. This required some new and innovative zoning which Howard County was very responsive to and came through with which in effect said: "Here are a set of things you can do and here is generally where they are located."

So from the standpoint of where certain uses are located and how much of certain uses can actually be accommodated in the new town, we developed the plans and then worked with Howard County in terms of having them approved; but I don't think it would be accurate to call it private zoning.

MR. GLICK. I have no further questions at this time, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Just a few questions.

Mr. Speaker, I take it since you are vice president of community development and research you have probably been in the planning area in dealing with building and construction and development. Give us a bit of your background.

MR. SPEAR. Personal background?

VICE CHAIRMAN HORN. What were you doing before you came with Columbia, for example?

MR. SPEAR. I was a planning consultant to a new community out in California. Before that my educational background is in city planning. Architecture and economics.

VICE CHAIRMAN HORN. So you had an opportunity to look at some governmental actions in this area as far as trying to, for instance, develop the Baltimore County Guide Plan, trying to relate the future and trying to plan for the future. I take it you had some experience in that area?

MR. SPEAR. Limited, but some.

VICE CHAIRMAN HORN. What I would like to draw from you is: what are your reflections when you look at what a private developer is able to do at Columbia by having certain broad outlines and profiles of a community so he provides for low- and medium-income level people to have housing as well as the industrial developer, just why do you think, based on your own experience, counties and cities can't get that same job done?

Is there a matter of one developer versus many developers? Is it a matter of will? Just what is it? You seem to have some rational allocation over resources here that lead somewhere.

Yet we spent 2½ days at this point finding that, well, some people don't want houses where low-income people are living in the county, this sort of thing.

MR. SPEAR. I think that there are two reasons. I think that a city or a county with the best intentions would have a difficult time themselves trying to produce a Columbia, whether it be a Columbia in a suburban location or a new large scale development inside the city. I think this is so for two reasons.

First, public entities don't have either the authority or ability to fund or develop an experience to enable them to actually implement their own plans. Unfortunately, in the context of planning in this country today, the ability to implement is separated from the ability to plan.

Therefore, you have one group planning and one group implementing. Whereas planning can only occur on a very general level, the real ability to produce housing at various economic levels to be sure that certain kinds of jobs are produced on a particular location is really a function of actually doing it or the implementation of a plan.

Second of all, I think that municipalities, counties, State governments, or local governments have not been able and have found it very difficult today to produce Columbias because of the structure of the development industry. Not only do they not have the ability to undertake to develop Columbias themselves, but the development industry today has not been organized in such a fashion that they can very easily respond to large-scale land development.

VICE CHAIRMAN HORN. In other words, it's very fragmented and you are looking at really a wide range of small entrepreneurs even though they might build thousand-unit apartments.

MR. SPEAR. The average builder in the county builds 50 to 100 units usually on a limited amount of acreage. That is really one of the major reasons we end up with scattered and haphazard development. While private builders, many builders in the county have

the experience in development, they don't have the financial resources typically to undertake the scale of development that is characteristic of Columbia.

On the other hand, the financial institutions that generally have the financial resources to back a project such as Columbia either don't have the development experience themselves or don't have the confidence in a small builder to be able to undertake a project involving 30,000 or so acres of land.

VICE CHAIRMAN HORN. When you look at some of the developments, I think Mr. Alexander in his paper mentioned a Palace Verdes in California, you could cite St. Francis Woods in San Francisco, Stonestown, some that the insurance companies have gone into.

You do see a range of not so much industrial but at least retail and different levels of housing, even though this is a little on the higher level type services. Do you feel that perhaps county or city government should be making a greater restriction on the type of development that takes place than just say multifamily, single family, industrial type zoning areas?

Would they really be tying things down a little firmer? Would this help matters?

MR. SPEAR. I don't think it's a question of tying things down so much as it is of loosening things up and beginning to permit developers to do certain things that they are not many times allowed to do because of either building codes or zoning.

We had cases in the past, and have now, where existing zoning ordinances make it almost impossible to do a project like Columbia. In fact, if Howard County hadn't been progressive and hadn't responded and hadn't seen the value of a type of project like Columbia not only to the county but to the corridor and the country and then had responded with a new type of zoning we would not have been able to do Columbia.

VICE CHAIRMAN HORN. Would you elaborate on that? What are the zoning practices you talk about? Do you mean they are too much of a broad brush perhaps so you can't, in a smaller neighborhood or community, have this mix of medium-income and high-income?

MR. SPEAR. First of all, zoning does not legislate economic use; it legislates a type of use. You cannot, through zoning, say you can only build in this zone housing at \$30,000 a year.

I don't know the exact legal constraints but I don't know whether you call this contract zoning, but I know you can't do that.

It has been tried in many locations. Towns don't want housing

at a certain level. First they tried saying no housing below a certain income. Then that was ruled illegal. Then they would say no housing below a certain number of square feet which means cost which means income.

So you cannot legislate what is actually built on a piece of land. You can generally indicate the type of development. What typically happens in zoning is that the conventional zoning would indicate a specific use for a specific area. They would say in that particular location there will be housing. In that particular location there will be commercial space.

For example, there is no way to zone open land. If you zone open land, you are, in effect, depriving a property owner of his right to develop property. In most places a county or a political jurisdiction that wishes its own open land will zone it to the lowest possible use large acre zoning so if they want to take it as open land their acquisition costs would be low.

What I am saying about the zoning is that in order to do a Columbia, what you need to do is first of all loosen zoning and say here are the kinds of things that we want established in a particular location.

So much housing, so much industry, so much commercial. Then leave the developer the flexibility to arrive at the plan that he can implement.

In other words, before I said one of the problems is the detailed planning is on one side and the ability to implement is on the other, well, without giving the public the ability to implement one way to try to bridge the gap is to let public policy through zoning establish broad guidelines for development and let the detailed levels of planning that really have to be associated very closely with development be undertaken by the developers.

Now, this, of course, has its dangers because you are putting a great deal of leeway in the hands of the developers but as in Howard County and other places where we work with localities, when the amendments to conventional zoning take place new kinds of steps can be introduced so before the developer actually goes forward with detailed plans of actual development he still has to come back to the particular county to get his plans approved.

But as far as I know, I don't think you can rely on zoning. I don't think you can legislate a lot of the things you are trying to achieve. You can't legislate broad mixes of housing. You can't legislate broad employment opportunities.

VICE CHAIRMAN HORN. How would Howard County handle this, say, setting up a series of goals where you maybe project an eco-

conomic mix of various levels or types of housing? How could a governmental entity, without getting into the problems in reverse of where they originally limited land really to rich people in terms of 5-acre sites or something like that, how can they get down and monitor a plan like that and make it stick?

Have you got some thoughts on that? What kind of questions do you ask? How do you measure whether the developer is really fulfilling that commitment?

MR. SPEAR. As I said, I think they could establish broad policies. Howard County said to us: "You have our permission to develop so much housing and so much of it will be single family and so much will be townhouses and so much will be garden apartments."

VICE CHAIRMAN HORN. They didn't tell you the economic rent you could charge for that, I gather?

MR. SPEAR. No.

VICE CHAIRMAN HORN. So it's no different, then. Zoning doesn't tell you that either. Just says multifamily, single family, whatever.

MR. SPEAR. Right. Through zoning or other legislative means I don't believe that you can legislate those kinds of matters. What you can do, which is what the Federal Government is now trying to do first through Title X programs and now through Title IV programs, and I would submit if local governments had these types of programs they could also do this, would be to give incentives to developers who actually do meet certain social objectives that might not formally be met simply under the influences of the marketplace. So in Title IV programs in exchange for the Federal guarantees on land development, the developer is required to show a clear, not only a general, intent to include a full range of housing but they are also required to show how that will be achieved, not 5 years out, but immediately.

So they get the guarantee, there is also some assistance and water and sewer and open space and other things. I think while you can legislate general uses, it has to be through a set of incentives and cooperation between the public entities and private entities with a will and desire on both sides to achieve certain social and economic objectives; because if it exists on one side and not on the other, it won't happen.

VICE CHAIRMAN HORN. Thank you very much.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Spear, is the development of Columbia financed by the Federal Government in any way?

MR. SPEAR. No, it is not. The financing of Columbia is totally private except to the extent that certain road improvements or

other normal public investment in public facilities would take place. For example, we are not building our own school.

COMMISSIONER FREEMAN. I was going to ask you about the schools.

MR. SPEAR. To the extent that the county is building schools, to the extent they are building certain roads, to the extent that the Federal Government is involved in the interstate highway, interstate highway development, some of which serves Columbia, the same with the State, to that extent there is a public investment in Columbia.

To the extent that it is formally considered in private development—in other words, using the money to acquire land to improve that land, to build lakes and community facilities, private facilities, there are no Federal dollars involved.

The only Federal investment today in the actual funds flowing directly to the developer are very limited amounts of funds as it relates to public transportation studies in Columbia.

COMMISSIONER FREEMAN. Did you say there are 9,000 individuals or 9,000 families there now?

MR. SPEAR. There are approximately 9,000 individuals.

COMMISSIONER FREEMAN. How many families?

MR. SPEAR. That would be about 3,000.

COMMISSIONER FREEMAN. Have you reached the point of a government?

MR. SPEAR. Columbia is a part of Howard County through the traditions of Maryland. As you know, Maryland is a very strong county form of government. There are only a very limited number of places that are actually incorporated as separate municipalities.

Therefore, a person living in Columbia is a full resident of the county as people living in the county who are living outside of Columbia. Now, in addition to the Howard County government which provides sort of a certain level of services which they provide throughout the county, we, as developers, believe that if we were able to market, to convince people to come into Columbia as a new urban place, that we needed to provide a certain range of facilities and services that were more urban than you might normally expect a rural county to provide.

So in order to provide these facilities and services, we created a new entity which we call the Columbia Association. It's private, nonprofit, chartered by the State, and it's the responsibility of this entity, supported both by special assessments against all property in Columbia and supported by user fees on particular facilities in Columbia, private facilities in Columbia, it is the purpose of this

entity to both build, support, and maintain a whole range of what we call community facilities and services for the residents in Columbia.

This includes the open space system, the public transportation system, pedestrian ways, pedestrian walks through Columbia, various parks, community meeting rooms, child care centers, and the like.

COMMISSIONER FREEMAN. Has a school been constructed there yet?

MR. SPEAR. Yes, there have. As of this fall, we will have five elementary schools which will be open in Columbia. You will have a junior high school that has been opened and will be there this fall. You have a high school currently under construction which will be open in approximately a year.

We have three nursery schools operational in Columbia. In addition to that we have 10 what we call preschool centers either run by the Columbia Association—one is run by Interfaith Housing Corporation which has produced some low-income housing in Columbia and they operate a preschool center as part of that project.

We have some co-ops that are run by the residents and one of the ones that we have is the Montessori, for example.

COMMISSIONER FREEMAN. All of these controls over the institutions by and on behalf of the people who reside in Columbia rather than Howard County?

MR. SPEAR. The control of these private facilities and services, not including the schools or police and fire, are in control of this association and to that extent will ultimately be controlled by the residents.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. Could a man buy a lot and build a house in Columbia? An individual?

MR. SPEAR. Yes, he could, sir.

COMMISSIONER RANKIN. Is there an art jury? Could he make it in any style of architecture he might desire?

MR. SPEAR. We do have an architectural review committee which is run by the developer and supported by various architectural committees which are operated by the residents. Any facilities developed in Columbia must be approved by the architectural committee.

COMMISSIONER RANKIN. So he is not at complete liberty, is he?

MR. SPEAR. No, he is not.

COMMISSIONER RANKIN. What about recreational facilities? Are they open to all?

MR. SPEAR. The recreational facilities in Columbia are open to all. Certain ones are available at no cost. Certain ones are available at modest user fees. Residents in Columbia can use them and there are provisions where people living outside Columbia can join at higher rates.

COMMISSIONER RANKIN. These are not too high to keep people of moderate- and low-income from using them?

MR. SPEAR. For example, we have a tennis club, a swimming pool that can be used all year round, and a golf club.

A typical family would be able to join the swimming pool, tennis club, and golf club for all the members of the family. I think the total cost comes to about \$75 for the year.

COMMISSIONER RANKIN. Is there any restriction on resale of property?

MR. SPEAR. No.

COMMISSIONER RANKIN. So if I go over there and buy three houses and then put up a fertilizer factory—

MR. SPEAR. I am sorry, I misunderstood the question. There are restrictions on how the property can be used, whether in the initial case or a piece of land—

COMMISSIONER RANKIN. So you have a form of zoning then?

MR. SPEAR. It's county zoning.

COMMISSIONER RANKIN. You have no zoning laws of your own at all?

MR. SPEAR. No, sir.

COMMISSIONER RANKIN. The county zoning law would take care of a situation like that?

MR. SPEAR. Yes. In order for that to happen you, as a property owner, would have to go to the county and say: "I would like my property now zoned for residential development rezoned for industrial development" and they would—

COMMISSIONER RANKIN. Are you seeking industry for Columbia?

MR. SPEAR. Yes, sir. As I indicated, we will eventually have, including the GE plant, approximately 2,500 acres of industry and 250 to 300 firms.

COMMISSIONER RANKIN. Are you going to be selective in the type of industry?

MR. SPEAR. We are selective to the extent possible in the sense that there are certain types of industries—like, for example, we are prohibited from having heavy industrial development out in Columbia of the nature which would be prohibited because of environmental conditions.

We are consciously seeking a broad range of industries which would offer a broad range of employment opportunities.

COMMISSIONER RANKIN. But the county at any time can change these zoning restrictions, is that correct?

MR. SPEAR. I am not absolutely sure of this answer but it is my understanding if the county at a point in time wanted to rezone, completely rezone—

COMMISSIONER RANKIN. And change the whole character of the town?

MR. SPEAR. I would defer that to Mr. Rouse. I am not sure. One of the things that we sought from the beginning—the county at one point said to us: “Let’s zone 10 percent now and see how it goes. Then, let’s come back in a year or two after you have developed that 10 percent and see us and we will zone the next 10 percent.”

We said to them that in order to get financing, in order to convince people to move into a new community, we must have ironclad assurances concerning the whole community. Therefore, we had approved the zoning ordinance and the county zoned the entire Columbia new town.

Whether or not they could at this point rescind the new town zone and go back to some other I am not sure.

COMMISSIONER RANKIN. You couldn’t bind future legislative bodies, could you?

MR. SPEAR. That is the reason I would say I would presume they could. I don’t think you could bind them.

COMMISSIONER RANKIN. One last question. Has your city or town been in existence long enough to determine the resale value of your property in the city?

MR. SPEAR. You mean the resale value—

COMMISSIONER RANKIN. The resale, if someone moves out.

MR. SPEAR. If someone wanted to sell their own home?

COMMISSIONER RANKIN. Yes.

MR. SPEAR. Well, to the extent there are individual resales going on—we have no experience with that directly as a developer because we haven’t resold any.

COMMISSIONER RANKIN. But you hear about it?

MR. SPEAR. Yes. There is clearly a significant appreciation in land values and property values in Columbia.

COMMISSIONER RANKIN. There has been an appreciation of land values?

MR. SPEAR. I was speaking with one of the staff members of the Commission and we were talking about the ability of a land de-

veloper to control housing in a new community. I pointed out not only didn't you have direct control of what a builder built on the land you sold him so that while he might devise a formula that a builder would typically build a house that might be four times the purchase price of the lot, we have no direct control over his going and building a house worth six times the purchase price of the lot.

Not only that, when an individual goes in and buys this home, we cannot control his turning around the next year and realizing significant profit and thereby as we are working to produce a certain housing profile, individuals in the community would be working to maximize individual profit and significantly change the profile of the community.

COMMISSIONER RANKIN. Thank you.

CHAIRMAN HESBURGH. Mr. Glickstein, do you have any questions?

MR. GLICKSTEIN. One quick question.

Has Columbia development made any wrong decisions which other new town developers should try to avoid?

MR. SPEAR. I think that would be a very useful question if we had this hearing 7 years from now. I think it's too early to know what we have done, to know whether or not we have done things that are wrong. There are certain things we might do over, we might do a little differently, a lot of things we would tell the developers to do, but to point to something that has been a horrible error I think it's too early to tell.

MR. GLICKSTEIN. Thank you.

CHAIRMAN HESBURGH. Mr. Glick?

MR. GLICK. I would like to clarify the record. Mrs. Freeman asked if there was any Federal funding in Columbia. I think it should be clear that much of the housing which is being built is insured by FHA. Am I correct on that?

MR. SPEAR. That is correct. In fact, before I came I was trying to determine the extent of Federal funding. This really falls into the same classification of—there is public investment and facilities through the particular financing, not in terms of land development, but there are standard FHA financing in Columbia. We have used 221(d) (3) through an Interfaith Housing Corporation that was established in Columbia.

We have, I guess there must be a half-dozen builders in Columbia now who either have under construction or who have on the drawing boards housing that would fall under the 235 and 236 programs so there has really been a very broad, I think, rewarding acceptance on the part not only of the developer and not only of

special groups created to take advantage of the Federal programs but also private builders in Columbia to begin utilizing Federal programs such as 235 and 236 to try to deliver housing.

MR. GLICK. Thank you.

CHAIRMAN HESBURGH. Has your program been in existence long enough to get some reading on the racial and socioeconomic mix of the community?

MR. SPEAR. It has to the extent that there are—what we do know now is that many of the premises and assumptions that we went forward on, I think, are so. You can go through Columbia and, as I said in any particular neighborhood, you can find a complete, a very wide, very broad economic mix, again going from low middle-income up to high-income with all these children—people using the same facilities.

It's an economic mix, a religious mix, a racial mix. To this point there have not been any problems that I am personally aware of and I think that to that extent we have that experience. I think again as I stated before that I would not imply by that statement that you can go every place and do that, nor would I imply that you could achieve that result in every kind of project.

I think it's very much a function of the scale of the effort, the desire on the part of the developer, but principally the scale. I would say that the Rouse Company, with its same set of objectives, in certain kinds of projects, if they were very small, might not be able to achieve the same social economic gains, the same socioeconomic objective we achieved in Columbia.

Columbia is large enough and first of all you can begin to distribute costs in such a way that certain kinds of units can begin to support other kinds of units. It's large enough where you can plan and create an environment and assure people whether it's low-income housing or high-income housing that that environment will be maintained.

It's also large enough where you can introduce significant quantities of low- and middle-income housing without adversely affecting the ability to market housing units and other uses at other levels.

CHAIRMAN HESBURGH. Do you have any figure at the present time as to the black and white distribution in the community?

MR. SPEAR. I think at the present time that it is somewhere between 12 to 13 percent of the people living in Columbia are non-white. Black.

CHAIRMAN HESBURGH. You are hitting fairly close to the national average then.

MR. SPEAR. I think the national average is 15 or 18 percent.

CHAIRMAN HESBURGH. Where did you go to college?

MR. SPEAR. Harvard University.

CHAIRMAN HESBURGH. Architecture?

MR. SPEAR. City planning and public administration.

CHAIRMAN HESBURGH. Another point is: how many of these new towns are going on, in the magnitude or scope of Columbia?

MR. SPEAR. In the U.S., I would—if you were talking about the number on this scale, I would not be able to name them. But my feeling would indicate that somewhere between a half dozen and a dozen—closer to a half dozen.

CHAIRMAN HESBURGH. The others would be smaller.

MR. SPEAR. Most of them are significantly smaller.

CHAIRMAN HESBURGH. What do you suppose—this is a purely “iffy” question—what do you suppose would happen if you look at the map behind you there, that square part is the city, and the surrounding colored part is the county by and large, with different colors on it and different kinds of uses and densities and so forth.

The yellow part, west of that, is fairly open country.

Suppose some bright fellow came along and decided to make a new town out there. Do you think it would significantly affect, number one, the social problems of rural urban black/white distribution of jobs and all the rest of it? Is it possible to get that close to a city and its problems and give a good example of a new type of community?

MR. SPEAR. I know that area very well. Of course, the question really would relate to a lot of places. I don't think, let's say, if we went up and built a Columbia in a location such as that or outside some other city that that would significantly affect the problems of the central city or the relationships—a Columbia.

Now, if the principles of Columbia were embodied by the public sector as well as by the private sector—in other words, I think the principles, if those principles were applied across a whole county or across a whole area, then they could significantly affect relationships between the central city and suburban areas. But a single Columbia—

CHAIRMAN HESBURGH. That was my next question. First I gave you an easy one. Now, suppose you pull the same thing down and take your principles of Columbia and apply them to Baltimore County. Complete open housing. Mix of housing. Good residential use. Good industrial use. Facilities and all the rest.

Do you think it would significantly change or begin to answer some of these problems?

MR. SPEAR. I don't think that a project, even as large as Columbia, would in and of itself significantly solve the problem of the city or the relationship between the county and city.

I think the value that a Columbia in a Baltimore County or any other county would have is that it would set an example. It would begin to show that perhaps many of the images about development, the images and notions about people living together, that with a real example in place for people to see, that through example, it might have a very dramatic effect over a longer period of time, but in and of itself—

CHAIRMAN HESBURGH. Wouldn't it be inconceivable if you applied your Columbia principles to the county you would still wind up with a 3 percent black population? Wouldn't it more likely be what the kind of percentage you have in Columbia is with an open market, completely open market?

MR. SPEAR. You mean would it be significantly lower in that case than perhaps in a Columbia case?

CHAIRMAN HESBURGH. Yes.

MR. SPEAR. I would have no reason to believe that. I think the fact of how many blacks would move into a particular community is really a function of a number of things, not just a private developer. I think that is a major factor but it's also a question of opportunities, employment.

The thing to remember is Columbia is a very special position. It's between these two major cities. Before Columbia added a single job in the Baltimore-Washington corridor, there were 47,000 jobs in the corridor. It was an established industrial location.

There were people already commuting in and out of the area. Much of the low- to middle-income labor force in Baltimore is closer to the corridor to the south than it would be to the north. I would say, thinking about your question, that I could envision a number of reasons, none necessarily affecting the attitude of Baltimore County, that would perhaps more limit the number of blacks that might end up moving into a new community to the north than to the south.

CHAIRMAN HESBURGH. It just seemed to us that your principles at face value create an interesting experiment for America. Would we wind up with all-blacks here and whites here if we were really free? I doubt it.

MR. SPEAR. I don't think you would. I think that it wouldn't be the same all the time. It might end up 20 percent and 50 percent in certain cases and 3 or 5 percent in other cases as a function of a lot of economic factors but I think that thing that we are showing

in Columbia is that a lot of the images I referred to before, built to put high and low housing together, people of different races and religions together, when done in a large enough context can work.

The interesting thing that occurred in Howard County over the course of past years is that just recently Howard County has now—while we own approximately 10 percent of Howard County—Howard County now only 3 years after Columbia has been opened has now revised its own general plan and has more or less restructured its own general plan around the principles of Columbia.

CHAIRMAN HESBURGH. What happened to the people in this general area of Columbia when you came there? Did you plan around them?

MR. SPEAR. There were approximately 8,000 people in the general area of Columbia when we first got out there. The Columbia area really is not a totally contiguous solid piece of land. It looks like a piece of Swiss cheese, with various subdivisions that exist and land that we were not able to purchase. The general policy was we put conforming uses adjoining to those uses so if there was an area that was single family, it was surrounded by single family development.

We did work very closely with the people who did live in the particular area of Columbia.

CHAIRMAN HESBURGH. Would you have any objection to public housing in a place like Columbia? I don't mean public housing in the concept of the high rises but I am thinking of small units.

MR. SPEAR. No. I think Mr. Rouse may want to answer that but in terms of our principles, I would say absolutely that we would not.

CHAIRMAN HESBURGH. I would think you ought to be against the prototype public housing.

MR. SPEAR. We would be against a lot of prototypes. As a development company this is one of the difficulties we have when we go forward. As you know, we are developers over a broad area in the country and one of the problems we have is that when we approach an entity, whether it's a town or State or county, there are really fixed images about development. When you say shopping, someone immediately in their mind says two markets and a string of shops and an apartment strip and that is an image of a shopping center.

It's usually very unattractive. If you say low-income housing, they see a ghetto. If you say, let's put some high-income housing

next to some commercial, they all of a sudden see the junky little fast food drive-in kind of place and say that is impossible.

I really think the power of a Columbia example is that what we are really doing is creating new images. By creating new images and showing they are real and can work, hopefully we can begin by example to create new images in other people's minds.

CHAIRMAN HESBURGH. Thank you very, very much, Mr. Spear.

Next we have a panel. Mr. Don Statter, David Dillon, and Arthur Wells.

(Whereupon, Mr. Donald R. Statter, Mr. David J. Dillon, and Mr. Arthur J. Wells were sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. DONALD R. STATTER, EASTERN PRODUCTS;
MR. DAVID J. DILLON, GENERAL ELECTRIC COMPANY; AND
MR. ARTHUR J. WELLS, GENERAL ELECTRIC COMPANY,
COLUMBIA, MARYLAND**

MR. GLICK. Before we begin questioning, I have two documents, both submitted by General Electric Company. One is entitled General Electric Company Message of Equal Opportunity in Minority Regions.

The other one is a statement. I would like to introduce these into the record.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the documents referred to were marked Exhibit No. 28 and received in evidence.)

MR. GLICK. Gentlemen, will you please state your name, occupation, and business address?

MR. DILLON. My name is David J. Dillon. My business address is GE Company, Red Branch Road, Columbia, Maryland. I am the manager of the Columbia regions and utilities operation for the General Electric Company.

MR. WELLS. My name is Arthur J. Wells. My temporary address is 3610 Hisdale Road. I expect to be moving to Columbia within a few weeks—a few days, I hope.

I am the administrator of minority relations at Appliance Park East in Columbia.

MR. STATTER. My name is Don R. Statter. I am the director of the industrial relations for Eastern Products Corporation located in Columbia, Maryland.

MR. GLICK. Thank you.

I would like to begin the questioning with Mr. Statter. Would you tell us briefly the nature of Eastern Products Company's business and the type of labor force in the plant that is utilized?

MR. STATTER. Just in Columbia?

MR. GLICK. Yes.

MR. STATTER. Well, the corporate offices for Eastern Products are located in Columbia and a portion of the drapery hardware manufacturing facility—that is basically what we do—in Columbia, itself.

MR. GLICK. So you are essentially an industrial operation where things are fabricated on machines. Would you describe the bulk of your employees as semiskilled or skilled?

MR. STATTER. In Columbia, the bulk of the people would either be office personnel or light machine operation and assembly operations.

MR. GLICK. How long has Eastern Products been located at Columbia?

MR. STATTER. The bulk of the facility finished moving to Columbia in the first quarter of 1969.

MR. GLICK. So it has been approximately 18 months that you have been in operation?

MR. STATTER. In round figures. In Columbia. We had people there before that in a warehouse facility which was the first phase of the construction but we really moved people in earnest in late 1968 and finished up in early 1969.

MR. GLICK. Eastern Products is essentially a Baltimore based corporation, or has been in the past, has it not?

MR. STATTER. It has been in the past. Columbia is our largest facility at the present time, though we have our main metal processing plant still in Baltimore.

That is expected to remain in Baltimore. We have a facility in Hagerstown and distributing warehouses around the country and a facility in Canada and we are building one at Houston.

MR. GLICK. Why did you decide to locate a facility at Columbia?

MR. STATTER. Well, the Columbia facility, as I indicated, houses corporate office personnel and basically the drapery hardware manufacturing operation. The facility that we were in was not a modern facility in Baltimore. It was a leased facility. We were manufacturing drapery hardware in two locations; as a matter of fact we had about eight different locations around the city.

MR. GLICK. So your essential purpose in moving to Columbia was to utilize a new facility?

MR. STATTER. Well, to have room to build a new facility and have room for expansion and also we felt that we would still be in a good labor pool area.

MR. GLICK. But in your judgment it was better to come to Columbia and begin a new facility than to begin a new facility in the city of Baltimore, is that correct?

MR. STATTER. Yes. The company looked at about 20 different locations before it picked Columbia.

MR. GLICK. How many employees who had previously worked in the company at Baltimore moved to Columbia with the company?

MR. STATTER. Well, I will have to give you information that is based on the major manufacturing departments. That is production personnel. I can give you the figures as far as retention and so forth.

Of the four major manufacturing departments, 81 percent of the subassembly department made the move at the time of the move. In the small parts packaging department, 77 percent made the move.

In the roll forming department, 72 percent made the move. In the final assembly department, 34 percent made the move.

So it was a decreasing thing.

MR. GLICK. Can you give me any idea of how many employees or the percentage of the employees that didn't make the move in various departments were minority?

MR. STATTER. I don't have any idea really. You mean of the ones that we lost, how many were of a minority group?

MR. GLICK. Yes.

MR. STATTER. I honestly don't know.

MR. GLICK. Thank you. I would like to switch to Mr. Dillon, if I could.

Mr. Dillon, what kind of facility does General Electric plan in Columbia? Can you also mention why the company selected Columbia as a site for the facility?

MR. DILLON. We presently have under construction a multi-building facility for the manufacture of major appliances. It's on an 1,100 acre site approximately 15 miles south of Baltimore—east of Route 29. The facility initially will manufacture electric ranges and warehouse operation and in the latter part of next year go into the production of air conditioning equipment.

We will then develop the 1,100 acres over approximately the next 10 years for the additional manufacturing and production of dishwashers, home laundry equipment, and refrigeration products.

The selection of an industrial site is a rather complex and detailed project. In our case, it became apparent that the appliance and television group, that part of the business we are associated

with, was growing rapidly and that we were outgrowing the facilities that we were presently in, in other parts of the country.

That added manufacturing capacity for major appliances specifically would be required. We developed a number of criteria for our location or for the selection of the site, one of which would be that it would be in the northeastern part of the country, the reason for that being that the Northeast still represents the largest single market for our products, even though other parts of the country may be growing faster.

In addition, the size of the facility necessitated a piece of land of approximately a thousand acres. We needed adequate water, in our case upwards of five million gallons of water per day. Power in large quantities. Access to major highways served by at least one rail line. An adequate supply of labor and what we thought should be a healthy environment for our people to live and to work.

Based upon those criteria, we narrowed our selection down to the State of Maryland and further narrowed it to the general Baltimore area, specifically because it did meet many of these criteria, and it's a major distribution hub in the U.S., in the northeastern part of the country.

We further narrowed our site selection down to the 1,100 acres we presently occupy outside—it's adjacent to the new town of Columbia.

Not actually in it. Adjacent to the new town of Columbia because it met or could meet all of the requirements that we had set forth for ourselves.

In addition, in our view, the new town of Columbia presented an environment which was healthy and which was positive and met our objectives as we saw them for site location.

Specifically, with regard to the location and the relocation of minority professional employees.

MR. GLICK. Mr. Dillon, the bulk of the labor force that would be employed at this facility will be locally recruited—very few employees will be coming from other GE plants?

MR. DILLON. That is correct.

MR. GLICK. Mr. Wells, since the facility is going to be having an entirely new labor pool, pretty much so, this seemed to present an excellent opportunity for imposing some very good equal employment requirements and designs. I would like you to tell us what you have in mind for that new facility which will reach a tremendous number of employees someday.

MR. WELLS. Well, okay. It offers us an unexcelled opportunity to implement a good equal opportunity and affirmative action design.

We are not burdened with past practices. We are not burdened with inherent interests, we are not burdened with long lines of seniority and progression. The essential things that we need to do at this time is to—because we are not in production.

There is nothing but an advance staff here. The essential thing that we need to do at this time is to identify systems and resources that have the capacity of referring people to us who can do the work.

For example, I have been here since July 1 and some of the things I have been doing since July 1 is to identify some of these systems, some of these organizations. We visited Morgan State. We visited and contacted the NAACP, the Urban Leagues. We have been in contact with the Baltimore Afro-American. We visited the Howard County Community Relations Commission. This is an ideal time, an ideal opportunity to set up a system that will first refer qualified people to us, to set up a system after the people are referred to us to make sure that they get an equal opportunity at whatever jobs there are available, to make sure that they are placed where we need them and where they can do best.

Then we will implement a system that will measure the effectiveness of these programs, identify problems, and get back and resolve any problems that may develop in the future.

MR. GLICK. One thing that I am curious about, Mr. Wells, in various other hearings and studies, in examining programs of a number of employers, both large and small, they said they have good minority recruiting programs because they talked to the NAACP and Urban League and various community action agencies and yet their minority representation on the work force is not good at all.

How do you expect it to be different this time?

MR. WELLS. Our program will be results-oriented. In the company, we have a measurement system that has been implemented for the first time this year.

Of course, my job, my future in the company depends upon how successfully we meet the requirements of our measurement system, of our corporate EEO policy, contingent on how well we meet the requirements of particularly the Federal laws in this area.

It will be measurement-oriented. We will relate our employment and our measurement to what the local area minority ratio is. Our employment will meet that ratio. Will approximate that ratio.

MR. GLICK. You say your future in the company depends on the measure of success. Would that be equally true of executives not in the direct line of equal opportunity implementation?

MR. WELLS. That would be true of Mr. Dillon. He is personally committed to the program of equal opportunity in employee relations, but were he not, he would nonetheless be measured and his future in the company would be contingent on his results in this area, particularly in this situation.

It's true of Mr. Dillon's manager and so on up the line.

MR. GLICK. Thank you, Mr. Wells. I would like to return to Mr. Statter for a moment, if I could. When you were discussing a few minutes ago the retention rate of employees in the departments accompanying you in the move from Baltimore to Columbia, you mentioned one department that had only 34 percent retention rate in movement. Could you name that department for me?

MR. STATTER. That was what we called Department 46, which is our drapery hardware assembly department.

MR. GLICK. Could you give me any idea, roughly, of what the black percentage, or the percentage of employees or former employees in that department are black?

MR. STATTER. I could guess it would be in the same ratio as our general figure in the production departments. That would be approximately about 51 percent roughly. So I would assume of those that we lost, that approximately 51 percent were nonwhites and the same ratio held true for those we retain.

MR. GLICK. Did you have any problem replacing the employees who didn't come with the company to Columbia?

MR. STATTER. We have had our ups and downs in recruiting in the Columbia area, yes, sir.

MR. GLICK. Mr. Statter, could you describe what happened in the "downs"?

MR. STATTER. Well, it was just difficult getting the right numbers of people at the right time, which is a fairly typical recruiting problem. I don't know what else I could add. I can answer specific questions but it was the normal—all the normal problems that anyone responsible for recruiting personnel runs into. The people are available when you don't need them and when you do need them, they aren't.

MR. GLICK. What specific measures did you take to recruit people for employment?

MR. STATTER. We used all of the normal means in terms of advertising, contacts with the local agencies including participation in Jobs '70 program and the '69 program that was run in Baltimore, the NAB program, we have used direct mailing to approximately 20,000 mail addresses. At the time there were exactly 13,000 post office mail addresses in Howard County and we sent direct mail

flyers to every one of those plus another 7,000 to addresses in western Anne Arundel County.

We had worked with other companies and the Chamber of Commerce in Columbia, the association of commerce, in setting up special buses with a permit from the public service commission to run special routes from Baltimore through Ellicott City to our plant and to Oakland Mills Industrial Center; and also coming north from Laurel up Route 1 generally through Savage and Odenton and so forth to our plant and then to Oakland Mills.

We had a special bus run nonstop from the junction of Washington Boulevard and Monroe Street, to the plant. That died eventually. The riders found other transportation rather than ride the bus. Plus all of the normal techniques.

We work with the employment security office, interviewed in schools, used school facilities. We had gone to high schools for recruiting purposes. We have used—and still do use—personnel from Jessup, Maryland in the work release program, both male and female.

MR. GLICK. Thank you. Mr. Chairman, I have no other questions at this time.

CHAIRMAN HESBURGH. Commissioner Mitchell, do you have any questions?

COMMISSIONER MITCHELL. Not really, because it's more of a phenomenon than anything else but maybe as one businessman to another, Mr. Statter, you ran out of space in Baltimore and you felt you had to expand and this was a time for you to get out of the city and try the move to the country or the suburbs.

For all practical purposes, let's see if I can identify with how you ran yourself through this decision process. You didn't have much choice, although I suppose you could have patched together some second rate facilities of one kind or another and squeezed yourself into the city, but it seemed to you, I guess, that it would be uncomfortable and inefficient and that sooner or later the decay that seems to characterize the inner-city was going to catch up with you.

I suppose you had troubles of not being able to park close to the plant. Not being able to load trucks well. Outmoded facilities like that. Is that all roughly descriptive?

MR. STATTER. That is certainly part of it. We knew we wanted to expand and had no room where we were. Plus we felt that we wanted to get out of leased marginal property, let's say. It was not a modern facility.

COMMISSIONER MITCHELL. Now you are in a much more efficient facility?

MR. STATTER. Eminently.

COMMISSIONER MITCHELL. And you see your expansion room around you if you need it. Did you buy the land from Columbia?

MR. STATTER. Yes, sir.

COMMISSIONER MITCHELL. So you are one of their customers, in a sense?

MR. STATTER. Yes.

COMMISSIONER MITCHELL. What is the average wage of the people working in your new plant?

MR. STATTER. Around \$2.58 an hour; that is, production personnel.

COMMISSIONER MITCHELL. That gives them a little over \$100 a week, right?

MR. STATTER. Gross.

COMMISSIONER MITCHELL. You and I both know there is quite a difference between gross and net. So that means that they are taking down around \$5,000 a year.

MR. STATTER. Yes.

COMMISSIONER MITCHELL. And at the moment neither you nor I can see, unless you have multiple employment, how they will live in Columbia either, isn't that right?

MR. STATTER. Well, we work with the Interfaith Housing people in Columbia; circularized all of our employees. We advised new employees of the Interfaith Housing available. We arranged meetings for employees who were interested in the plan with the Interfaith Housing people and at that point we more or less stepped out of it.

We made them aware of the housing in Columbia. We arranged the meetings. They met on company property. Then it was kind of between themselves and the Interfaith Housing.

COMMISSIONER MITCHELL. As a practical factor, most of your employees drive out from Baltimore?

MR. STATTER. Yes, sir.

COMMISSIONER MITCHELL. I would guess in the foreseeable future that is the way it will go, right?

MR. STATTER. About 57½ percent of our people come from Baltimore City. That is an approximation.

COMMISSIONER MITCHELL. Are the majority of those, or is an important percentage of that group, black?

MR. STATTER. I don't honestly know. I would assume it's in the

same proportion as our normal figure. Our overall figure for the company is about 42 point something percent black.

COMMISSIONER MITCHELL. Suppose I was a black employee of yours and you moved out there and I came to work with you and I drove around Columbia and kind of didn't understand it or didn't think it was for me or couldn't afford to live there but wanted to live closer to work. Would I have any trouble in Howard County finding a place to live near Columbia?

MR. STATTER. I don't think so but that is personal conjecture.

COMMISSIONER MITCHELL. You really haven't explored that?

MR. STATTER. No, sir.

COMMISSIONER MITCHELL. How do you ship things out of your plant? By truck?

MR. STATTER. We ship by truck but will have a rail side which is one of the criteria for the site selection.

COMMISSIONER MITCHELL. Where do you live?

MR. STATTER. Lutherville.

COMMISSIONER MITCHELL. Is that roughly in that neighborhood?

MR. STATTER. That is on the north side of town. Twenty-eight and a half miles from door to door.

COMMISSIONER MITCHELL. How do you get there?

MR. STATTER. I take the Beltway and 70N in and 29 and Oakland Mills Road and a few other—

COMMISSIONER MITCHELL. Why wouldn't you move—are you planning to move to Columbia?

MR. STATTER. No, sir. I am not. I don't have any certainly immediate plans, mainly because my family is settled where they are. As long as I am willing to put up with the commute, why would they move and change schools and so forth?

Now if we were coming in from out of town and we didn't have any ties, then it would probably be an entirely different situation. I would think that it would be.

COMMISSIONER MITCHELL. Some of your white-collar staff now live in Columbia?

MR. STATTER. There are some, but there are relatively few. Practically none. There are about 14 or 15 of our people total, as far as we know, who are living actually in Columbia.

Now, there are some others in the area but in Columbia itself—

COMMISSIONER MITCHELL. Mr. Dillon, is that essentially your situation? Do you have a choice of locations? You pick this one because it gave you a chance to sit in the heart of your basically important market, a little room to move in, opportunity for growth, put you in an area where—you surely don't expect to staff your

place from Columbia so I assume you feel the whole area represents a good employment market.

MR. DILLON. That is correct.

COMMISSIONER MITCHELL. Do you have a union shop?

MR. DILLON. No, sir.

COMMISSIONER MITCHELL. Mr. Statter, do you have one?

MR. STATTER. Yes, sir.

COMMISSIONER MITCHELL. That is going to be fun in another year from now. You are coming into a situation where essentially you will train your personnel, right?

MR. DILLON. Yes. Our situation is quite different from Eastern Products, of course, because we are not moving a facility.

We are adding a facility to others that already exist in other locations. Although some of our people, and most of them who were—about a third of them that are here presently, a third of the 75 or so, have moved from other company locations but, by and large, we will be recruiting locally for factory labor, but on the other hand, a professional, technical, supervisory managerial is a national market and we would be recruiting on a national basis as well.

COMMISSIONER MITCHELL. But for the blue-collar worker in your plant, I would guess the wage would be pretty close to Eastern's wage.

MR. DILLON. Our wage is slightly higher and again I think it is because there are differences in the kind of work. We will more likely average somewhere in the neighborhood of \$3 an hour. We see our labor market as roughly a 15 mile radius of Columbia in order to draw the people that we need.

COMMISSIONER MITCHELL. The reason I am asking, leaving Columbia aside because it doesn't seem to me to be relevant here other than the fact it provides an industrial park in a sense, which has some advantages, and provides some kind of living possibility. Really what you are doing is turning into commuter-type industrial operations. The classic kind that are moved out into suburbia from the city or have settled in suburbia instead of the city over the past 10 or 20 years.

What we have heard in other hearings is that when this happens, unless there are unusual circumstances, if you want minority workers you are going to get them from the city and they have to drive to work and it's not easy for them to find a place to live where they work.

In fact, if a lot of them come out and try to live where they work that poses secondary kinds of problems and develops resistances

which here are so firmly established that they couldn't possibly do it in Baltimore County.

Now, since they are low-income people often, they have difficulty maintaining or procuring good automobiles and maintaining them.

They are under great pressure now to use transportation that is very hard on the vehicle. This often causes breakdowns, lateness, absenteeism, and puts them at a great disadvantage not only in terms of net return but in terms of their ability to hold their jobs.

I guess I am asking in spite of the programs that we see clearly that you are interested in developing, are you not backing into that classic problem which mitigates in some cases against black people?

MR. DILLON. I think I could talk to that in respect to our operations in Chicago, for example. We have a major appliance manufacturing facility, the Hotpoint facility basically in Chicago, which is in the heart of the city adjacent to the famous Cicero.

There is public transportation available; there is a very high minority population in our Chicago plant. My recollection is it's upward of 50 percent, both black and Spanish-speaking. Yet public transportation is not used, even though it's available, and we have been expanding our parking lots in Chicago.

It has been my personal experience as well as the experience around the company that people today, by and large, don't elect to use public transportation except that which may stop at their front door and deliver them directly to the front door of their place at work.

The carpool is the name of the game today. Our parking lots, the acres and acres that we are putting into place, enough parking spaces—one for every 1.4 employees. I think this attests to the fact that this is the way people want to come to work.

Also, I would suggest that the income level, though not high in some regards of factory employees, is a good wage in today's market and we do find that people do invest in transportation to come to work, either on their own or through carpools. I am not sure then that the lack of public transportation, though it may be a problem and it may be an asset in the future, necessarily prohibits the minority applicant or the minority individual from coming to work for us.

COMMISSIONER MITCHELL. Thank you.

CHAIRMAN HESBURGH. Dr. Rankin?

COMMISSIONER RANKIN. I just have one question to ask. You are located outside the town of Columbia, both of you, is that correct?

MR. DILLON. G.E. is. I don't know about Eastern.

MR. STATTER. I guess I would call it the southeast corner.

COMMISSIONER RANKIN. I noticed in giving the reasons for your location there, neither of you mentioned tax rates or the quality of local government or the nature of local government. Did any of these factors enter into the selection?

MR. DILLON. I am sure this was a consideration.

COMMISSIONER RANKIN. Do you have a lower tax rate than you would have in the city of Baltimore?

MR. DILLON. I don't know if it's lower than the city of Baltimore or not. I suspect it is but I don't know that for a fact.

COMMISSIONER RANKIN. But you think the tax rate was favorable? I will put it that way.

MR. DILLON. Let me put it this way: the tax rate was not so unfavorable as to eliminate Howard County.

COMMISSIONER RANKIN. Okay. Thank you. That is all, Mr. Chairman.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Mr. Statter and Mr. Dillon—first Mr. Statter—of your 875 employees, could you say how many would have a take-home pay of around \$5,000 or less?

MR. STATTER. Take-home?

COMMISSIONER FREEMAN. Yes. The amount in the paycheck.

MR. STATTER. I would say, since the average wage is \$2.58, roughly half of them would have a take-home of less than \$5,000 since that equates out to something slightly over \$5,000.

COMMISSIONER FREEMAN. It would be about 450 of the employees would be taking home less than \$5,000?

MR. STATTER. Are you referring to Columbia?

COMMISSIONER FREEMAN. Yes, the Columbia facility.

MR. STATTER. I would say roughly that number. It's the production figure that average hourly rate for production employees, and there are a lot of exempt employees who would fall into supervisory or management administration positions that are not included in that figure who would be in Columbia by virtue of being in the corporate office.

COMMISSIONER FREEMAN. I am pursuing the point that Dr. Mitchell made from the standpoint of the cost of working in Columbia. It's true that the average employee now may prefer to go by car but he goes by car on the basis of how much it costs to go by car and how much is going to be in the paycheck at the end of the week.

Now, it's one thing to commute from one city—from one street to another in Baltimore City, but at the cost of moving from Balti-

more City to Columbia, after he paid for the carpool or his gas and oil, he may not have any money left. Is that to be considered?

MR. STATTER. Well, I will see if I can give you my answer to that, or how I would feel about it. My understanding is that the Trailway Bus, which is the franchised interstate travel between Washington and Baltimore coming up 29, costs 60 cents one way from the center of Columbia to the bus terminal in downtown Baltimore.

So if our plant were located in the center, the heart of Columbia itself, it would cost our employees 60 cents one way to get to the center of Baltimore and then he would have to take some other transportation from there, and I think that is the real killer.

COMMISSIONER FREEMAN. This is the point I am making.

MR. STATTER. If he goes by carpool, we did some checking when we first moved, and I think that it would be about the same now, and the carpool prices run probably about \$5 to \$7 a week on the average, that is what is charged by the driver. He undoubtedly is going to get faster service and get more direct service and ride with people that he becomes very friendly with or he works with every day and it's probably worth it to him.

COMMISSIONER FREEMAN. Well, it just appears that the economic benefit of the Columbia facility does not operate to the benefit of the employee who has to live in the city. This is why it would be necessary, it would seem, that there be at least housing—he needs to commute.

If he is only going to get \$2 something an hour, he needs to be walking to work. Would you not agree?

MR. STATTER. Well, if all our people could walk to work I think that would be fine.

COMMISSIONER FREEMAN. So this supports the needs for low-rent housing near the facility, if both the consumer and the industry are to benefit.

MR. STATTER. Well, it seems to support it. We have not changed too much in the last 8 to 10 months in our mix in terms of where our people are living.

As I mentioned earlier, about 57½ percent live in the city of Baltimore now and in October of 1969, 59.6 percent lived in the city.

Now, that is an approximation because we use zip codes and some of the zip codes run beyond the city limits following certain—it's a reasonable approximation.

COMMISSIONER FREEMAN. But at the present rate, which is a low rate, possibly for low skills, you would always be looking for labor.

MR. STATTER. I hope not, but I think you are probably right.

COMMISSIONER FREEMAN. Unless you provide, or the community provides, housing that is accessible to the job.

MR. STATTER. The more people who can live in the proximity of the plant, within a few miles, the better off we undoubtedly would be, certainly on bad weather days and so forth.

COMMISSIONER FREEMAN. Mr. Dillon, do you have any comments on that?

MR. DILLON. Yes, several.

Number one, I think that, again, our own particular experience has indicated to us that the rates that we are projecting for Columbia, and again I must state we are not in business yet—we are in construction—do allow individuals, either in carpools or individually, to drive to and from work.

This has been our experience and it is not a value judgment as to whether they want to or don't want to. It's the fact that they do.

Number two, in regard to your comment with regard to low-income housing, I would say yes, that low-income housing adjacent or convenient to an employee is of some benefit. There is another side to that coin, however. That is a facility which will be as large as ours, and others similar to it.

Not everybody wants to live near where they work. Not everybody feels that they want to change their residence because they are living 15 miles away from where they are working.

Also, I would say that even within the city of Baltimore, living on one side of the city and working on the other side of the city could be equally as expensive and maybe even less convenient than living in one part of the city and driving either individually or in a carpool to Columbia with the highway access that is available.

Again this is not to say that low- and moderate-income housing cannot be of some help. I think it's important, however, to recognize that we have seen many, many examples throughout the years of too close a relationship between the housing unit and the industrial unit or the housing unit and the employment unit.

There is some validity to dispersing these two different types of activities.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. One question, but before I ask it maybe I better clarify something. In response to a question by Commissioner Mitchell, you say it's true you have no union shop. Does that mean you have no union organization anywhere in the plant?

MR. DILLON. That is correct.

VICE CHAIRMAN HORN. Then I guess my question is best directed at Mr. Statter. You have, I take it, one or more union contracts.

MR. STATTER. We have one at Columbia.

VICE CHAIRMAN HORN. Are there any restrictions in those contracts that in your judgment would be detrimental to the advancement and upward mobility of seniority employees? Let me give you an example of what I mean before you answer that.

We have found in some union contracts there are restrictions of course, to which management has agreed, that say when a person accumulates seniority in one department and a job opportunity comes up in another part of the plant and he takes that job opportunity, if he does he goes to the bottom of the ladder in seniority and again starts up in that department, which means that if there is a downturn in the economy or a cutback in supplies, as is true of many minority employment situations, you are the last hired and the first fired.

Are there any restrictions in your contract like that?

MR. STATTER. We have that kind of provision in our contract.

VICE CHAIRMAN HORN. You do have?

MR. STATTER. Yes, sir.

VICE CHAIRMAN HORN. An employee from one department to another could lose his seniority?

MR. STATTER. He loses departmental seniority which, along with his classification, is the basis for transfer.

VICE CHAIRMAN HORN. So then conceivably if a recession came or a demand fell and you had to cutback in your work force, even though he spent maybe 20 years with the company in one department before getting this promotion, he could be fired?

MR. STATTER. Yes. We can also have situations where a person with 20 years of service in a given classification and given department is laid off while somebody hired 10 days earlier in another department but the same classification is not laid off.

VICE CHAIRMAN HORN. That decision is based strictly on the economics of that particular department and the need for those employees?

MR. STATTER. Right.

VICE CHAIRMAN HORN. Thank you very much.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. I just want to clarify the question a little bit. Does laid off depend upon departmental seniority or plant seniority?

MR. STATTER. No, it's departmental; we don't have plantwide seniority.

MR. GLICKSTEIN. I have no further questions.

CHAIRMAN HESBURGH. Thank you very much, gentlemen. We appreciate your coming.

Our next witness is Mr. James Rouse.

(Whereupon, Mr. James Rouse was sworn by the Chairman and testified as follows:)

TESTIMONY OF MR. JAMES ROUSE, COLUMBIA, MARYLAND

MR. POWELL. Mr. Rouse, would you please state for the record your name, address, and occupation?

MR. ROUSE. James W. Rouse. My business address is Columbia, Maryland. I am president of the Rouse Company.

MR. POWELL. What would you say are the broad goals of the new community of Columbia?

MR. ROUSE. Well, I think Mike Spear touched on them. We really had at the outset of our planning four very specific goals that have heavily influenced and directed the planning. They were that we were to build a real city, not just a better subdivision. We had this as a goal because we felt that there was a fundamental interrelationship between the forces of cities, schools, churches, housing, jobs, recreation, and each of these things supported the other socially and economically; and that we believe that it ought to be possible to build a good city if each of the things that happened within the city was accounted for.

But they all have to be accounted for as best we could in order to produce the dynamics of that kind of an environment.

Our second goal was to respect the land, believing again that if we really were sensitive to the land, that this wasn't just noble purpose; it was prudent development practice. By identifying spring valleys and forests and steep hills and a set of overlay maps, why, the areas that ought to be developed tend to speak out that way and those that ought to be kept away from also tended to speak out and thus you tighten the development in places where it ought to occur and stay away from places where it was most expensive to occur.

This also happens to be coinciding with what might be regarded as good decent respect for the land itself. That resulted in, of the 14,000 acres in the new town zoning, 3,200 acres of that remained permanent open space.

Our third goal was to, as Mike mentioned, he stated it in those terms at the time, to produce an environment that was favorable for the growth of people. That has seemed to some people I guess as a sentimental goal but we didn't really think of it that way.

If we viewed the product we were producing and marketing as being a good environment rather than housing or stores or land, that we were able to persuade ourselves that the better that product was, the stronger the market would be and the more favorable price would be obtained and the more favorable pace achieved.

It, therefore, was a real compatibility between the profit purpose and the development process and the social purpose of producing an environment for people.

This meant we had to begin our planning process by looking at such things as education and health and what are the ingredients of community and what are the causes of loneliness and what are the causes of things like delinquency and what works and doesn't work in the urban environment, as guides to us, before we began putting pencil on paper and physical planning.

We did this in a very systematic way and it was very productive for the fundamental integrity of the plan itself.

Our fourth goal of course was to make a profit, not a grudging profit, but a substantial profit. It is our belief that if Columbia is to have real meaning and to have any significant impact on the development and direction of the American city, we must have been able to show it's worth the candle to do it; that it is more profitable to develop land and these kinds of systematic and interrelated objectives than it is to simply go out and buy 500 acres of land and carve it up into lots and build houses. That ought to be true.

It ought to be true that the favorable interrelations of all these things should produce a result which ought to be more economic. Therefore, we felt that the profit purpose, rather than being an inhibitor in the planning process, would really be an invigorator of the planning process because it was really tending to make us measure what people cared about enough and would be willing to pay for. Rather than make arrogant assumptions on our own as to what we think is best for people which often comes from non-profit oriented planning and development.

So those were the goals and we have been very conscious of them and have pursued them fairly diligently in the process.

MR. POWELL. Mr. Rouse, how successful has Columbia been in providing residences at moderate- and low-income levels?

MR. ROUSE. Moderate- and low-income are relative words and, therefore, all of us are apt to have different definitions in mind. We have been—

MR. POWELL. \$6,000 a year would be in the low-income range, I would say, wouldn't you?

MR. ROUSE. Let me answer it without putting a figure on it. It seemed to us, first of all, that compared to what normally happens in outlying locations, that we had been enormously successful. We have a very wide spectrum of rents and prices in Columbia compared to what would normally happen in the standard development process.

You can rent an apartment for as low as \$99 a month for one bedroom; \$117 a month for two, up to over \$400 a month and you would be able to buy a three-bedroom house in Columbia including land for under \$15,000 or over \$75,000.

A little better than 10 percent of the dwelling units that have been built have been at the bottom level of that market, either in price or in rent. We have attempted to use the available credit subsidies in a way that we considered the fullest way we could. That really meant 221(d)(3). It takes a little more lead time to do a 221(d)(3) project than to conventionally finance the project and, therefore, the first 300 units of what you had reference to as the Interfaith Housing which was the 221(d)(3) project came along later than we would liked to have seen it, and that lag kind of carries through.

We will continue to work at the various systems that are available. We are very aware of the fact we are building a city and building it over a span of time like 13 years and that if we really focused in too directly on trying to build housing that skinned down to the bottom of the acceptable structure, that with the upward mobility of income in the U.S. that we could wind up 5 or 10 or 15 years from now having built a quantity of housing that was obsolete or substandard for the population that would be there.

Therefore, our real test in development has been to try to induce into the market builders who were building at the bottom of the market from a cost standpoint with an acceptable minimum housing.

Now those are relative words but we had to make that judgment and then use the most favorable credit facilities available to finance them.

In doing that I think we have been very successful. I think that we have more distance to go. I think better facilities will become available.

I think there is some hope that there will be better techniques of construction that will at least match and maybe even more than match the inflationary forces on the construction cost.

The price of money of course exerts a very strong upward price on most payments or rents as the case may be.

MR. POWELL. We heard testimony from Mr. Spear that Columbia has achieved 13 percent black population. Is that inherent in the new town concept or did Columbia do something actively to achieve this?

MR. ROUSE. Well, I heard your questioning of Mike and I would like to say a little bit about it if it's all right with the Commission.

I think that it's inherent in new town concept. I don't think that the developers of Columbia really are the heroes in this piece. I think that the same people operating in Columbia, are the conventional forces that are operating in the city or Baltimore County or Anne Arundel County or anywhere else.

We have the home builders in Columbia, many of them are home builders in Baltimore County. The real estate brokers are brokers throughout the metropolitan area. We have a fine, but I will say a conservatively leaning local government that would not be unlike what you would find in threshold counties on the edge of urban growth throughout the country.

This is not the product of a crusade. It's the product of creating a circumstance under which the market, black or white, could be regarded as a market; a market to be served, not a burden to be shared.

We haven't been driving at interracial housing as a social crusade. We have believed that if you built a real city that the naturalness of the market could be accepted: black, white, rich, medium, poor, whatever the profession or business or religion or activity might be.

It has been to some extent that was a hope and prayer when we started because we could have been very wrong. There was some risk in the fact that from the beginning we were clearly open to the black market. We treated black people as a market from the beginning. Our receptionists in the exhibit building were black as well as white.

The photography in our exhibit building as you go through, it has black people as well as white people doing the things people do. Our real estate brokers and builders were instructed they could not reveal the race of anyone who had rented the next door apartment or bought the next door lot. We really were color blind about everything.

Everything in Columbia was to be 100 percent open to everybody. And it really has been so. The risk was that the conventional wisdom would say that that would drive away many people out of fear of the unknown. That just simply has not been true.

We, of course, don't know the people who haven't bought in

Columbia but we do know the market has been very strong. It is certainly one of the strongest markets in the Baltimore-Washington region today.

We sell or rent better than 50 units a week and this pace goes on very consistently and in all price ranges. There are black people and white people in almost every cul-de-sac and every apartment project and there is a wide acceptance of this. There are too many people there for this just to be a limited number of pioneers.

These are very natural average human beings who are a part of the Baltimore-Washington metropolitan area. We try to identify what the lessons are from this that have meaning to us in the development process and to you in what you are doing, and I think they are very real lessons in there.

The first one, as Mike mentioned, is scale. We were in an area where there were already 13 existing subdivisions inside of Columbia when we got our zoning. So there were all of the conditions to produce anxiety.

If we had gone in with a 221(d)(3) project alongside of any one of those subdivisions it would have received the same kind of fear and opposition that it would receive anywhere else. But cast in the context of a whole city in which the whole plan was known for 13 years in advance and which all kinds of things were going to happen, business, industry, schools, college, hospitals, high rent, low rent, full-range of recreation and cultural facilities, race doesn't become such an identifiable matter of concern.

I think that we are making a mistake in America to really think that the racial differences are the product of hate, bigotry, opposition, so much as they are of fear of the unknown; not fear based on hate but fear that I don't know what will happen.

We have been a society that has been a segregated society. People live in white neighborhoods or black neighborhoods. The attempt to introduce unlike people into that environment causes friction born of the anxiety of change.

Yet where people come in together—this is the other thing other than scale—where people are coming in together into a new community without any vested stake or position in what is there, then they come in, black and white, alongside of each other, nobody knowing who their neighbor is until the person walks out the door in the morning, really not knowing when he buys the house who his neighbor is.

There has been no problem. For that to be true in one place in the Baltimore metropolitan area just can't be that unique a condition among people. You have to believe that that same thing can

happen anywhere in the Baltimore metropolitan area and I think it could. I think any community built on a large enough scale to constitute a community that produced a wide variety of activity and housing and uses so that it was truly a town or a community or a city or whatever it might be, that there would be absolutely no problem to a completely open policy regarding race in housing.

The real fear on the part of the developers, I think, the home builders, the apartment builders who basically are small, single projects, they also aren't bigots, they really aren't—they are not out to maintain the segregated system. But everyone is afraid to be an island.

What will happen if I sell those few houses or rent those few apartments and then one market backs away and there is not enough of the other market to fill it up. What is going to happen?

These same builders in the Columbia environment don't have that concern. First of all they don't have to make a huge investment in the land. We have the investment in the land. We are taking the risk. They are putting up sample houses and optioning lots, and as people buy they move on with their production.

That same pattern is reproducible anywhere. But to me, I remember back before we had the Public Accommodations Law in Maryland. We had segregated restaurants. I knew a lot of restaurant owners who didn't like running a segregated restaurant. I know a man who ran a segregated restaurant but his daughter and a black girl were roommates at college.

It clearly wasn't a matter of personal bigotry but: "How can I open up my restaurant when all the other restaurants in Baltimore are segregated?"

Until there was a Public Accommodations Law there couldn't be this kind of opening up.

In housing—we have the laws now but the markets are not—there are not as many transactions occurring as in a restaurant or store or inn or motel or the public places. These transactions are going on so fast and so many of them that exclusion is quickly identified and it can be stopped.

But the housing transaction, it is a much slower paced thing and, therefore, it seems to me that fundamental to opening up this market is creating a really wide range of housing choices so that nobody thinks he will be an island.

That this means widespread enforcement of existing laws would mean really using the leverage that is available in the Government insurance and mortgage insurance and rent supplement programs.

All of the Federal powers that exist with respect to advancing

money for roads and sewers—if the Government really took its whole construct of leverage and said: “We are just going to have an open housing market in America,” then we would have it. Furthermore, all the people in it would be happy with it.

The tensions that we have are born out of this island of fear that continues to operate and which is real.

CHAIRMAN HESBURGH. May I break into this to ask a question?

I happen to agree with what you just said completely and entirely. We talked about it here in this hearing on occasion. What would you do in that concept of using the total governmental leverage with the community that says we are not going to have low- and moderate-income housing? Cut out their sewers? Turn off their water?

MR. ROUSE. No, I don't think you would cut off sewers and turn off water. I don't think you would regard it as a war.

CHAIRMAN HESBURGH. It's the problem we are up against now as we look at this community—

MR. ROUSE. I think that if the Federal Government set up a table of support programs in housing and development and community support programs, that are intended for the purpose of helping those communities grow and develop a higher quality life and if, as a Nation, it has been decided that fundamental to that is the opening up of our life in all its ways, and you surely have decided it and are doing it in public accommodations, schools and now here in housing, then it seems to me it is fundamental to that that the Federal Government would say not that we turn off your sewer and water but that unless this community is real about—and unless this home builder is real about sharing and developing this equality of life that it is the Federal Government's business to give support to, then they are not entitled to the benefit of these special programs laid out to produce that equality of life.

The application of that positive approach to opening up our society would—I don't think would be cruel with respect to existing programs. I don't think it would curtail the operations of any government or any neighborhood or any community but it would simply say the growth, just as we say it with respect to schools—you don't get Federal aid in education now unless you are real about this business of open schools.

COMMISSIONER FREEMAN. I would like to interject a question here. You speak on behalf of Columbia which is 13,000 acres. Could you for a few minutes suppose you were the county executive of Baltimore County, how would you apply the same principles that you have just enunciated to changing Baltimore County?

MR. ROUSE. Well, I remind you again of some of the things Mike Spear said and they were very wise. The county executive does not—within the existing structure of law and organization and programs—have it within his power to do what I am talking about.

COMMISSIONER FREEMAN. Would you support low-income housing?

MR. ROUSE. Well, let me answer the first question.

I think that therefore what I would want to do would be to try to develop a process within the county which was responsive to this situation.

I would know perfectly well that as county executive if all I was going to do was sponsor low-income housing under the present structure that this would mean that I either had to find some isolated piece of land that was so bad it shouldn't have housing on it or that I was going to create warfare in the areas where I was going to do it.

But I would go the next step and say how do you leap over this hurdle? You only leap over it by acquiring and planning and unfolding to the market a large enough land area to create a whole new community in which these things can occur without fear.

I think therefore that I would set up—I would try to get the legislation that was necessary to set up a community development corporation that has need of no power to condemn anything. This is always the bugaboo of the community development corporation that it will go in and condemn land. There would be no power of condemnation, but had the power and the financing to go out and acquire property to execute the plans that the county makes for its growth in an area, to produce a new community, to develop a prototype community in the county that could show what might happen; and another and another.

The county holds the leverage of sewer and water and extensions. Also, this community development corporation, if it existed, could induce strong State and Federal support I expect because it would be an important innovation and that, therefore, I would produce the plan for a new community which the community development corporation would then market to the private development market and to the home builders, the apartment builders, the office builders, the industrial park developers, just as we are doing at Columbia.

It wouldn't invade the private market at all. It doesn't take anything away from anyone that he is now doing in business. It would exert no authority over anyone in terms of the condemnation power but it would link together the planning and development process

in a single mission. And until we link together, until we find the ways of linking together the planning and development process so that that initiative can be taken together, then planning and zoning are very weak and hold low instruments for achieving public purpose—

COMMISSIONER FREEMAN. So you would propose some legislation to the county council?

MR. ROUSE. I might have to go beyond the county council. I might have to go to the State legislature.

COMMISSIONER FREEMAN. Have you had any discussions with the county executive of Baltimore County?

MR. ROUSE. Many discussions. Not about that subject.

COMMISSIONER FREEMAN. Would you be willing to offer your expertise to the county executive of Baltimore County?

MR. ROUSE. I think that might be gratuitous. I think he knows that I would be happy to be of service to him in any way he found serviceable.

COMMISSIONER FREEMAN. But you would be willing to reaffirm that offer?

MR. ROUSE. Yes.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Dr. Mitchell?

COMMISSIONER MITCHELL. Mr. Rouse, you are fascinating to listen to. You have been saying for a long time we have to learn a new language, less rhetoric and more meaningful and supportable kinds of conversations if we are going to solve some of these problems.

I suppose you will forgive me if I am just a little bit the devil's advocate. What is a real city anyhow? You talk about a real city. I don't want to get anybody scratching my eyes out but as a kid I grew up in New York City. I have no trouble finding 100,000 people in the population of the neighborhood at the 149th Street IRT station in the Bronx.

A city which is where people are moving to all over the world holds some kind of special attractions.

In Chicago, it's the Art Institute, the Grand Opera. You are with it in Chicago as long as you stay in the light.

New York, the great symbol of a city. Baltimore, I am sure, is a city that is exciting. Washington is. I don't offhand know the name of a city of 100,000 but is that really a city?

I guess what troubles me the most is the possibility that we are trying to escape from the agony of contemporary life and it's agonizing for all of us without facing up to the realities of the

things that have to be done and that there will always be an effort to escape once more before facing a slowdown of our society and our concepts of a free world. And sometimes this can be done in building a kind of Disneyland.

Is Columbia going to be a residential Disneyland?

Your ticket expires Monday morning and everything falls off and you go back to work.

MR. ROUSE. That is a good provocative devil's advocacy, all right.

No, I understand your question and I am glad you asked it. I am not sure that I tried to define a city with as much sensitive depth as you are suggesting but I suppose the city has been a different thing in different points of time.

I guess a city has been a walled place that protected people from thieves and bandits and roaming tribes. I guess a city has been a place that was kind of a center of an agricultural economy. It has been a port; there have been a lot of reasons for cities.

I think the reason for cities today is that we are, with the rising understanding of what life can be among our people, the roadblocks that keep it from becoming increasingly intolerable. There are a great many conditions that exist in America today that we find exasperating and unacceptable that would have been no problem to people a hundred years ago.

We understand that there is available to us in society a high equality life and I don't believe that aspiration rises in people apart from their competence to achieve it.

Therefore, with that vision, and with the sense of the ability to achieve it, I think we have the gigantic frustration of urban life in America today. Therefore, it seems to me that one of the major tasks of the city is to work, and provide an equality of life which brings to bear in support of people those systems and institutions and processes which we see are available and might work for us: health, employment, housing, education, recreation, religion.

And our measurement, when we said we were going to start out on a city, was a fairly arbitrary one of 100,000 people, because we believed that somewhere in that area was that universe of people that was sufficiently large to constitute most of the markets for most of the life processes and institutions that have to occur. A hospital system and an adequate health system, colleges as well as secondary schools, public transportation, effective communication; that all these things could be dealt with constructively within that area.

The remarkable thing and one of the most exciting things to us in this adventure has been that once we embarked on this, we

haven't had to drag the institutions, the people who run the schools, the churches, the hospitals, and these institutions in our society, we haven't had to drag them along to our hopes.

Once they have seen the opportunity, the response of the institutions has been incredible to produce new ways of ordering that equality of life, to wit: In Columbia, Johns Hopkins, working with the Connecticut General Life Insurance Company, has set up and operates a comprehensive health care service so that any family living in Columbia can pay so many dollars a month and receive prepaid health care, group medical practice, hospitalization, psychiatric care.

The only time in the U. S., so far, that a great medical university hospital has joined with an insurance company to provide this kind of health care on a voluntary basis.

We were dealing in a county that is a fine responsible and clean local government but they had 13,000 kids in the school and we were presenting the prospect of 40,000 additional school children in 10 years. That is enough to drive a school system away from you rather than bring them towards you. But rising to that opportunity, they retained consultants; examined the curriculum and program in the schools; produced a local new educational system that focused on the development of the individual child rather than knowledge factors.

The result is that schools in Columbia and elsewhere in Howard County, have open class rooms, team teaching, no marks, ungraded, high focus development, highly focused on the development of that individual child.

Elementary, middle, and high school level and the community college will open in September.

In religion: faced with the new city, the churches looked in the eye: "What are we really doing about man and God? These processes are obsolete."

The result was a cooperative ministry of the 13 major Protestant denominations joined with the Catholic Archdiocese and the Jews and created a religious facilities corporation that owns all the church buildings in Columbia.

The first church center opens in a few weeks; shares staff, shares programs; formed this interfacility housing corporation.

Other things like this will continue to move in the field of communications. I think important things will happen.

Well, this isn't escape. This is really making life work. Now we think you can take these same processes of beginning with the premise that urban life can work, not how do we patch it up, but

what makes it work and you can go right back into the heart of Baltimore, into the metropolitan area. If we really deal with the task, with the problems, with the hopes, with the opportunities, with what ought to be, that we can restructure the educational system, the health system, the communication system, create new communities out of the old city just as well as you can do it on new land in Howard County and Baltimore County. That over a period of time, 10 years, 12 years, that if we really set out with the goal of making the metropolitan region work, we can make it work a lot more easily and a lot less expensively than we can maintain these ongoing programs that alternatively are designed either to patch it up or to compensate for the fact it doesn't work.

Poverty programs, urban renewal programs, all essential as patch-up efforts, are noneffective in bringing about any real cure for the quality of urban life.

COMMISSIONER MITCHELL. Mr. Rouse, bless you, this is the dialogue that has to go on and we had far too little of in this country. Dr. Doxiodes, when he comes to the U.S., reminds us of that.

It's interesting the European may live in some ways in a much more enlightened racially speaking society. He is beginning to see his cities as salvageable within themselves and not necessarily always as needing reconstruction. But some kind of lab facility, that I guess is a must.

I am going to stop talking because my colleagues have plenty to say except I have two quick comments to make:

One, I am glad you are not naming this city "Rouse".

I should tell you the story, the misgivings as you know of those who once went through this cycle and built the industrial cities that—the factory cities that really were the first footprint of the industrial revolution. Once I studied the experience of Mr. Pullman.

In the days when it seemed like a great idea, when it seemed so logical and a way to help all his employees struggling to work on bad transportation and with decrepit horses that had to be fed during the day, he decided to build a city and he hired a great architect whose name was Solon S. Beman. And when the city was almost finished, Mr. Beman said, "It's a noble new city, Mr. Pullman, and you should at least name it after the architect."

Mr. Pullman had much pride in his city, a great sense that it would be successful, and a certain amount of personal vanity and he said: "We will name it after both of us. We will use the first part of my name and the last part of yours." And they did.

CHAIRMAN HESBURGH. I think Dr. Horn has a few questions.

VICE CHAIRMAN HORN. I was very impressed by your testimony,

Mr. Rouse. We all heard about and looked towards Columbia and looked toward your work there.

As I reflect upon Dr. Mitchell's question and your statement of philosophy, I sort of have the feeling that in a way you performed a role that Plato once foresaw. You were able to give moral leadership, inspirational equality to a fairly large area in both normally private and public functions.

What are your speculations as to the people in your area, realizing that Maryland has very few incorporated communities and they have strong county government, what are the tasks maybe of the people in your area for reaching the next 10 years? What are the vehicles you developed as a developer so the people can voice their opinions on various problems that concern them?

MR. ROUSE. I think some of the people in Columbia would feel very frustrated that we have been inept in this respect but I don't think we have.

I don't know that we contributed anything important. I do think we have some important explorations going on in the creation of this Columbia association. We have created a nonprofit entity which has an interesting role. We run it as the developer for a period of time.

We say that we must run it because we must have the opportunity to fulfill the essential promise of the plan and the representations to open space and public places.

But clearly there has to be provision made for what happens when we leave. Therefore, there is a built-in transition by which every 4,000 families elects a member to the board and in 10 years, if they don't control it through election, we are out anyway so that we have the first member of the board will come on probably this fall sometime.

This is the beginning obviously of an effective voice which will increase with each new member in the operations of the Columbia Association and eventually we are out.

This will result in a very new instrument of a corporation with a board of directors essentially elected by the people that will run the fundamental amenities of the city: the open spaces, community facilities, the lakes, the transportation system, the child care system, and be available as an entrepreneur to do anything that it has considered ought to be done that might be self-sustaining or that might only involve an acceptable deficit to the community free of the restrictions of government, because it has no power and isn't under the discipline of all of the buildup of legislation regarding

the operations of a city; free to handle its affairs as the people see fit.

I think that it could prove to be a very useful instrument in separating out of the conventional role of government into the private nonprofit corporation a great many of the activities which tend often to get—they are the activities which produce the higher quality of life and which tend to get lost in the local budgeting pressures and tensions of the municipal corporation's task.

VICE CHAIRMAN HORN. Is there a fixed fee for this membership by family?

MR. ROUSE. There is an assessment set by covenant of 75¢ per hundred of assessable base on all the land and all the property in Columbia, which means that this makes available to the—against the old neighborhood association which only really taxed the residential property in the neighborhood—this taxes the business and industry and the vacant land and everything.

VICE CHAIRMAN HORN. Taxes real property, not personal?

MR. ROUSE. Right. It can't go more than 75¢ by any means because it is a matter of covenant and it would be an incredible task ever to modify those covenants to increase it. It can be lowered.

In addition it has revenues from users who pay charges for the use of the pools and child care facilities and whatever they may be.

Now, I think the operating budget next year is like \$2 million so this is really getting to be quite a force.

There is one more ingredient that we established by covenant: the legal boot principle of Columbia, and that we created in each village, a village association which has no real power and has no money, and therefore something of a frustration at this stage to many of the people as to what is it for.

But our conception of what it is for is just what it is doing, which is to be a prearranged voice for the community. The board is elected; therefore, it exists; therefore, it's automatically being alert to things that we are doing wrong or somebody else is, and it's often hitting us over the head, sometimes unjustly, of course, but that village association—there are three in existence—is going to become a new kind of civic force I think in the community for a real voice by which people are able to influence the events around them.

VICE CHAIRMAN HORN. One last question: what is your speculation—Dr. Mitchell raised a suggestion of why people want to live in cities. Three of us here are university presidents. We all hear a lot about the feeling of a community in an academic community.

Some of us would think that this is really an unreal world; that

an academic community and a city is a very fragmented institution, especially with people of the middle-income level and above. Your friends are not longer really in the neighborhood so much as they are your professionals or fellows on the job or wherever.

What is your speculation as to what kind of communities are we headed for in even a city of 100,000? What kind of attitudes are you likely to see?

MR. ROUSE. Well, it's a little hard to judge on our experience. There is a euphoria in Columbia right now, I think, among people in which there is a tremendously vital sense of community, of people being involved, sharing things, forming things, a tremendous coming out of all kinds of little institutions, where it is Columbia's Art Council, Columbia Players, Association of Retired Persons, Parents Without Partners, this physical structure is such I think that it makes communication very easy either at the neighborhood level or the village level and that was our number one purpose, I would say.

The number one lesson we took from—well, I am kind of running back on my story—therefore, at this point we think that there is a very strong sense of community among people at various levels; at neighborhood level, village level, townwide level.

I think that one can make a case for the fact that as we look forward to the growth of our society and the increasing involvement of technology in reducing toil and reduced work week and increased leisure time, that one of the hopes might be that consistent with this rising aspiration towards equality of life that we are going to find ourselves involved much more elaborately in the service of one another, of the aged, of the young, of the dependent, of the disaffected, of those people who aren't making it as well as others in the society.

If you postulate a goal of a civilization that works, then it would seem to me that all you would be—that we would be as a society attempting to build those instruments in our society that produce this sense of community. I don't mean physical community but I mean supportive relationship among people. That that ought to really be at this point of time the aspiration of our society to do that.

When I started to divert—I would come back for a minute—in this preliminary planning stage, we brought together a group of some 14 people who were drawn largely from the behavioral sciences, people like Paul Lemkau of psychiatry in the School of Public Health at Johns Hopkins; Don Michael who was a Fellow at the Institute of Policy Studies in Washington; Herbert Gans;

Chester Rabkin; Tony Slays—and this group of 14 people who came from a lot of separate disciplines met with us and our staff every 2 weeks for 2 days and a night. Each session was 2 days and a night for 4 to 5 months in which our only goal was to explore these optimums in society.

What would an education system be if it worked? What would a health system be if it worked? Not if it worked for the health people and not if education worked for the education people; what if it worked for mankind?

What did this have to say to us about the physical form of the community?

I think the most important thing it said was scale, places that really were of a size that people could embrace and feel a part of and comfortable in.

And communications, the ability of people to be in an unself-conscious relationship with one another so they could share hopes, fears, life, and do something about it.

And this works. This part really works. There is not any real skyrocket innovation. It is just decent craftsmanship in planning and development.

VICE CHAIRMAN HORN. Thank you very much.

CHAIRMAN HESBURGH. One thing that bothers people about cities is the kind of basic growing lawlessness, the kind of contempt for those elements of society that are supposed to keep law, and “police are pigs,” you know, the whole routine. Have you found any difference in this in the society at Columbia? In other words, do you have to have a very strong police force? Do you have a lot of stealing or destruction of public property or things of that sort?

MR. ROUSE. We had many blessings in our venture in Howard County and one of them has been a perfectly wonderful police force, that is sensitive and humane and understands kids and don't try to clap people in jail but really works with people—remarkable; small but remarkable police force.

This attitude on the part of the police force is one that I think has been a tremendously effective factor in avoiding confrontations that could have led in many cases in Columbia to a very serious conflict, because we had some conflicting generating circumstances.

We have a pavillion of music that has rock festivals and attracted 20,000 kids one night, for instance; 17,000 another. Over 10,000 were there Saturday night. Some of this has been very bad. There was some real destruction one night. Thousands of them go over the fences at times. It bothered us. It worried the police force; it worried the fire commissioner. But because of the attitude of the

police force and working with the kids, they took over their own discipline of this concert on Saturday night. There were 10,000 kids there and it was just absolute peace. There just were no problems.

It seems to me we have to be headed for more of this kind of thing. Law and order with a club isn't going to bring about peace. It has to take much more sensitive working with what it is that is grabbing people and get at it.

CHAIRMAN HESBURGH. It seems to me so many people who chant law and order are thinking about preserving the status quo for themselves and what they have and keeping everything quiet and peaceful as long as no one else gets the peace and the prosperity. Somehow I think so much grows out of frustration and hopelessness. There are times when about the only thing you can do is something antisocial like kicking a wall or throwing a rock through a window and it makes you feel better because you are hopeless to change or affect.

I would think if you could establish communities, and this is what I have been hoping for in the Nation as a whole, to see some small microcosm of it created, where minority people really felt they had a stake in the Nation and a legitimate share in the blessing and some control over their lives and did have complete and absolute equality of opportunity. Then I would think in that kind of situation, barring a few people who are traditionally antisocial, the thing would take care of itself almost. The problem could almost disappear if you had a hopeful community rather than a hopeless community.

MR. ROUSE. That is a critical change, it would seem to me. So much of the authoritarian talk about relationships is born like a great many other things out of the memory of a world that was; but that doesn't exist any more. There is a changed life. People have new aspirations and we are unwilling as a society to accept with resignation a great many things that a great many people in our society were perfectly willing to accept with resignation 50 years ago or 10 years ago. Now we won't.

CHAIRMAN HESBURGH. I am glad we won't.

MR. ROUSE. That is right. This is a great new dignity but it also brings with it new militancy, new excesses, new problems that we have to find new ways to deal with.

CHAIRMAN HESBURGH. I gather you still believe that even though it might be easier to go out and do it the way you have done it in setting up a new city, that you haven't given up hope for the redemption of the cities that are existing with all their problems.

MR. ROUSE. These are not things in opposition to one another. We are going to have 70 million additional people in this country in the next 15 to 25 years. How are we going to do it? Are we going to use that growth to produce new quality of urban environment while at the same time going in to produce a new quality of environment in the old city?

We keep looking at the city as if it was a musical chairs, you know, just the same players moving around.

But that isn't the way it is. This is a hugely growing thing. It is hard for people in Baltimore to realize that in the last 20 years we added a city larger than San Diego or Denver to the Baltimore population and in the next 20 years we will add a city larger than Kansas City to the Baltimore population and in the same period of time, Washington will be adding a city bigger than Baltimore to its population, we're 35 miles apart. Two and a half million will be added in this region in the next 20 years.

Well, going out and rationally organizing that growth so that it works isn't negative to the old city; it is positive to the life of the whole region.

CHAIRMAN HESBURGH. Mr. Rouse, we appreciate very much your coming and the time you have taken to explain these things to us. I think it gives us all new hope in a situation of apparent hopelessness.

We will take a break for 15 minutes. We will reconvene here about 10 after 5.

VICE CHAIRMAN HORN. Our next session will concern affirmative action by employers. Mr. Blavatt and Mr. Zawatzky.

(Whereupon, Mr. Ronald Blavatt and Mr. Louis Zawatzky were sworn by the Vice Chairman and testified as follows:)

TESTIMONY OF MR. RONALD BLAVATT, DIRECTOR, HOUSING OFFICE, SOCIAL SECURITY ADMINISTRATION AND MR. LOUIS ZAWATZKY, DEPUTY ASSISTANT COMMISSIONER FOR EMPLOYEE RELATIONS, SOCIAL SECURITY ADMINISTRATION, BALTIMORE, MARYLAND

MR. GROSS. Could you please each in turn state your name and business address and position with the Social Security Administration?

MR. ZAWATZKY. I am Louis Zawatzky, Deputy Assistant Commissioner for Employee Relations of SSA, and our address is the Woodlawn Building right here.

MR. GROSS. Your responsibilities are national in scope?

MR. ZAWATZKY. Right.

MR. BLAVATT. My name is Ronald Blavatt. I am Housing Officer for the SSA. Address, Woodlawn.

MR. GROSS. Mr. Zawatzky, did you supply us with a two-page summary of the number of Social Security Negro employees working at Woodlawn and downtown Baltimore?

MR. ZAWATZKY. Yes.

MR. GROSS. I would like to submit it for the record, if I may.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 29 and received in evidence.)

MR. GROSS. Mr. Blavatt, did you provide us with a several page document entitled "Summary of the Housing Service Activities" which I hold in my hand?

MR. BLAVATT. Yes.

MR. GROSS. I would like permission to enter that for the record also.

VICE CHAIRMAN HORN. Without objection, so ordered.

(Whereupon, the document referred to was marked Exhibit No. 30 and received in evidence.)

MR. GROSS. The document to which I first referred, Mr. Zawatzky, indicates that of 12,883 employees at the facility here in Woodlawn, approximately 26 percent are black and that at the Social Security-facilities in downtown Baltimore approximately 55 percent are black.

MR. ZAWATZKY. Right.

MR. GROSS. I assume there are many causes or explanations for this.

MR. ZAWATZKY. No.

MR. GROSS. My question on that series: do you feel that one factor may be the lack of free access on the part of blacks to housing in this vicinity of the county?

MR. ZAWATZKY. I would like to answer it really directly. Most of the employees who are now in the downtown location formerly were located here at Woodlawn but we outgrew the facilities at Woodlawn and rented space downtown. We gave our employees—that is the employees from the divisions from which they came—the option either to stay at Woodlawn or move downtown to our downtown facility. Since many of the jobs that were being transferred were jobs in the lower categories from the standpoint of grades and pay scales and, as you would expect many of the employees lived in the city and they elected to work in our city instal-

lation rather than stay here, it wasn't a question that they didn't have access here because they used to come to work over here but it was easier for them, for the same amount of money, to be downtown.

MR. GROSS. Mr. Blavatt, your responsibilities are in connection with the Housing Office here at Social Security Administration facilities?

MR. BLAVATT. That is correct.

MR. GROSS. Could you please briefly outline by category each of the principal functions of that office?

MR. BLAVATT. Well, we have four major headings we operate under. One would be educational programs. This would be educating all our employees and when possible the public to what the fair housing law really means, what the obligations are and how you would file a complaint of discrimination.

The other area would be cooperation with other organizations. That would be State, county, Federal agencies. Many of the bodies you had before you in the past 3 days had been in contact with Social Security.

The other would be to give assistance to all our employees who encounter any form of discrimination. We have engaged in a cooperative program with the State human relations commission, the city human relations commission, the county human relations commission, the U.S. Justice Department, Baltimore Neighborhoods, Inc., whereby we share complaints and we try to inform others in this body of some of the areas we found a great deal of difficulty with.

MR. GROSS. That was three.

MR. BLAVATT. Right. The major area in which we are engaged in, I would say, would be housing referrals. In this we attempt to find housing for all our employees. This would be apartments, homes; we are part of the multiple listing system and we are the only agency I know of in the Federal Government that participates in this program for the use of finding homes for our employees.

MR. GROSS. Mr. Zawatzky, could you state in general terms what you would regard as the relationship between this Housing Office, these four functions on the one hand, and the overall equal employment program of the Social Security Administration on the other?

MR. ZAWATZKY. Yes, I would be glad to.

For many years now, we had a major commitment to the principle of equal employment opportunity for all employees and applicants for employment.

I might say that over the years I think we have made a great

deal of progress, not only from the standpoint of the number of employees of minority groups that worked with SSA but also with the different kinds of jobs and different grades. But it became quite apparent to us in the last number of years that a paycheck, a job, a nice place to work in, doesn't solve the problems confronting employees and there are problems that have an impact on the morale, have an impact on their employability, which an equal employment program, just from the standpoint of employment, doesn't cover. Namely, housing, education, and the other services that go with a fully rounded person.

And we also sense that—and we have a very responsible union. They sensed it, too. It is somewhat dehumanizing to work with people day in and day out, to eat together and visit together but when the day was over, some of us went one way and others went another way.

What I am talking about is housing. The reason why we become involved in it was because we felt that as part of an equal employment program, a total equal employment program, that the employee who has to travel far to come to work, the employee who has to live in housing which is not the kind he can really afford because many of our employees can afford good housing, that many of the employees would like to live near by, but they couldn't, and because of that and before we inaugurated the housing program that Mr. Blavatt is now handling, we took the opportunity when it presented itself not only as an employer but as a Federal agency to urge the county—we appeared on a number of occasions before the Baltimore County Human Relations Commission, before the city fathers of the county or the Baltimore City Council. We appeared at the capital at Annapolis advocating open housing, open accommodations. We have tried to work with the larger employers in the area.

I think we are beginning to make some progress over there but the moment it appears that the only way to make progress really was to get into the business ourselves. Because of that, to really provide our employees with a totality of the right kind of atmosphere for work and for living, and to obtain some of the better things of life that we established the service.

MR. GROSS. With respect to the last of the activities that Mr. Blavatt mentioned which I believe you described as the principal one, that of helping employees to locate housing, I suppose in one sense you are supplementing the private agencies which do this, the real estate brokers and so on.

Do you feel that this service is of substantial help in your hiring and obtaining black employees?

MR. ZAWATZKY. Well, on the question of hiring we really had no great difficulty in hiring people in Baltimore. But we have experienced a great deal of difficulty in attracting to Baltimore, which is our headquarters organization, some of our very competent minority employees from the West Coast and other parts of the country to come to Baltimore because they would not come because of the housing situation and the educational situation.

Really we have almost a selfish interest in addition to the moral side of it and the social side of it to try to do something about decent housing, decent education for the employees not only that we have working here but for the employees we are trying to attract.

MR. GROSS. You feel this effort does reflect itself in terms of an increased ability to hire and obtain blacks, particularly professionals?

MR. ZAWATZKY. I would think so. I don't know what experience we had about attracting them from outside of Baltimore. Perhaps Mr. Blavatt can address himself to that.

MR. BLAVATT. We found with the vast majority of our minority employees coming in, they come in and ask a friend before they actually accept the position here, they will ask a friend what is the housing situation? You hear what the housing situation has been. We have been successful mainly because we are able to, through our volunteer program, we have a staff of approximately three permanent people with 250 volunteers from Social Security—these are 55 attorneys and just general volunteers—we are able to take the individual around to the various neighborhoods, explain what is available as far as religious institutions, educational facilities, and by so doing make them feel somewhat at home.

We have been told that if the service wasn't available—many of our minorities have come through the office so far since November, we handled approximately 1,200 employees. That is November of 1969. By having this service available, they find it much easier to locate housing.

MR. GROSS. When you say handle, how many of those have you found housing for?

MR. BLAVATT. Well, when you say how many—we have approximately 100, maybe 110 open cases. That means that at the present time we have been able to successfully house the others.

MR. GROSS. How long has your Housing Office been operational in this aspect?

MR. BLAVATT. We were created by the Commissioner in November 1969. We began operating around the first of the year.

MR. GROSS. We heard about a variety of barriers to black residents in the county which take many forms. I take it that you feel you are helping to overcome some of those barriers.

MR. BLAVATT. Well, we have been very, very fortunate in that when we talk to an apartment house owner or a builder and we simply say that we are the Social Security Administration. I guess the fact that maybe we have 16,000 employees and over \$100 million payroll here in the county helps to some extent. We find they are extremely cooperative and we have been somewhat successful.

MR. ZAWATZKY. We also have the situation, Mr. Gross, if I might mention in the same connection, what Ron said, the fact that we are a very large employer in the community, the fact that we are constantly getting new employees to come to our facilities, the Realtors are quite anxious to have us as a resource for renting and for selling, and to the extent that they don't cooperate—they know full well now that we will not refer people to them except on an open basis, so that now with the law that we have—the 1968 Civil Rights Act and the Supreme Court decision—and the fact that there is something to an individual employee trying to do something for himself in contrast to a large agency calling upon the same landlord, the same Realtor, saying we represent so and so, and while we have not had the occasion—and I say that in all sincerity—to threaten, because we really have no enforcement power, but they know that we have the resources to develop and document a case of discrimination.

And I would like to make it clear that while we have 50 some odd attorneys on a volunteer program, they are not all members of our General Counsel staff—I don't want the Bureau of the Budget to get after us—but they have the results of the kinds of work we do. We have literally hundreds of attorneys who don't work in our General Counsel's office who are highly committed to this type of program.

MR. GROSS. Do you feel that public agencies and other private employers in the Baltimore area could profit black employees in their equal employment opportunity posture by adopting similar programs as yours?

MR. ZAWATZKY. We hope so. What we are doing, Mr. Gross, is this—and I think I can illustrate. About a year and a half ago we invited about 100 large employers of the metropolitan area to a meeting here and we had about four responses in actual attendance. I think it was also the telephone company, gas and electric and one of the companies represented here earlier and a few of the Federal agencies.

Today, we are in the process of setting up a similar meeting and we already have responses probably from about 40 or 50 large employers who are quite interested in this kind of program, not only private employers but some Government agencies.

MR. GROSS. But to your knowledge no other such programs are operational now in the Baltimore area?

MR. ZAWATZKY. I don't think so. Are there?

MR. BLAVATT. The only program that can come close to what we have would be the military installations and theirs is one of placing an area off limits. We have no such power. They attempt to move people around base to base. That is the closest thing. Nothing else in the area that I know of, or the country for that matter.

MR. GROSS. I have no further questions at this time, Mr. Chairman.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. Gentlemen, I would like to ask you the same question that I asked the employers from Columbia. About how many of the employees of Social Security have an annual income or take-home pay of around \$5,000?

MR. ZAWATZKY. Well, I am not much of a mathematician but in anticipation I have some data here—I am talking about the Baltimore employees—

COMMISSIONER FREEMAN. Yes.

MR. ZAWATZKY. I would, talking about minority employees, and in Baltimore it is mostly black employees, we have approximately 3,200 employees who average around \$6,000 a year. We have about almost 1,700 employees who will have a range somewhere between \$7,000 and \$10,000 a year. This is not pure. This is before taxes and before everything. Then we have another 283 to 300 employees who would have an income of about \$11,000 to \$13,000. And we have about 200 some odd employees who have an income—I am talking primarily black employees—who have an income of somewhere between \$16,000 and \$26,000.

The reason for the range is because, as you know, I am sure, that under our grade structure there are about 10 steps within the grades so that grade 10, step 1, step 2, step 3, so that people who perform satisfactorily do get these automatic raises.

What I have done in giving you these figures, I have taken the middle-range of all these grades so that to answer your question directly we have quite a few thousand people who do make the kind of salaries that would make it possible for them to afford decent housing if we can find the decent housing.

MR. BLAVATT. We are aware of the problem which I believe you are leading to and we have attempted, with the cooperation of the Greater Baltimore Committee, to determine if we can't do something about it. We are in the midst of cooperating with other agencies and nonprofit organizations in trying to develop a small community within approximately a 1-mile of where we are right now and we would be located in the county. We hope to be able to assist in the cooperation with these other agencies in developing from approximately 600 to 1,000 units.

In this light we conducted a survey. The survey was grades 3 through 10 and that would be the \$5,000 to \$12,000 income per year. The survey itself indicated that there was tremendous interest in housing in Social Security Administration. We are talking about the Woodlawn complex and the downtown complex.

Of the employees that were surveyed, we received a 61 percent return which was higher than was normally expected during this period of time. The survey itself indicated of the 1,336 individuals returning the form that approximately 500 were interested in living in a complex within 3 miles of the Woodlawn complex but of these 500 individuals, 66 percent were minorities or Negroes, whereas the remaining percentage of 34 were whites. This is out of proportion to the makeup of our normal employment force which is just the opposite.

To us, it indicates that our minority employees would very much like to live within a reasonable commuting distance to Social Security.

COMMISSIONER FREEMAN. This demonstrates one of the concerns of the Commission, and while we would commend you on the program which you have that would benefit the higher-income employee, that there still is a very serious gap in the housing market and I wonder if you see very soon the kind of change in the attitude in Baltimore County that would enable the employees of Social Security and also other persons similarly situated to obtain housing in the county that they can afford.

MR. BLAVATT. Well, in this program I was just outlining, part of the reason we are cooperating with this nonprofit organization, we stipulated this from the very beginning that we would like to see some Federal funding, rent assistance and so forth. Those types of programs in this development to help our employees in the lower grades.

COMMISSIONER FREEMAN. Much has been said about the opposition of the people who live here. I wonder if you have a program or if you can think of any program that would be, that could be

carried out to at least impress upon those persons who would be opposed that they don't buy the neighborhood when they buy a house. They buy their house. And the employee would buy his house.

MR. ZAWATZKY. One of the things really what I think we are talking about might come under the heading of education. One of the reasons why we are trying to involve the many larger employers who are moving into these areas is to join with us and the community to develop a climate and an understanding that in opening up the area they are not opening it up to just anybody. They are opening up to responsible people who have steady jobs, who are people of knowledge, integrity, honesty, perfectly good people. There is something to the fear that Mr. Rouse was talking about earlier.

Fortunately, many of the people who work here live in the county so that you have a large nucleus of people, whites and blacks, who know each other. If all the other employers would join with us, we wouldn't be talking about strangers. We would be talking to each other. It is quite different—you ask the average person would you mind having one of your colleagues live near you and he says, no, because I know him. I think when you have seven, eight, nine thousand SSA employees living in the county and other employees move in and you know each other—if a number of the large employers did the same thing, I think you would have a community of knowledge and understanding. That would help a great deal.

COMMISSIONER FREEMAN. You are hopeful that this climate in this county will improve?

MR. BLAVATT. We are attempting to solicit the cooperation of the other major employers because we found that though some organizations may have some difficulty cooperating with the county officials, the Social Security Administration and some of the other major employers in the area seem to be able to get along with the county officials much easier.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. I think that last point is one of the real key areas that could use a lot of word across the country. With the spirit in which you answered that question you could perhaps be a pace setter.

Recently I was in Oklahoma looking at integration in a relatively small district, compared to this county school district, and the speaker told me the main problem in that community were the Federal employees who seemed to be fighting things. Members of the

Bureau of Internal Revenue. Some of the Post Office. Some of the fairly large Federal establishments. You have about 800 offices around the country, various regional centers. While I realize and we all realize as citizens that a Government employee, despite the Hatch Act, certainly has a right to his own opinion whether he wants to be a monarchist or whatever he wants to be on his own time. There is no doubt there is a great opportunity here with several million Federal employees for agencies to expose them to some of the problems that are involved in making a better climate in this country and to see if we can even lift their services for the advancement of society after hours as well as during hours just along the lines you pointed out.

I would like to see an affirmative program in that area if you feel it is appropriate.

MR. ZAWATZKY. We have farmed out the program, incidentally, not only in Baltimore. I think we had the greatest impact here because as a new program, the beginnings always take greater root in the area where you develop it, but this program which Commissioner Ball instituted has been sent to all our installations with a very strong directive from Mr. Ball and the executive staff that he does mean business and we have seen some results.

If I may use one example, we had one not too long ago in Charlottesville, not too far from here, where we transferred one of our black employees to a key job in our regional office. We had at that time an office in Charlottesville. They recently moved to Philadelphia. He couldn't find housing. He was commuting up and back. Our Regional Commissioner got involved and before long he had a very nice apartment. It takes that kind of nudging and understanding.

But the program has been shipped out to all our regions. The big thing is to get the other agencies and other employers involved. I think we will have a fair success over here because of the interest expressed by the employers about willing to come to a meeting and talk, which is much more than we had a year and a half ago.

MR. BLAVATT. Right now the other Federal agencies are availing themselves of our housing service. There will come a point when we will say it is best you develop your own.

MR. ZAWATZKY. The important thing we tried to get over is we are not really doing it purely out of altruism. It is really good business for an agency if you are going to have the kind of employees to do the kind of job that you want them to do, to better serve the public and our program is really a people's program. You have to

make employees whole. The paycheck and promotion opportunity in and of themselves are not enough.

CHAIRMAN HESBURGH. Mr. Glickstein?

MR. GLICKSTEIN. No questions.

CHAIRMAN HESBURGH. We appreciate very much not only your coming to testify today on a positive, affirmative program which I think heartens us all but also for your wonderful hospitality during the time we have been here. We are going to call our final witness for those of you who have been staying with us. His name is Mr. William Boucher.

MR. GLICKSTEIN. I would like to offer for the record a letter sent to you by the department of education of the Archdiocese of Baltimore.

You may recall some questions were raised the other day on the racial practices of the parochial schools in the Baltimore area and we have received a letter from the office of the superintendent responding to those questions. I would like to have that presented for the record.

CHAIRMAN HESBURGH. So ordered.

(Whereupon, the document referred to was marked Exhibit No. 31 and received in evidence.)

(Whereupon, Mr. William Boucher was sworn by the Chairman and testified as follows:)

**TESTIMONY OF MR. WILLIAM BOUCHER, III,
BALTIMORE, MARYLAND**

CHAIRMAN HESBURGH. I think we have taken Mr. Gross by surprise but he will rise to the occasion.

MR. GROSS. Mr. Boucher, will you please state your name, business address, and occupation for the record?

MR. BOUCHER. Bill Boucher, III. Executive director of the Greater Baltimore Committee Offices at 1 Charles Center, Baltimore.

MR. GROSS. Would you please briefly describe the origin, organization, and the purposes of the Greater Baltimore Committee and your position with it?

MR. BOUCHER. The Greater Baltimore Committee is 15 years old. It is a private nonprofit corporation composed of 100 members, each of whom is a chief executive officer of a major corporation with the exception of about four or five professional persons—lawyers and architects. It was formed in 1955 by the business community to be perhaps the urban action arm of the business community, designed to find solutions to problems which they believed beset the community and to work in partnership with the other forces in the community to solve those problems.

MR. GROSS. Could you indicate how your program relates on the one hand to the problems of Baltimore City, particularly the inner-city, and Baltimore County on the other hand?

MR. BOUCHER. First, our membership is metropolitan area membership, city as well as county, other counties as well as Baltimore County, five counties in the metropolitan area.

We were formed initially by business people who were concerned about the deterioration of the inner-city. At that point some 15 years ago, this was conceived to be the downtown area, and led to the redevelopment of the center city, Charles Center, etcetera.

We also concerned ourselves with regional problems like regional planning, transportation system. In recent years there has been a tremendous emphasis—in recent years, 5 to 6 years maybe—an expansion of our activities in the field of education, housing, and the problems that beset that ring around the center city called the inner-city.

MR. GROSS. It is fair to say that your principal focus over the years and perhaps continuing until today is on the problems of the inner-city?

MR. BOUCHER. Yes, I think so, if you include within that the commercial heart of the city. But our major purpose today is on employment, housing, and the problems that we call the inner-city problems; the urban crisis.

MR. GROSS. Could you tell us what relationship you see between the problems of the inner-city and the problems that we have been discussing here, principally the problem of black access to jobs and housing activities in suburban Baltimore County?

MR. BOUCHER. Clearly I think we see a direct relationship. I don't think if you are looking at the system, political or economical system, that we are dealing with in this country, and that we believe in and work with that you can't see the survival of that system in this country if we have two societies.

You can't see freedom, the free enterprise system, democracy, whatever you want to call it, surviving if we have the kind of distinction which the Kerner Commission talked about as two societies.

Therefore, I think the business community in that sense has an understanding, or I hope it has an understanding; but it certainly has a stake in the solution of those problems.

Certainly if we are trying to solve the housing problem in the inner-city with its density, with its land acquisition problems, with all the multitude of problems that an old city has, we can't hope to

solve it unless we have housing access to the whole metropolitan region.

This cannot be done. The city doesn't have the resources. The private sector does not get involved in inner-city low-income housing to the extent that can solve the problem alone.

The Federal aid programs are at best time-consuming and frustrating. Therefore, we must find, I think, access to the opportunities which the metropolitan area offers.

I was fascinated, as I always am, by Jim Rouse's presentation. The thing I think that comes out of that to us is that we have got to have the new town concept and the new-town-in-town concept.

We have to rebuild the center city as well as create new opportunities in the metropolitan area.

To do that you just must have an understanding on the part of the Government and the people of the metropolitan areas that this is not a matter of convenience or inconvenience. This is a matter of survival. The system survives if we solve the problems. The system goes down if we don't solve these problems.

MR. GROSS. We heard testimony that jobs have been growing at a much more rapid rate in the suburban areas of Baltimore County than they have in Baltimore City. Will you focus specifically on what relationship you see between the unemployment problems and underemployment problems in the city on the one hand and those growing opportunities in the county on the other?

MR. BOUCHER. Surely. The summer before last, this is a fairly definitive examination done on a relatively small area of Baltimore City, where it was identified that about 25,000 persons in 100,000 context were unemployed or underemployed.

At the same time we found about 25,000 or 30,000 jobs along the beltway.

The simplistic answer is why don't the people in the inner-city go to those jobs? You might as well say Timbuctoo. There is no transportation.

Three transfers, poor transportation, antiquated transportation system; it's expensive, unreliable.

Clearly, we—I am talking about business and government—have missed the boat in terms of creating employment opportunities, industrial redevelopment opportunities in the center city and allowed that to go by default to the counties. So clearly there is a relationship to growing job opportunities in the county, and declining job opportunities in the city.

The inaccessibility of job opportunities in the county to many of the residents of the city—you can go out any major artery in

the Baltimore area and see signs, "Help Wanted. No experience necessary. Male. Female" and you can go in the city and see people unemployed or underemployed.

There hasn't been I believe sufficient attention to this relationship. There hasn't been sufficient ability to allow success, no sufficient housing close to jobs to allow gainful, meaningful employment.

So there is a very clear relationship there that has not been given the attention either locally or nationally it deserves.

MR. GROSS. In terms of the responsibility of the business community and of industry to help solve these problems, could you put in as concrete terms as possible, what you would regard as the responsibility of, say, a given employer—I'm not talking about any given organization as such—a given employer, large employer, in this metropolitan area? What would you expect him to do if you feel that employer is meeting his responsibilities?

MR. BOUCHER. Certainly I think in terms of employment. The employer—and I think this is true of the major large employers here—they have to be aggressively seeking opening job opportunities for minorities on their roster.

I think in the last few years we have seen a dramatic change. I would say the last 4 or 5 years I don't know of any major employer today that is not fully understanding and cognizant and aggressively pursuing equal employment opportunities in the area—any major employer.

I know many small and modest employers but I am talking about the major employers. This is understood. They work through organizations, they work individually to open up these opportunities.

I think we don't relate; we just use the system's approach in our business many times but don't use it in our public affairs, and I don't think we have sufficiently—I don't think business sufficiently has understood the need to create housing opportunities so that *that* employment can occur and you can overcome this transportation gap. I don't think that until quite recently we have developed the kind of understanding of the need for rapid transit and the need for a transportation network that is accessible to low-income people, minority people. I think we do have that now. I think we have that understanding and are pursuing it.

I think there is an awful lot we have to do in business and industry to implement this concept of the relationship of education and jobs and housing and that individually they have got to go out and create those opportunities.

I think the kind of thing the Social Security people were talking

about a few moments ago is something industry can emulate and should and must. The old company town is not what I'm talking about. The opportunity to invest in and to sponsor and help create housing in Baltimore County is available to a lot of industry that has a lot of influence and a big stake in Baltimore County. I would like to see—

MR. GROSS. This is one area where it is pretty clear I guess that the business community, the employers, are not really meeting their responsibilities at the present time.

MR. BOUCHER. You asked me to answer that as individuals; are they doing this as individuals?

I don't want to let the opportunity to go by to say that through organizations like the Greater Baltimore Committee, as you indicated, as a previous panel indicated, this is being done on a modest scale. It's frustrating, it's expensive, but we are reaching into Baltimore County with some housing opportunities.

MR. GROSS. Could you describe briefly your program in that connection, first, organizationally and the financing of it and what you have done in the county?

MR. BOUCHER. Yes. We have a subsidiary organization called the Greater Baltimore Housing Development Corporation which is a nonprofit housing corporation financed by the sale of 20-year interest-bearing debenture bonds to our members. Whether they ever are going to get the interest or get the principal is yet to be decided but they have agreed and we have now had 2 years experience in operating a nonprofit housing corporation that can either be a sponsor of or a consultant to sponsors of federally assisted low-income housing.

I guess we have in Baltimore City something like 600 units either finished, under construction, or in what we call the pipeline.

Aside from the one we are working with the Social Security Administration on, which is some 600 to 1,000 units, we have some very modest starts to this effort in Baltimore County.

Reisterstown, the East Towson project is one in which we are providing the seed money and consulting services to the organization. I think Mr. Anderson and others talked about the East Towson project.

Maybe this is the way business can do this job perhaps most effectively rather than going out individually and trying to do it in their neighborhoods. I think the problem is so big that it needs both. It needs the major corporations working to provide housing for their employees and their neighborhood where they live and it

needs organization of the business and industry to try and do the same thing.

MR. GROSS. From your own organization's involvement in the Section 235 program of federally subsidized home ownership, I take it you are one of the principal nonprofit organizations in this field in the Baltimore area?

MR. BOUCHER. We are one of them. I am sure there are others. But we have been operating for 2 or 2½ years.

MR. GROSS. From your perspective, we heard the hope expressed that those programs where private builders construct housing will be the answer in the future if these programs are adequately funded. Do you foresee that happening, the housing problems we have been talking about in Baltimore County really being solved by these programs?

MR. BOUCHER. I do not. I think it can have an impact. I think it can be helpful. But anybody who has been down the road of one project knows that the time and the frustrations and the difficulty, the paperwork that are required here must have come to the conclusion that they will have an impact but won't solve the problem.

MR. GROSS. Then what do you think the solution must have to entail?

MR. BOUCHER. I think we have to find a way in housing to make the system work so that somebody can make a dollar out of it to provide low-income housing. It is possible I think. We are exploring now, for instance—this is not said in criticism of FHA; it's said in recognition of the problems of FHA—we are trying to find a way to get the commercial banks of the city of the area here, and perhaps utilizing the State legislation which was recently passed, which, if it's not emasculated at the polls, can be very helpful in this, to get that to provide some kind of streamlined guaranteed system which will provide—let the system work. The financial institutions, the savings and loan, the savings banks and commercial banks; get them involved in making loans for low-income housing and avoiding the problems of Federal appropriations to have FHA, the problems of FHA, which for better or worse is oriented in many cases to mortgage holders in Baltimore County and not to the low-income problem.

We think we have a responsibility then to develop a mechanism that will allow the builders without all the problems that the subsidy programs of the Federal Government bring with them, to get involved in this field. That is an optimistic or hopeful, maybe overly optimistic approach, but I think that we believe that we have to

find a way to harness the profit motive to work on the problems of low-income housing.

MR. GROSS. I have no further questions, Mr. Chairman.

CHAIRMAN HESBURGH. Dr. Horn?

VICE CHAIRMAN HORN. Just one or two.

I wondered if you could maybe furnish the Commission at your convenience in writing some of your comments on the unreasonable red tape you feel that has really blocked groups such as yourself, a group I want to commend, for one. I think it is great what you and the other businessmen in the community are doing. Give us your reflections in writing sometime as to what are some of the things that could be smoothed out in the whole process to get this housing delivery.

I have two questions you can give me a fast impressionistic answer on. One is building codes. To what degree in your experience do you feel that these are realistic or perhaps overly rigid in terms of preventing the type of low-income housing that is so necessary?

MR. BOUCHER. Well, I think that they are perhaps overly rigid. They have discouraged I think new concepts of construction, modular construction, things of that nature.

Let me give you a specific. In the inner-city you go along the row houses of Baltimore, you see gaps where houses have been torn down. You have a 20-foot house or a 20-foot lot—an 18-foot lot. The code says you can't have a vent except 10 feet from each wall. If you have an 18-foot lot it is impossible.

With that kind of technology we have in terms of vents for furnaces, that is unrealistic. Well, that is one example that can be recounted over and over again in terms of antiquated codes. It's a problem.

VICE CHAIRMAN HORN. What attempts have you made to change that?

MR. BOUCHER. There are efforts being made to change it. We are finding frankly in terms of the city government excellent cooperation here.

VICE CHAIRMAN HORN. In other words, they are receptive?

MR. BOUCHER. They are receptive to this; right.

VICE CHAIRMAN HORN. What forces in a city are opposed to changing a building code like that? Are there any?

MR. BOUCHER. Well, there are some, yes.

VICE CHAIRMAN HORN. Who are we talking about?

MR. BOUCHER. The labor unions in many cases. In modular construction or prefabricated construction you find some of that. Some

of the trades that have a rather vested interest they believe in holding the line and doing each little segment on its own.

Frankly, I think with the market that is available, we have 50,000 substandard houses in Baltimore. If the market was available they would have more work than they could handle.

VICE CHAIRMAN HORN. Even if we opened it up and got the money to build houses all of a sudden, do we have enough skilled workers in Baltimore to really build those houses or have the labor unions so restricted supply into the crafts that we don't really have the people even if we had the money?

MR. BOUCHER. We don't have the people. We have to have more. But let me say that I think there are some breakthroughs here, too.

We have in Baltimore a Mayor's Committee on Apprenticeship Training which has been very active. We run out of our office a fund which business and labor and the city put together to provide tools for apprentices and union membership for apprentices.

We are entering into an arrangement with the Building Trades Councils and they putting very substantial money into financing through their pension funds and avoiding the commercial route and avoiding FHA and financing some low-income housing in Baltimore City.

We have a couple million dollars now put together for that purpose. In addition, as part of that deal, they run a training program to provide apprenticeship training for new people and not the brothers or sons or nephews of existing members.

VICE CHAIRMAN HORN. In other words, there is some apprenticeship going to be given for minority group members in particular and not just the cousin or nephew, as you have said.

MR. BOUCHER. That's right. I think in recent—almost months there has been a dramatic change here in that concept of the labor unions' responsibility. This fund of money and the agreement to train apprentices can open up for the future some opportunities that can allow us to build the housing we need if we overcome some of these other barriers.

VICE CHAIRMAN HORN. To what do you attribute that change in the climate? Is that local initiative? National labor initiative? Department of Labor initiative?

MR. BOUCHER. I think it is a little bit of all of that; they are responding to pressure. I know there has been a change in local building trades leadership in the last year. That had an influence.

VICE CHAIRMAN HORN. Thank you.

CHAIRMAN HESBURGH. Mrs. Freeman?

COMMISSIONER FREEMAN. I would like to refer to the statement of a comment you made concerning the FHA program.

I ask if you really are referring to maybe 221 (d) 3, 235, 236 rather than the entire FHA program, because we have heard testimony from people and observations from people in opposition saying that they don't wish to subsidize housing. However, the FHA-insured loan is a subsidy and FHA built the suburbs.

Many of the people who say they are opposed to people getting a subsidy themselves are the beneficiaries of a subsidy. Does your comment include the FHA-insured loan for the individual homeowner?

MR. BOUCHER. My comment goes to the difficulty and the time and the paperwork on the subsidized program. It is very difficult, point one.

Let me preface what I am going to say by this: both the director and the chief underwriter of the Baltimore office have made super-human efforts to change what I am going to describe, but they inherited men who in some cases were 30-year employees of FHA, or almost 30-year employees of FHA.

They knew all about how to get things off and running without any trouble. We got a conventional loan through in 5 days. It took over a year to get a 235 commitment.

I think there is a terrible disparity between the level of service out of FHA on conventional suburban service—

COMMISSIONER FREEMAN. But you are not opposing that?

MR. BOUCHER. No. I think it has been misused. I think it contributed to what we are saying today tremendously. It created wealth. It created housing. But I think anybody who doesn't understand that there are two societies. This dual society that faces us hasn't been encouraged by Federal policy including FHA, including Transportation, including many, many other things. They are just kidding themselves.

COMMISSIONER FREEMAN. Thank you.

CHAIRMAN HESBURGH. Mr. Glickstein, do you have any questions?

MR. GLICKSTEIN. One question.

MR. BOUCHER, I understand that a group of financial institutions, a few financial institutions in this city have formed an organization called the National Corporation for Housing partnership to get additional low-income housing going.

Could you tell us something about that corporation, that partnership and your relation to it?

MR. BOUCHER. We have three corporations in the Baltimore area

who have made a commitment to the National Corporation, which is the national effort that grew out of the Kaiser Commission recommendations, over 2 or 2½ years ago. They, in essence, are stockholders of the National Corporation and we met with several of them to determine what, if anything, this meant to Baltimore and we found that they are like any other minority stockholders.

There is a \$35 million commitment nationally and they are \$300,000 of that \$35 million and it will go to \$50 million and they will still be \$300,000 of that and they say: "Look, we are stockholders. We are not going to have much impact on bringing the resources of the national housing partnership to Baltimore but we will make an effort."

I had this morning in the mail an indication, the first indication that the national partnership was looking at Baltimore and would, and I think our purpose is to work with them and make sure that they do come to Baltimore, and get involved in some of the financing for some of the projects which we have in the pipeline and one of which may be the Social Security effort in Baltimore County. I would like to see that.

I would like to see the national partnership and the private sector joined together to help Social Security make this a reality.

MR. GLICKSTEIN. Thank you.

CHAIRMAN HESBURGH. As our final witness let me say how happy I am that you have been so positive and constructive in telling us about private efforts and business efforts and private citizen efforts to get at this problem we have been discussing over the past days.

I think it again is a sign of hope for people who—especially people who live with the problems, don't have a big house and try to find a better house. These people are really concerned that you are giving your own time and effort and money to solve their problem. It is giving them a great deal of heart.

We appreciate very much and thank you very much for being here.

Do we have any unfinished business?

MR. POWELL. No, Mr. Chairman.

CHAIRMAN HESBURGH. If we have no unfinished business I would like to make a closing statement.

First of all may I say I appreciated very much the courtesy of this audience. On a few occasions I had to rule for order and I never got more cooperation in my life. I wish I was as influential at the university.

This public hearing of the U. S. Commission on Civil Rights is coming to an end. For 3 days the Commission has listened to the

testimony of scores of witnesses with different interests, different professions and, quite often, different philosophies.

The hearing has been perhaps the least difficult part of all, for now begins the laborious process of re-examining the information we have gained here so that we can isolate those facts which are essential to framing effective answers to complex questions and problems on a broader, even national level.

This hearing, as other Commissioners and I have pointed out before, was held as part of a national study undertaken by this Commission to determine the effects suburbanization has had on members of minority groups.

We seek to learn if minority group members have shared equitably in the housing being constructed in the suburbs and the jobs being developed there and if they are not, then why not?

In looking at Baltimore City and Baltimore County, we have in effect been looking at all areas of the country with similar problems. The residents of this area should, therefore, not feel we have come here because the racial situation here is any worse or any better than in other areas of the country.

Our goal here has been to secure information that is essential for our study and this hearing has been extremely helpful to our efforts.

Recalling for a moment the first hearing of this Commission in Montgomery, Alabama in 1958, some 12 years ago, this Nation has made important civil rights advances in the intervening years. It is now the law of the land that no citizen is to be denied equal opportunity in housing and employment and this was most certainly not true when we held that first hearing in Alabama.

And yet, despite progress, the progress we have made, one could not sit through these 3 long days of testimony and conclude that all is right in our land or even all is right here in "Beautiful Baltimore". The problems are more complicated today. The issues are not as clear, the solutions are not as readily apparent.

But the crisis facing our country today is every bit as serious, if not more so. There are many more miles to go before we can rest. There are many more obstacles to be overcome before the dream of equality on which this country was founded is finally redeemed. We are at that point in our history when we must face the really difficult problems, problems so wrapped up in emotion and myth that often they seem insoluble.

We must get at the facts which we have tried to do here during these past days. For a black man to vote is one thing. For a black

man to be able to buy a home that he chooses and can afford in any area that he chooses is another thing.

When we speak of open housing, we strike a particularly sensitive nerve but unless we do face up to problems such as these, unless we do make every effort to assure that equality of opportunity really does exist, we are creating a whirlwind that succeeding generations, if not our own, will reap.

During these 3 days a picture has been drawn of a polarized society. Inside the city the population is about 50 percent black; outside in Baltimore County it is over 96 percent white.

Clearly this means there are two separate worlds in existence and the gulf that widens them produces growing hostility and fear.

In a variety of contexts we have heard testimony during these 3 days that white residents of Baltimore County want to keep their county the way it is. It is as though they have built an island fortress of their own where strangers, and in this context it's impossible not to read the word "strangers" to mean poor and blacks, where they are not welcome. If there is one single word that brings into sharp focus the dimensions of the problem growing out of such suburbanization patterns as these, it's the word "fear".

Some of you who are here saw this on television this afternoon or saw how Mr. Rouse addressed himself to the word "fear" and explicated it in a very intelligent and meaningful way. Witnesses have testified that many residents of Baltimore County are fearful of the intrusion of outsiders and so they have made for themselves an unreal and plastic world where they can engage in a game of "let's pretend".

Let's pretend that the poor are not with us or let's pretend that blacks do not really exist. And fear feeds upon fear and suspicion grows and a Nation that offers the best hope for mankind shivers on the narrow edge of a breakdown.

Baltimore City and County are not unique in this condition. Let there be no doubt about that. If they were alone perhaps we could regard what we have heard here in and in St. Louis as an aberration.

Since it is not, all of us as Americans should be concerned and should look for answers that will help create a society where men can move about freely and people are not feared simply because they are strangers and where every human being is assumed to be a person of dignity and value and worth and respected as such.

It's a measure of the problem that reasonable and intelligent

men can see the same situation from completely different perspectives, can see two different truths. From black witnesses we have heard that there are two housing markets in the Baltimore area: one for whites and the other for blacks. From white witnesses we have heard that this is not so. That anyone may buy where he wants.

I don't intend to imply that anyone had deliberately sought to mislead the Commission but such divergent views cannot be correct, not in the same place and at the same time; that both sides believe they alone are right is symptomatic of the racial division that has occurred in our society and here in Baltimore as well.

We should be concerned about this and we should seek a better understanding of the other man's concept of the way things are. There is no black truth or white truth. There is only truth.

No one seems ready to take the responsibility for creating this already existing and polarized society. Witness after witness has assured us, has assured this Commission that the course of business of the public programs they carry out is neutral insofar as they relate to race.

In saying this, however, many seem not to understand that the net effect of actions they have taken has been to contribute further to the existing polarization and to the deterioration of the total human condition here.

It's obvious that things are not going well but yet if we are to rely on the testimony we have heard for 3 long days no one is doing anything wrong. No one is deliberately attempting to keep housing, employment, or education all-white or all-black depending upon where it is.

All I can say is that the situation would not be as it is today here or throughout the country if everyone were practicing virtue to the extent that they profess they are.

Where then are we to go from here for solutions? We have in effect held up a mirror to the Baltimore area. In it you have seen things of which perhaps you were not aware and which I am sure you are not all that proud.

The hearings of the Commission, in addition to producing the data we need to make recommendations for national policy, have also often encouraged local communities to attack their own problems. We have seen some evidence of that happening here already and we certainly hope that a lot more of it will happen after the conclusion of this particular meeting.

In a few hours we of the Commission will be gone but the problems will remain. I hope that the end of this hearing will not mean

the end of your concern. It will certainly not mean the end of ours.

I hope you will move ahead from this point to take all those actions that will change the picture that has been present at this meeting.

It is never pleasant to confront unpleasant and disturbing facts but this is the first necessary step on the road to solutions. I suggest that this is the way in which the hearing should be viewed and I suggest that we look forward to a happier conclusion in the days ahead.

As we close I must re-emphasize, and this is for the benefit of all our witnesses, that witnesses at Commission hearings are protected by the provisions of Title 18 of the U. S. Code, Section 1505, which makes it a crime to threaten, intimidate, or injure witnesses on account of their attendance at Government proceedings.

On behalf of the Commission I wish to express our appreciation to the many officials, to many private citizens, and to many organizations who have cooperated with us in the preparation and holding of this hearing.

I specifically wish to thank Commissioner Robert M. Ball of the Social Security Administration; E. W. Isobaker; Mr. George R. Brewer; Benjamin Longnecker; and Charles R. Potter, all from the Division of Operating Facilities.

Captain I. L. Kenney of the Guard Force and his staff and Deputy U. S. Marshal Dwight Swiegel, and the five other marshals assigned here during this period; and all the staff of this beautiful facility.

I would like as well to, on behalf of the Commissioners, thank our own staff for the enormous time and effort they put into the preparation and execution of this particular hearing.

This Commission also owes a debt of gratitude to the staff of Channel 67.

We are using their own facilities so we might thank them face to face. They have worked very hard to carry these proceedings live on television as a public service.

In this fashion we hope the hearing has been educational for many people in this community. Two of the individuals responsible for this coverage are Vincent Cluse and Tom Gillette who have worked closely with our staff.

I wish also to commend the other news media of the city and the area for the excellent coverage they have given to this hearing. All of this, too, is educative for the general public.

Finally I want to thank the people of Baltimore City and Baltimore County and the State of Maryland for the interest they have

shown in these proceedings and for the many courtesies they have extended to all of us.

Ladies and gentlemen, this public hearing of the U. S. Commission on Civil Rights is now adjourned.

(Whereupon, at 6:21 p.m., the hearing was adjourned.)

EXHIBITS ENTERED INTO
THE HEARING RECORD

Exhibit No. 1

COMMISSION ON CIVIL RIGHTS MARYLAND

Notice of Hearing

Notice is hereby given, pursuant to the provisions of the Civil Rights Act of 1957, 71 Stat. 634, as amended, that a public hearing of the U.S. Commission on Civil Rights will commence on August 17, 1970, and that an executive session, if appropriate, will be convened on August 17, 1970, to be held at the Social Security Auditorium, Social Security Administration Headquarters, 6401 Security Boulevard, Baltimore, Md. 21235. The purpose of the hearing is to collect information concerning legal developments constituting a denial of equal protection of the laws under the Constitution because of race, color, religion, or national origin which affect the housing opportunities, or employment opportunities, or economic security of persons residing in Baltimore County and in the State of Maryland; to appraise the laws and policies of the Federal Government with respect to denials of equal protection of the laws under the Constitution because of race, color, religion, or national origin as these affect the housing opportunities, or employment opportunities or economic security of persons in the above areas, and to disseminate information with respect to denials of equal protection of the laws because of race, color, religion, or national origin in the fields of housing, employment, and related areas.

Dated at Washington, D.C., July 14, 1970.

THEODORE M. HESBURGH,
Chairman.

[F.R. Doc. 70-8976; Filed, July 14, 1970;
8:46 a.m.]

Exhibit No. 2



MARVIN MANDEL
GOVERNOR

STATE OF MARYLAND
EXECUTIVE DEPARTMENT
ANNAPOLIS, MARYLAND 21404

August 10, 1970

Mr. Theodore M. Hesburgh
Chairman, United States
Commission on Civil Rights
Washington, D. C. 20425

Dear Mr. Hesburgh:

Thank you very much for inviting me to address the United States Commission on Civil Rights at the Commission's planned public hearing on August 17 - 19, 1970, in Baltimore County, Maryland.

I regret that my schedule will not permit me to address the Commission at the hearing. However, if I can be of any other assistance to the Commission, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in cursive script that reads "Marvin Mandel".

Governor

Exhibit No. 3

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

DEMOGRAPHIC, ECONOMIC, SOCIAL, AND POLITICAL CHARACTERISTICS OF

BALTIMORE CITY AND BALTIMORE COUNTY

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INTRODUCTION

Baltimore, the largest city in Maryland, was the sixth most populous city in the United States in 1960, and part of the twelfth most populous Standard Metropolitan Statistical Area (SMSA).^{1/} The city is located on the Patapsco River estuary, an arm of Chesapeake Bay, and is 40 miles northeast of Washington, D.C. It encompasses 79 square miles of land and 13 square miles of water.

Baltimore County extends from Chesapeake Bay to the Pennsylvania State line. Portions of the original territory included part of the city, the neighboring counties, and even some of the State of Pennsylvania before the Mason-Dixon dispute was settled. Today, the county has 173 miles of Chesapeake Bay tidal water frontage in its 608 square miles. Known as the "Golden Horse Shoe," the county virtually surrounds the city of Baltimore. Since 1851, Towson has been the county seat.

1/ "The Standard Metropolitan Statistical Area is a concept devised by the Census Bureau to consider as a unit the area in and around a central city whose activities form an integrated social and economic system. An SMSA consists of two parts; a central city or pair of cities with 50,000 or more persons, and the surrounding suburban ring. The suburban ring includes the remainder of the county containing the central city or cities plus contiguous counties that are metropolitan in character and socially and economically integrated with the central city." Department of Planning, City of Baltimore, Population and Housing: Information From the 1960 U.S. Census of Population and Housing as Related to Baltimore City (hereinafter cited as Population and Housing) 1 (March 1964).

The county contains approximately 2,000 farms, placing it near the top among Maryland's 23 counties in value of agricultural products; yet the county contains more than a dozen distinct towns or urban areas, ranging in population from 15,000 to 80,000.

POPULATION

The Baltimore Standard Metropolitan Statistical Area (SMSA) is comprised of Anne Arundel, Baltimore, Carroll, Howard, and Harford Counties, ^{2/} as well as Baltimore City. ^{3/} The population growth rate for the area, averaging 2 to 3 percent per year, is about average for major American SMSA's. ^{4/}

Baltimore SMSA. In 1950 the Baltimore SMSA had a total population of 1,405,399, with a black population of 272,600 -- approximately 19.3 percent of the total. By 1960 the SMSA had grown to 1,727,023, and the black population had grown to 382,823, approximately 22 percent of the SMSA total. ^{5/}

^{2/} Harford County was officially included in the SMSA in 1967 by the U.S. Bureau of the Census. Business Research Department, Chamber of Commerce of Metropolitan Baltimore, Annual Statistical Review Metropolitan Baltimore Marketing Area, (1969).

^{3/} 1970 preliminary population figures from the Bureau of Census show that Anne Arundel County has 291,165 residents; Baltimore County 615,654; Carroll 68,329; Howard 61,181; and Harford 113,404. Exact Census figures for Baltimore City have not yet been completed. Telephone interview with Mrs. Nelly Fay Harris, U.S. Bureau of the Census, July 24, 1970.

^{4/} G. W. Grier, N. M. Robinson, Social Impact Analysis of the Baltimore Freeway System, (hereinafter cited as Social Impact Study) 11 (1968).

^{5/} Population and Housing, supra note 1, at 48.

In 1965 the Baltimore SMSA had a population of 1,949,000 -- a 33.8 percent increase over 15 years. There were 435,000 black residents, approximately 21.5 percent of the total. 84.5 percent of the black population, however, was concentrated in Baltimore City. ^{6/}

Baltimore City. The city of Baltimore lost population between 1950 and 1960, falling from 949,708 to 939,024. Previous decades showed a growth rate ranging from 6.7 percent to over 25 percent; the 1950 to 1960 loss was the first since the city's founding. This population decline was marked by a dramatic rise in the city's black population and by the fact that the city was beginning to run out of vacant land. ^{7/} In 1950 the city's black population numbered 226,053, about 24 percent of the city's total population. ^{8/}

According to the Baltimore City Health Department estimate, the city's overall population loss has accelerated since 1960. In 1965 the total had dropped to 917,752, or 21,000 less than in 1960. By 1967 the number had dropped still further to 909,900. On the other hand, the city's black population increased from 328,416 in 1960 to 369,000 in 1965. ^{9/}

^{6/} Business Research Department, Chamber of Commerce of Metropolitan Baltimore, Market Transition of Metropolitan Baltimore, 1, 5 (1966).

^{7/} Social Impact Study, supra note 4, at 11.

^{8/} Population and Housing, supra note 1, at 48.

^{9/} Social Impact Study, supra note 4, at 24.

It has been projected, on the basis of this trend, that the city's population will drop below 900,000 in 1970 -- the lowest since 1940 -- and that the city's black population will reach 410,000 during 1970. Shortly after 1970 the black population will be in the majority. ^{10/} (See table I)

Within the city of Baltimore, patterns of residential racial segregation have long prevailed. In 1960 only 17 percent of the city's census tracts could be classified as having an integrated population. By 1968 only 13 percent -- 23 tracts out of 168 -- could be considered integrated. The remaining 145 tracts were ^{11/} substantially either all-white or all-black.

Baltimore County. In 1950 Baltimore County had a total population of 270,273, of whom 18,026 or about 6 percent were black. By 1960 the black population had decreased to 17,535, constituting ^{12/} only 3.3 percent of a county population of 492,418.

^{10/} Id.

^{11/} Staff Research Report #69-2, Baltimore Department of Planning, Baltimore City 1968 Population Estimate: White and Non-white by Census Tract, 12 (1970).

^{12/} S. Gordon, Health Services and Needs, Baltimore County, Maryland, at 2 Table I, (1968).

On August 12, 1970 the U.S. Census Bureau reported that for Baltimore City the preliminary population figure as of April 1970 was: 893,908.

By 1964 the county's total population had grown to 541,610, while the black population declined to 16,580, or approximately ^{13/} 3 percent of the total. (See Table II)

As of April 1970, according to the United States Census Bureau preliminary count, the county's total population was 615,654. ^{14/}

The county has seven times the land area of Baltimore City. Based on 1970 United States Census preliminary figures, there are 1,000 residents per square mile in Baltimore County compared to 11,500 persons per square mile in the city.

INCOME LEVELS

There are wide racial differentials in family median income in the Baltimore area. In 1959, for example, the median income for white families in Baltimore City was \$6337; for black families \$4123. 12.9 percent of the white families and 31.8 percent of black families earned less than \$3,000. ^{15/} (See Table III)

There was an even greater gap in median incomes among families in Baltimore County. In 1959 white families had a median income of \$7155 while black families had \$4625. ^{16/} (See Table IV)

^{13/} Id.

^{14/} 1970 preliminary population figures from the Bureau of the Census show that Baltimore County ranks third in population in Maryland. Prince George County is second with 657,710; Baltimore City is ranked first. (Exact census figures for the city are not yet available). Telephone interview, supra note 3.

^{15/} 1960 census, Department of Commerce, Vol. I, Characteristics of Population, Part 22, Maryland, (hereinafter cited as Characteristics of Population) Table 139.

^{16/} Id. at Tables 86 and 88.

In 1959 in Baltimore City 18.6 percent of families were earning less than \$3000 per year, while in Baltimore County only ^{17/} 7.1 percent of all families were earning less than that amount.

Comparing income levels by geographic area within the Baltimore area also indicates substantial differences between white and black families. A 1968 report of the Chamber of Commerce of Metropolitan Baltimore states that in 1967 for the predominantly black neighborhoods in the city of Baltimore of Mt. Royal, the Central Business District, and West Baltimore, the median family income was \$6300, \$5,200, and \$5,100 respectively. In 1967 in Baltimore County, on the other hand, in the predominantly white neighborhoods of Towson and Pikesville, the median family incomes were \$12,000 and \$10,500 ^{18/} respectively.

17/ U.S. Bureau of the Census, County and City Data Book, (A Statistical Abstract Supplement), Items 18-33, (1962). For the SMSA in 1959 the median income level for white males in all occupations was \$5234; for black men \$3330. Among white-collar male workers, the median income was \$7118, compared with \$3713 for black male white-collar workers. Among all male blue-collar workers, the median income was \$5273; black blue-collar workers earned \$3705. Characteristics of Population, supra note 15, at Table 130.

18/ The Chamber of Commerce of Metropolitan Baltimore, Metropolitan Baltimore Growth Patterns 1963-1967, 4, 5 (1968).

EMPLOYMENT

The Labor Market. There are a number of large manufacturing firms in the Baltimore SMSA. The largest is Bethlehem Steel Corporation which, at the end of 1967, employed about 34,000 persons, principally at the Sparrows Point steel plant. The largest nonmanufacturing employer is the Social Security Administration, with headquarters in Baltimore County. Several other Federal agencies maintain branches and regional centers in the SMSA. Federal employment (including military-connected) averaged 50,300 during ^{19/}1967-68.

19/ Other principal employers include the Westinghouse Electric Corporation, which employed over 16,000 persons at six divisions in the SMSA at the end of 1967; the Western Electric Company, which employed a total of about 8,350 persons; and the Bendix Corporation, with about 6,000 employees at the end of 1967. Other important manufacturing employers include the Martin Marietta Company (4,000 persons); the Black & Decker Manufacturing Company (2,000 persons); the Bata Shoe Company (2,000 persons); and General Motors Corporation (2,000 persons). Department of Housing and Urban Development, Federal Housing Administration, Analysis of the Housing Market, Baltimore Maryland 4-5 (1968).

The 1960 census reported that there were 643,482 employed persons in the Baltimore SMSA. 128,711, or about 20 percent, were black persons.

TABLE A
Employment by Sex and Color in
All Industries - Baltimore SMSA, 1960

<u>White Employees</u>	514,771 (80%)
Male	348,959
Female	165,812
<u>Black Employees</u>	128,711 (20%)
Male	77,734
Female	50,977
<u>Total Employees</u>	643,482 (100%)

Source: 1960 census, Department of Commerce, Vol. I, Characteristics of Population, Part 22, Maryland, Table 129.

The 1960 census also reported that three times as many black men worked in blue-collar jobs as in white-collar jobs; among these black workers, the majority, or 54.2 percent, were laborers. (See Table V). The construction industry had the largest number of employees in the SMSA (36,552). Only 19.5 percent of the workers employed in this industry were black. Black workers had better representation in the primary iron and steel industry, comprising approximately 29 percent. (See Table VI)

In Baltimore City there are also substantial racial differences in the occupational structure. In 1960 black persons constituted 29 percent of all male workers, but only 11 percent of all male professionals and 17 percent of all male craftsmen and foremen. On the other hand, black persons accounted for 66 percent of male laborers.^{20/} Moreover, the city is experiencing a shift from predominantly blue-collar employment to predominantly white-collar. Commercial and industrial developments, originally centered around the harbor, have moved to the northwest, west, and southwest. New developments have begun appearing along U.S. 40 toward New York and along the Washington-Baltimore Parkway.^{21/}

Movement of Industry. Between 1955 and 1965, 619 manufacturing firms, 23 percent of the 1965 total of all manufacturing firms, moved from one site to another within the SMSA; in 1965 these firms accounted for 24,502 employees, or over 10 percent of all manufacturing employees.^{22/}

Eighty-two industries left Baltimore City for the surrounding counties; 65 went to Baltimore County. These 65 firms employed 4,476 persons. Only six firms moved from the county to the city; these firms employed 248 persons.^{23/} (See Table VII).

20/ Social Impact Study, supra note 4, at 41.

21/ 1 Real Estate Research Corporation, Abbreviated Economic Overview, Baltimore, Maryland (hereinafter cited as Economic Overview), 48 (1968).

22/ Regional Planning Council (Baltimore, Maryland), Patterns of Change in Manufacturing Industry, Baltimore Region, 1955-1965, 17-19 (1968).

23/ Id.

TABLE B
Manufacturing Firm Moves Within the Baltimore SMSA,
1955-1965

<u>Origins</u>						
FROM	TO-----Balt. City	Anne Arundel	Balt. County	Carroll County	Harford County	Howard County
BALTIMORE CITY		11	65	2	1	3
ANNE ARUNDEL	1		0	0	0	1
BALTIMORE COUNTY	6	0		0	0	1
CARROLL COUNTY	3	0	1		0	0
HARFORD COUNTY	0	0	0	0		0
HOWARD COUNTY	1	0	0	0	0	

Source: Regional Planning Council (Baltimore, Maryland),
Patterns of Change in Manufacturing Industry,
Baltimore Region, 1955-1965, 19 (1968).

In addition, between 1955 and 1965, there was a substantial incidence of industrial movement into and from the region. Taking into consideration these moves, and also manufacturing firm births and deaths, Baltimore City suffered a net loss of 338 manufacturing firms. Baltimore County, on the other hand, showed the highest net gain in the SMSA, 125 firms.

TABLE C
Manufacturing Firm Moves From and Into the Baltimore SMSA;
Births and Deaths of SMSA Manufacturing Firms;
1955-1965

	Baltimore Region	Baltimore City	Anne Arundel County	Baltimore County	Carroll County	Harford County	Howard County
Total Number of Firms 1955	2777	2249	99	242	100	65	22
+Births	817	476	83	154	48	34	22
-(Deaths)	(949)	(743)	(41)	(88)	(41)	(25)	(11)
+Moves To	619	502	16	87	4	4	6
-(Moves From)	(619)	(573)	(7)	(28)	(6)	(3)	(2)
Total Number of Firms 1965	2,645	1,911	150	367	105	75	37
Net Gain or (Loss)	(132)	(338)	51	125	5	10	15

Source: Regional Planning Council (Baltimore, Maryland),
Patterns of Change in Manufacturing Industry,
Baltimore Region, 1955-1965, 21 (1968).

Unemployment. In 1960 the United States Census reported that the Baltimore SMSA had an unemployment rate of 5.3 percent. The unemployment rate among black persons was reported to be 9.8 percent. For Baltimore City, the overall unemployment rate in 1960 was 6.7 percent, while the unemployment rate among black persons stood at 10.1 percent.^{24/} The overall unemployment rate in Baltimore County in 1960 was 3.4 percent;^{25/} for black persons it was 7.2 percent.^{26/}

In 1968 the Department of Health, Education, and Welfare estimated that for Baltimore City the overall employment rate was 5.7 percent. For black workers the rate was 9.1 percent.^{27/} In addition, there is some indication from more recent data that the unemployment rate in selected inner-city neighborhoods of Baltimore is on the increase.^{28/}

^{24/} Characteristics of Population, supra note 15, at Table 115.

^{25/} Id.

^{26/} Id. at Table 87.

^{27/} Office of Programs for the Disadvantaged, U.S. Office of Education, Department of Health, Education, and Welfare, Profiles of Fifty Major American Cities, 15 (1968).

^{28/} A 1968 survey of the Maryland State Department of Employment Security in Baltimore found unemployment rates ranging from 5 percent to 27 percent in census tracts in the area of Mt. Royal-Fremont, Harlem Park, Bolton/Seton Hill, Steward Hill, and South Gay Street. Social Impact Study, supra note 4, at 44.

The Baltimore SMSA is currently classified as a "moderate unemployment"^{29/} area by the United States Department of Labor. In February 1970 the unemployment rate was 3.5 percent.^{30/} As of April 1970 the rate had risen to 3.8 percent.^{31/}

Job Growth. As black persons face serious unemployment problems in Baltimore City, employment opportunities in the counties surrounding the city expand at a rapid rate. The Real Estate Research Corporation has estimated that since 1960 new jobs for the SMSA have been added at the rate of approximately 18,600 per year. About two-thirds of this job growth takes place in the counties surrounding Baltimore City. This predominance is due both to the opening of new industrial and commercial establishments in the suburbs and to the outmigration of industries.^{32/}

Between 1948 and 1968 the total number of jobs in Baltimore City increased by 11 percent. By contrast, for those same years the surrounding counties showed an increase of 245 percent.^{33/}

^{29/} "Moderate unemployment" is defined as an employment rate between 3.0 and 5.9 percent. U.S. Department of Labor, Area Trends in Employment and Unemployment, 9 (April 1970).

^{30/} Id. at 26.

^{31/} Id. (June 1970) at 24.

^{32/} Economic Overview, supra note 21, at 51.

^{33/} See Table VIII.

GOVERNMENT ORGANIZATION

Baltimore City. The city of Baltimore is an independent city, separate and distinct from Baltimore County. The government of the city operates under a mayor-council form; the city council contains 19 members, including the president of the council.

The president of the council is the presiding officer of both the city council and the board of estimates. He appoints the chairmen of all committees, and acts as mayor in the latter's absence.

Eighteen members of the city council are elected from six councilmanic districts -- three from each district; the president of the council is elected at-large. The members of the council enact, repeal, and amend local public laws; they adopt the budget and confirm the various appointments of the mayor.

The Mayor of Baltimore is elected at large and has a 4-year term which runs concurrently with that of the members of the council and the council president. As executive officer, he has general supervisory authority over all city officers and agencies.^{34/} (See Appendix B).

Baltimore County. In 1956 the citizens of Baltimore County elected to adopt a Home Rule Charter, which went into effect in January, 1957. The effect of the charter was to place control over all major phases of local government in the hands of the voters of Baltimore County. As a result, the county is governed by an elected executive and a seven-member council. The seven members of the county council are elected at large for 4-year terms in gubernatorial election years.

^{34/} See generally J.E. Spencer, Contemporary Local Government in Maryland 68(1965).

The council enacts, repeals, and amends local public laws; reviews the county executive's budget (which it may decrease but not increase); adopts the budget and establishes tax rates; and adopts land use and zoning maps. The council also confirms the various appointments of the county executive.

The county executive is elected for a 4-year term and is required to devote full-time to the office. He appoints the county administrative officer, with confirmation of the county council, for a 4-year term. The administrative officer also must devote full-time to his office and performs duties delegated by the county executive. Baltimore County has no incorporated governmental subdivisions (towns, cities, etc.) within its boundaries.^{35/} (See Appendix B).

In August 1969 the Baltimore County League for Human Rights conducted a study of employment by the Baltimore County government. The League reported that the county employed a total of 15,297 employees. Of these employees, only 1,107 were black persons -- approximately 7.2 percent. Over half of the black employees worked for the board of education as nonprofessional custodians, cooks, and drivers.^{36/}

^{35/} Baltimore County League of Women Voters, Know Your Baltimore County, 10 (1969).

^{36/} Baltimore County League of Human Rights, Study on Employment, Baltimore County (1969).

The League gathered employment data by race for each of the 17 county agencies. Six of those agencies employed no black persons. Other agencies employed only a few. For example, the police department employed 1,035, only eight of whom were black; the fire department employed 655, only two of whom were black; the office of central services employed 125 persons, only nine of whom were black.^{37/} (See Table IX)

EDUCATION

Baltimore City. Under Maryland law, the 23 counties and the city of Baltimore comprise the school districts of the State. The Governor appoints the members of the county school boards, who, in turn, select and control the county superintendents.^{38/} The county school systems operate under the centralized management of the State board of education.

The Baltimore City School District is different from all other districts in Maryland. As prescribed in the city's charter, the mayor appoints the school board and the local program superintendent. Consequently, the city, and not the State, controls the city's schools.^{39/}

^{37/} Id.

^{38/} Montgomery County is an exception. Members of the school board are elected rather than appointed and serve for 4 years rather than the normal 6 year terms. Supra note 34, at 65.

^{39/} Charter, City of Baltimore, Article VII Section 58.

In 1960, there were 170,222 pupils attending 121 public elementary, secondary, and vocational schools in Baltimore City. Over half (87,634) of the students enrolled were black.^{40/} Seventy-seven, or 42 percent, of the schools had from 90 percent to 100 percent black enrollment. Sixty-one of the schools, or 33 percent, had a student population 90 percent to 100 percent white.^{41/}

By 1966, 11,732 whites had left the Baltimore City Public School System, while 33,822 black students entered the system. Total enrollment rose to 192,312, of whom 121,456, or 63.1 percent were black students.^{42/}

By 1969, another 12,000 white students had left the city's public school system and another 16,000 black students had entered the system. The total enrollment rose to 193,081, of whom 127,772, or 66 percent, were black. At the present time, the city maintains 161 elementary schools, 14 senior high schools, and 38 junior high schools. (See Table X)^{43/}

^{40/} Southern Education Reporting Service, Statistical Summary of School Segregation-Desegregation in the Southern and Border States, 22 (1961).

^{41/} Baltimore City Public Schools, Division of Research and Development, Annual Report of Pupil Desegregation, at Table A (1969).

^{42/} Southern Education Reporting Service, Statistical Summary of School Segregation-Desegregation in the Southern and Border States, 18 (1967).

^{43/} Annual Report of Pupil Desegregation, supra note 41.

Baltimore County. The Baltimore County Board of Education has nine members who are appointed by the Governor, one member from each councilmanic district and two appointed at large. The members serve staggered 6 year terms.

In 1964 there were 101,984 students enrolled in the county's elementary and secondary schools. 4,182 of these students, or 4.1 percent, were black. Of the 4,182 black pupils, 2,105, or 50.3 percent, were in schools 90 to 100 percent black.^{44/}

By 1969, the white student enrollment had increased by more than 21,000. The black student enrollment had increased by 65. The total school enrollment then was 123,312 of which, 4,247, or 3.4 percent -- a decline from 4.1 percent in 1964 -- were black.^{45/}

In 1960 the median educational attainment of persons 25 years old and over was higher in Baltimore County than in the city of Baltimore. Black persons had a lower median educational attainment in both the city and the county.

TABLE D
Median Years of Educational Attainment

	<u>TOTAL POPULATION</u>	<u>BLACK POPULATION</u>
Baltimore City	8.9 years	8.3 years
Baltimore County	10.9 years	8.4 years

Source: U.S. Bureau of the Census, U.S. Census of Population, 1960 Vol. I. Characteristics of the Population, Tables 34 and 87.

^{44/} Human Relations Commission of Baltimore County, Report on Education Part I, 1 (1965).

^{45/} Education Committee, League for Human Rights, Summary of Baltimore County School System Racial Distribution, (1969). For more detailed information on Baltimore City and County schools, see Appendix B.

HOUSING

Housing Activity. The total housing inventory in the Baltimore SMSA grew from 542,029 housing units in 1960 to 624,300 in May 1968, an increase of 82,271 units. More than 98 percent of this increase occurred in the suburban areas of the SMSA.^{46/} The total housing inventory in the city of Baltimore during the same period showed only a slight increase, growing from 290,155 units in 1960 to 292,500 in 1968 -- an increase of 2,345 units. The housing inventory in Baltimore County, however, showed a substantial increase growing from 142,949 units in 1960 to 183,500 in 1968, an increase of 40,551 during the period.^{47/} (See Table XI)

During the period May 1966 to May 1968, there were approximately 7,300 housing units lost in the Baltimore SMSA through demolition or by conversion to nonresidential uses. A housing market analysis of the Federal Housing Administration reported:

About 5,500 of these units were located in Baltimore. Many of the losses resulted from urban renewal activities, clearance for highway rights-of-way, and housing code enforcement but a considerable number of units have been removed as a result of private activities and as a result of natural causes (fires, etc.).^{48/}

^{46/} Analysis of the Housing Market, supra note 19, at Table VII.

^{47/} Id.

^{48/} Id. at 13.

The analysis projected that during the period May 1968 to May 1970 there would be at least as many units lost as during the 1966-68 ^{49/} period.

There has been virtually no construction of new single family units in the city of Baltimore. In 1967, only 47 building permits were issued for the construction of single family structures. In ^{50/} contrast, in Baltimore County 2,675 building permits were issued.

About one-half of all housing for sale in the Baltimore SMSA ^{51/} in the early 1960's was in Baltimore County.

Nonwhite Housing. According to recent estimates, there were ^{52/} 116,800 black households in the Baltimore SMSA in May 1970. Approximately two-thirds of these families are renter-occupants and virtually none lives in new housing. ^{53/} The Department of Housing and Urban Development (HUD) does not anticipate that this pattern will be broken by a substantial number of black persons obtaining new (nonused) housing:

It is expected that most of the demand for housing from among nonwhite households will continue to be satisfied through transfers of the housing inventory from white to nonwhite occupancy. Virtually all of the demand for single-family units will be satisfied through such transfers. ^{54/}

^{49/} Id.

^{50/} Id. at Table IX.

^{51/} Id. at 27.

^{52/} Id. at 39.

^{53/} Id.

^{54/} Id. at 40.

TABLE E
Estimated Quality of Housing Supply, Baltimore City

<u>Total Families Living in Housing Units Which Are:</u>	<u>1965</u>	<u>1970</u>
	<u>(TOTALS:)277,000 (100%)</u>	<u>280,000(100%)</u>
1. Above minimal code standards	155,000 (55.9%)	150,000(53.5%)
2. Deficient	60,000 (21.6%)	60,000(21.4%)
3. Deteriorating	59,000 (21.2%)	67,000(23.9%)
4. Dilapidated	3,000 (1%)	3,000(1%)

Source: Planning Division, Department of Housing and Community Development, Baltimore, Maryland, Housing Goals and Prospective Changes in Baltimore City, 1970-75, Table II (1970).

The Department of Housing and Community Development (HCD) administers the city's public housing program. As of January 1970, there were 10,280 public housing units in 18 projects in Baltimore City. These units were occupied by 39,200 people -- 4 percent of the population of the city. Sixty-four percent of the residents were minors and 21 percent were elderly. Approximately 55 percent of the residents were welfare recipients.^{55/}

HCD estimates that it currently costs in excess of \$10,000 to purchase a housing unit of standard quality; that the rental on such a unit would be between \$95 and \$138, depending on size; and that such units are beyond the means of 30 percent of the families now living in the city.^{56/}

^{55/} League of Women Voters of Baltimore, Where Will Everyone Live, 5 (1970).

^{56/} Planning Division, Department of Housing and Community Development, Baltimore, Maryland, Housing Goals and Prospective Inventory Change Baltimore City, 1970-1975, 2 (1970).

Baltimore County. The total housing inventory for Baltimore County in 1960 was 142,949 units.^{57/}

TABLE F
Estimated Quality of Housing Supply 1960, Baltimore County

<u>Owner-occupied housing units</u>	104,987 (100%)
1. Sound, w/all facilities	99,917 (95.2%)
2. Total Deficient	5,070 (4.8%)
A. Deteriorating w/all facilities	2,358 (2.2%)
B. Total Substandard	2,712 (2.6%)
1. Sound, lacking facilities	1,267 (1.2%)
2. Deteriorating, lacking facilities	636 (0.6%)
3. Dilapidated	809 (0.8%)

Source: Morton Hoffman and Company, Changes in Characteristics of the Housing Supply in Five Market Areas, Baltimore County, 1960-1967, 7 (1968).

By May 1968, the total number of units had risen to 183,500.

The Real Estate Board of Greater Baltimore reports that the number of dwelling permits issued in the county between 1966 and 1969 far outweighs the number issued in Baltimore City.

57/ Analysis of the Housing Market, supra note 19, at Table VII.

TABLE G
Summary of Dwelling Permits Issued

<u>Total Units</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Baltimore City	3,093	1,638	2,848	1,437
Baltimore County	7,289	6,627	4,433	6,298

Source: The Real Estate Board of Greater Baltimore, Real Estate and Building News, 12 (1970). (See also Table XII)

There are no public housing units in Baltimore County. The League of Women Voters of Baltimore County has reported that because of the absence of such housing, many low-income county residents are forced to move to Baltimore City; it estimates that from six to 10 county residents per week have applied for public housing in the city. The League further reports that between 1967 and 1968, 152 families were transferred from the county welfare department to the welfare department in Baltimore City and that 53 of these families were housed in the city's public housing.^{58/}

WELFARE

In Baltimore City in fiscal 1968 the average monthly welfare case load was as follows: Old Age Assistance 4,225; Aid to Families with Dependent Children 18,972; and Assistance to the Permanently and Totally Disabled 7,670.^{59/} It was reported that of approximately 44,000 public assistance recipients, only 151 were classified as employable

^{58/} League of Women Voters of Baltimore County, Report of the Housing Workshop, 12 (1968).

^{59/} League of Women Voters of Maryland, Public Welfare in Maryland, Part II, 1 (1969).

persons.^{60/}

The total welfare expenditure for fiscal 1968 in Baltimore City was \$68,742,120, of which \$3,034,004 were city funds.^{61/}

In Baltimore County for the month of June 1968, the welfare case load was as follows: Old Age Assistance 275; Aid to Families with Dependent Children 877; and Assistance to the Permanently and Totally Disabled 441.^{62/} The total welfare expenditure for fiscal 1968 in Baltimore County was \$3,869,113, of which \$861,632 were county funds.^{63/}

^{60/} Id. at 5.

^{61/} Maryland State Department of Public Welfare, Annual Report 1968, as reported in Public Welfare in Maryland, Part II, supra note 59, at 66.

^{62/} Public Welfare in Maryland, Part II, supra note 59, at 13.

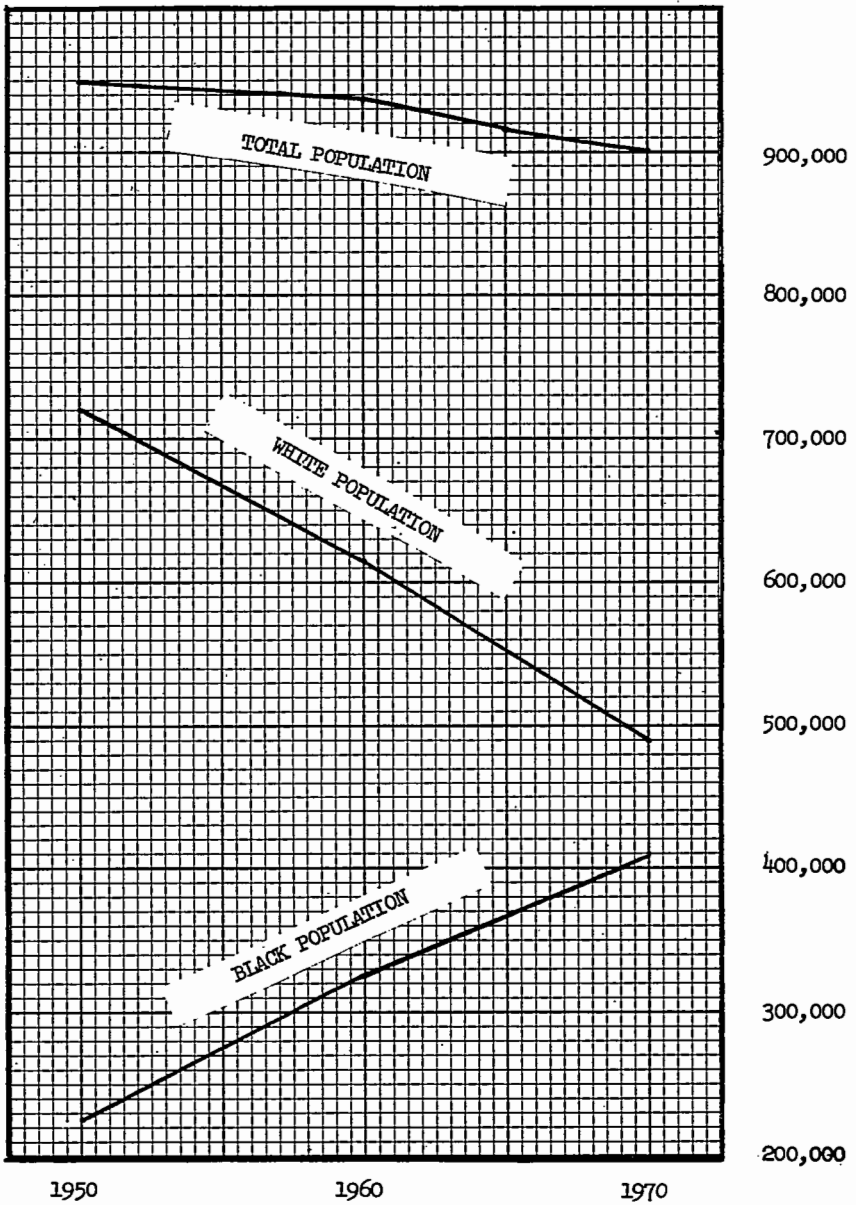
^{63/} Annual Report 1968, supra note 61, at 66.

APPENDIX A

- TABLE I - Population Trends, By Race, Baltimore City, 1950 - 1970
- TABLE II - Population Trends, By Race, Baltimore County, 1950 - 1970
- TABLE III - Family Income by Race - Baltimore City, 1959
- TABLE IV - Family Income by Race - Baltimore County, 1959
- TABLE V - Occupations by Sex and Color in All Industries - Baltimore SMSA
- TABLE VI - Employed Persons by Race - Baltimore SMSA, 1960
- TABLE VII - Employment Affected by Firm Moves, Within and Between Counties in the Baltimore SMSA 1955 - 1965
- TABLE VIII - Job Growth, Baltimore SMSA 1948 - 1968
- TABLE IX - Baltimore County Government Employees
- TABLE X - Racial Distribution in Baltimore City Schools - 1969
- TABLE XI - Trend of Household Tenure, Baltimore Maryland, SMSA
- TABLE XII - Private Housing Units Authorized by Building Permits by Type of Structure, Baltimore City, Baltimore County, Maryland 1964 - 1967

TABLE I

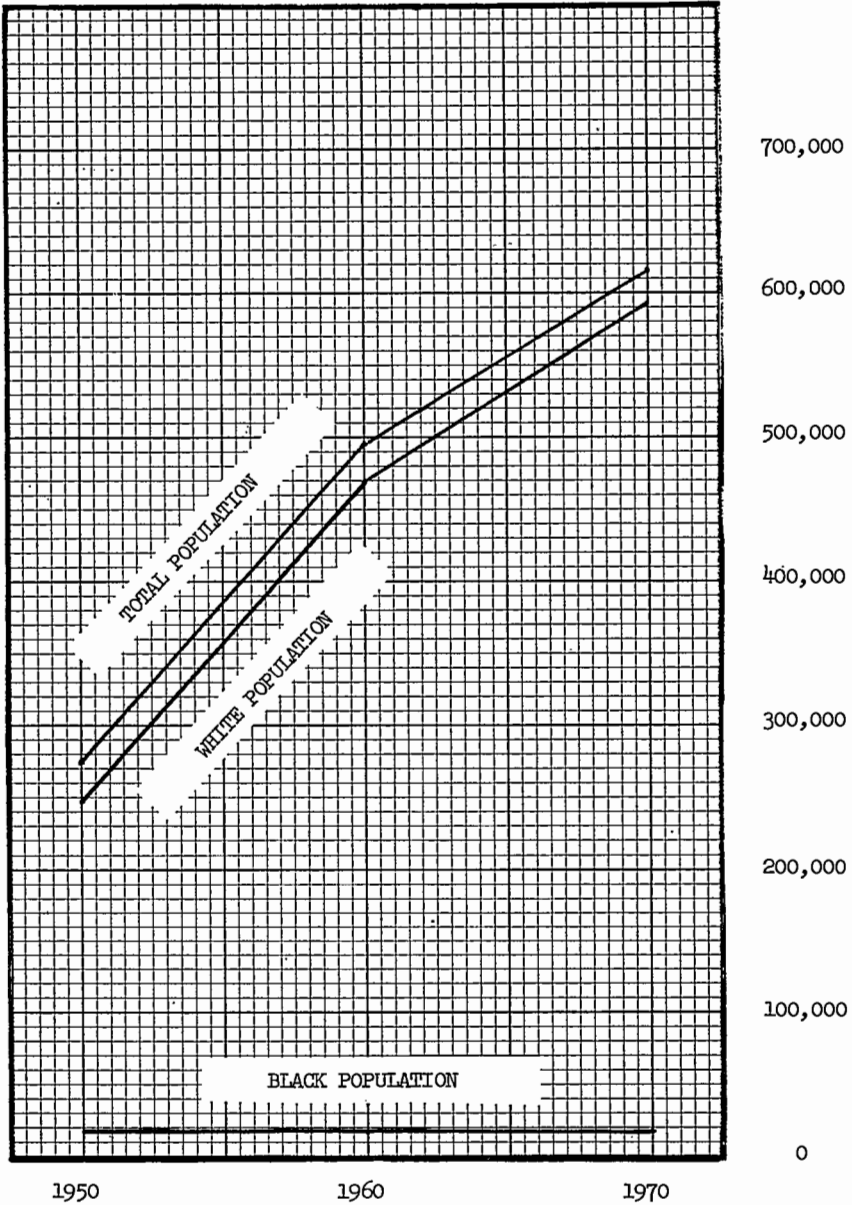
POPULATION TRENDS, BY RACE, BALTIMORE CITY, 1950 - 1970



SOURCE: U.S. Census of Population and Housing: 1950, 1960; 1970 preliminary U.S. Census figures, telephone interview, supra.note 3; Social Impact Study, supra note 4, at 24.

TABLE II

POPULATION TRENDS, BY RACE, BALTIMORE COUNTY, 1950 - 1970



SOURCE: U.S. Census of Population and Housing: 1950, 1960; 1970 preliminary U. S. Census figures, telephone interview, supra note 3.

TABLE III

FAMILY INCOME BY RACE - BALTIMORE CITY, 1959

<u>INCOME LEVEL</u>		<u>WHITE</u>	<u>BLACK</u>	<u>TOTAL</u>
	Total	160,840	68,229	229,069
	Under \$1000	5,090	5,336	10,426
\$ 1,000 -	\$ 1,999	6,716	7,666	14,382
2,000	2,999	8,968	8,717	17,685
3,000	3,999	13,010	11,137	24,147
4,000	4,999	17,753	10,263	28,016
5,000	5,999	22,368	7,804	30,172
6,000	6,999	19,276	5,173	24,449
7,000	9,999	37,341	8,174	45,515
10,000	14,999	20,793	3,255	23,948
15,000 &	over	9,625	704	10,329
Median Income		6,337	4,123	5,659

SOURCE: 1960 Census, Department of Commerce, Vol. I, Characteristics of Population, Part 22, Maryland, Table 139

TABLE IV

FAMILY INCOME BY RACE - BALTIMORE COUNTY, 1959

<u>INCOME LEVEL</u>		<u>WHITE</u>	<u>BLACK</u>	<u>TOTAL</u>
	Total	122,053	3,507	125,560
	Under \$1000	2,111	201	2,312
\$ 1,000 -	\$ 1,999	2,354	244	2,598
2,000	2,999	3,677	370	4,047
3,000	3,999	5,665	572	6,237
4,000	4,999	11,247	586	11,833
5,000	5,999	16,997	526	17,523
6,000	6,999	16,463	317	16,780
7,000	7,999	14,565	192	14,757
8,000	8,999	11,738	131	11,869
9,000	9,999	9,150	111	9,261
10,000	14,000	28,086	257	28,343
Median Income		7,155	4,625	7,098

SOURCE: 1960 Census, Department of Commerce, Vol. I, Characteristics of Population, Part 22, Maryland, Tables 86 and 88

TABLE V

OCCUPATIONS BY SEX AND COLOR IN ALL INDUSTRIES - BALTIMORE SMSA

<u>OCCUPATION</u>	<u># of Males</u>	<u>% of Total</u>	<u># of Black Males</u>	<u>% of Total</u>	<u># of Females</u>	<u>% of Total</u>	<u>Black Females</u>	<u>% of Total</u>
White Collar	<u>156,660</u>	<u>36.7</u>	<u>11,262</u>	<u>7.2</u>	<u>115,105</u>	<u>53.1</u>	<u>10,687</u>	<u>9.2</u>
Officials, Managers and Proprietors	42,028	9.8	1,495	3.0	5,619	2.6	416	7.4
Professionals and Technicians	47,026	11.0	2,675	5.7	24,637	11.3	3,943	11.9
Clericals	38,939	9.1	5,545	14.2	67,419	31.1	5,177	7.6
Sales Workers	28,667	6.7	1,547	5.4	17,430	8.0	1,151	6.6
Blue Collar	<u>248,263</u>	<u>58.1</u>	<u>61,380</u>	<u>24.7</u>	<u>62,743</u>	<u>28.9</u>	<u>20,152</u>	<u>32.1</u>
Craftsmen & Foremen	96,086	22.5	6,839	9.2	2,698	1.2	317	11.7
Operatives	86,465	20.3	21,895	25.3	32,116	14.6	6,855	21.3
Laborers	36,247	8.5	19,656	54.2	1,061	.5	549	15.7
Service Workers	28,464	6.7	10,990	38.6	26,868	12.4	12,431	46.2
Apprentices	1,001	.1	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported	Not Reported
Miscellaneous*	21,770	5.2	--	--	38,941	17.9	--	--

SOURCE: 1960 Census, Department of Commerce, Vol. 1, Characteristics of Population, Part 22, Maryland Table 124, after C. Chandler and Mainstream Associates, Employment Discrimination in the Metropolitan Baltimore Area, (1968)

TABLE VI

EMPLOYED PERSONS BY RACE -- BALTIMORE SMSA, 1960

<u>Industry</u>	<u>Total</u>	<u>White</u>	<u>Black</u>	<u>Other Races</u>	<u>Percent Black</u>
Construction	36,552	29,361	7,147	44	19.5
Primary Iron and Steel Industry	33,492	23,757	9,705	30	29.0
Retail Trade	15,388	42,454	8,770	164	17.1
Medical Services	9,334	6,783	2,397	154	26.1
Communication	3,749	3,460	289	0	7.7
Insurance and Real Estate	10,773	9,445	1,324	4	12.3
Finance	4,603	4,382	208	13	4.5

SOURCE: 1960 Census, Department of Commerce, Vol. I, Characteristics of Population, Part 22, Maryland, Table 129, after C. Chandler and Mainstream Associates, Employment Discrimination in the Metropolitan Baltimore Area, (1968).

TABLE VII

EMPLOYMENT AFFECTED BY FIRM MOVES, WITHIN AND BETWEEN COUNTIES IN THE
BALTIMORE SMSA 1955-1965

Origins	Destinations						Total
	FO ---- Balto. City	Anne Arundel	Balto. County	Carroll County	Harford County	Howard County	
FROM							
Baltimore City	15,380	1,484	4,476	361	70	217	21,988
Anne Arundel	14	138	0	0	0	3	155
Baltimore County	248	0	1,649	0	0	9	1,906
Carroll County	73	0	9	238	0	0	320
Harford County	25	0	0	0	94	0	94
Howard County	25	0	0	0	0	14	39
TOTAL	15,740	1,622	6,134	599	164	243	24,502

SOURCE: Patterns of Change in Manufacturing Industry, Baltimore, 1955-1965,
supra note 22, at 19 (1968).

TABLE VIII

JOB GROWTH, BALTIMORE SMSA 1948 - 1968

	<u>Total Employees - 1948</u>	<u>Total Employees - 1968*</u>
<u>Baltimore City</u>	<u>337,639</u>	<u>376,950</u>
Baltimore County	55,606	157,200
Anne Arundel	6,915	56,478
Carroll	6,891	13,803
Harford	4,147	25,867
<u>Howard</u>	<u>2,362</u>	<u>8,836</u>
Suburban Ring**	75,921	262,184

Baltimore City Growth 1948 - 1968: 39,311

Suburban Ring Growth** 1948 - 1968: 186,263

*Includes Federal Civilian Employees

**The Suburban Ring includes Baltimore County, Anne Arundel, Carroll, Harford and Howard Counties.

SOURCE: Telephone interview with Jerry L. McDonald, U. S. Department of Commerce, Bureau of the Census, Business Division, July 31, 1970. Calculations made by Commission staff.

TABLE IX

BALTIMORE COUNTY GOVERNMENT EMPLOYEES

Agency	Total Employees	Total Black	Managerial		Supervisory		Clerical or Labor		Maintenance	
			Black	White	Black	White	Black	White	Black	White
Police Department	1035	8	0	0	3	284	0		1	
Fire Department	655	2	0	5	0	81	2	557	0	10
Department of Public Works	1096	58	0	12	1	165	56	661	1	200
Department of Permits & Licenses	147	1	0	3	0	28	1	115	0	0
Department of Traffic Engineering	47	0	0	2	0	13	0	3	0	22
Department of Recreation & Parks	1692	143	0	4	1	48	1	41	1	114
Department of Health	292	16	3	44	3	110	1	60	0	0
Office of Law	4	0	0	0	0	1	0	3	0	0
Office of Finance	100	0	0	6	0	10	0	84	0	0
Office of Personnel	15	0	0	1	0	3	0	11	0	0
Office of Budget	9	0	0	2	0	0	0	1	0	0
Office of Central Services	125	9	0	4	0	8	2	56	7	48
Office of Planning & Zoning	71	1	0	10	0	17	1	32	0	0
	*5288	*238	3	93	8	768	64	1524	10	394

Agency	Total Employees	Total Black	Managerial		Supervisors		Prof.		Para. Prof	Cler.	Stu
			Black	White	White	Black	White	Black			
Social Services	163	23	1	5	15	4	58	7	26	10	32 1 14 c
Board of Education	9600	835			20	0	6238	264	2791	571**	
Public Library	205	11			18	3	85	4	3	1#	99 3
County Jail	41	0	7	0	32	0					2 0
	10,009										
<u>GRAND TOTAL</u>	15,297										

*Includes part-time and seasonal employees

** Nonprof. Custodians, Cooks, Drivers and etc.

#Deliverymen

SOURCE: Study on Employment, Baltimore County, supra note 36.

TABLE X

Racial Distribution in Baltimore City Schools - 1969
Summary of Net Roll^a by Race

Level		Racial Breakdown of Pupils in Schools Whose Net Rolls are 90% or more Nonwhite	Racial Breakdown of Pupils in Schools Whose Net Rolls are Racially Balanced	Racial Breakdown of Pupils in Schools Whose Net Rolls are 90% or more White	Racial Breakdown of Pupils in All Schools
Elem.	Nonwhite	68,834	11,557	705	81,096
	White	469	11,644	25,540	37,653
	Total	69,303	23,201	26,245	118,749
Sec.-Voc.	Nonwhite	30,643	15,810	223	46,676
	White	110	21,649	5,897	27,656
	Total	30,753	37,459	6,120	74,332
Total	Nonwhite	99,477	27,367	928	127,772
	White	579	33,293	31,437	65,309
	Total	100,056	60,660	32,365	193,081

A9

COMPARATIVE NUMBER OF SCHOOL COMBINATIONS^b BY RACIAL COMPOSITION OF PUPILS

Race		1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Elem.	90% or more Nonwhite	63	66	70	72	78	80	84	88	87	89
	90% or more White	50	48	48	39	39	36	38	37	36	34
	Racially Balanced	30	32	31	39	38	39	37	34	35	37
	Total	143	146	149	150	155	155	159	159	158	160
Sec.-Voc.	90% or more Nonwhite	14	15	16	17	17	19	24	23	23	22
	90% or more White	11	8	8	5	4	5	3	3	2	2
	Racially Balanced	13	16	16	20	21	19	19	20	21	21
	Total	38	39	40	42	42	43	46	46	46	45
Total	90% or more Nonwhite	77	81	86	89	95	99	108	111	110	111
	90% or more White	61	56	56	44	43	41	41	40	38	36
	Racially Balanced	43	48	47	59	59	58	56	54	56	58
	Total	181	185	189	192	197	198	205	205	204	205

^aExcludes Kindergarten, Early Missions. Excludes Home, Hospital, and Junior College.
^bEach school with its annex is counted only once.

SOURCE: Annual Report of Pupil Desegregation, supra note 41, at Table A.

TABLE XI

TREND OF HOUSEHOLD TENURE, BALTIMORE, MARYLAND, SMSA

APRIL 1, 1960 - MAY 1, 1968

<u>Occupancy and Tenure</u>	<u>Baltimore City</u>	<u>Baltimore County</u>	<u>Anne Arundel County</u>	<u>Carroll County</u>	<u>Harford County</u>	<u>Howard County</u>	<u>SMSA total</u>
* * * <u>April 1, 1960</u> * * *							
Total housing inventory	<u>290,155</u>	<u>142,949</u>	<u>61,278</u>	<u>15,002</u>	<u>22,489</u>	<u>10,156</u>	<u>542,029</u>
Total occupied units	<u>275,597</u>	<u>134,556</u>	<u>51,180</u>	<u>14,186</u>	<u>20,357</u>	<u>9,459</u>	<u>505,335</u>
Owner occupied	149,668	105,037	37,296	9,702	12,388	6,966	321,057
Percent of total occupied	54.3%	78.1%	72.9%	68.4%	60.9%	73.6%	63.5%
Renter occupied	125,929	29,519	13,884	4,484	7,969	2,493	184,278
Total vacant units	14,558	8,393	10,098	816	2,132	697	36,694
* * * <u>May 1, 1966</u> * * *							
Total housing inventory	<u>292,500</u>	<u>170,500</u>	<u>77,100</u>	<u>18,150</u>	<u>29,100</u>	<u>13,550</u>	<u>600,900</u>
Total occupied units	<u>276,500</u>	<u>162,000</u>	<u>66,200</u>	<u>17,200</u>	<u>26,800</u>	<u>12,700</u>	<u>561,400</u>
Owner occupied	151,800	123,900	48,450	12,450	17,600	10,000	364,200
Percent of total occupied	54.9%	76.5%	73.2%	72.4%	65.7%	78.7%	64.9%
Renter occupied	124,700	38,100	17,750	4,750	9,200	2,700	197,200
Total vacant units	16,000	8,500	10,900	950	2,300	850	39,500
* * * <u>May 1, 1968</u> * * *							
Total housing inventory	<u>292,500</u>	<u>183,500</u>	<u>82,150</u>	<u>19,250</u>	<u>31,900</u>	<u>15,000</u>	<u>624,300</u>
Total occupied units	<u>277,500</u>	<u>175,300</u>	<u>71,650</u>	<u>18,350</u>	<u>29,850</u>	<u>14,150</u>	<u>586,800</u>
Owner occupied	151,000	128,900	51,050	13,700	19,650	11,100	375,400
Percent of total occupied	54.4%	73.5%	71.2%	74.7%	65.8%	78.4%	64.0%
Renter occupied	126,500	46,400	20,600	4,650	10,200	3,050	211,400
Total vacant units	15,000	8,200	10,500	900	2,050	850	37,500

SOURCE: Analysis of the Housing Market, supra note 19, at Table VII.

TABLE XII

PRIVATE HOUSING UNITS AUTHORIZED BY BUILDING PERMITS
 BY TYPE OF STRUCTURE, BALTIMORE CITY, BALTIMORE
 COUNTY, MARYLAND, 1964-1967

AREA	ANNUAL TOTALS			
	1964	1965	1966	1967
Baltimore City	4,187	2,728	3,126	1,644
Single family	399	143	70	47
Multifamily	3,788	2,585	3,056	1,597
Baltimore County	6,544	7,557	7,566	6,459
Single family	3,315	3,511	2,665	2,675
Multifamily	3,229	4,046	4,901	3,784

SOURCE: Analysis of the Housing Market, supra note 19, at Table IX.

APPENDIX B

POLITICAL AND ECONOMIC COMPARISON OF

BALTIMORE CITY AND BALTIMORE COUNTY

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INTRODUCTION

Baltimore City and Baltimore County represent two distinctly different communities in terms of political organization, fiscal strength and responsibility, and historical development.

Baltimore City historically has had a unique position in the State of Maryland. For a long time it was virtually sovereign, building its own roads and hospitals, and developing its own educational system. Politically the city was the dominant force in the State and, as such, caused laws to be passed that were to its advantage. Today Baltimore City retains many of its historical powers and responsibilities. However, the city no longer is the dominant political force in the State and its economic position has worsened over the past several decades. Now, the powers and the responsibilities of the city are in many ways burdensome rather than beneficial.

Baltimore County, on the other hand, was traditionally a rural farm-oriented community. For many years the county depended on the State of Maryland to perform many of its governmental functions. The county now has become relatively affluent and its power position in the State has improved. The State, however, still performs many functions for the county which the city performs for itself.

Baltimore City is a highly developed and densely populated area. Baltimore County is an expanding community, with large undeveloped land areas. Where Baltimore County needs to concentrate on the continuing expansion of services for its residents (such as schools, water, and sewer), Baltimore City is faced with the need to allocate large sums of money to problems of overcrowding, poverty, and revitalization of its decayed areas.

POLITICAL ORGANIZATION OF BALTIMORE CITY AND COUNTYBaltimore City

The city of Baltimore is an independent city, separate and distinct from Baltimore County. The government of the city operates under a mayor-council form; the city council contains 19 members including the president of the council.

The president of the council is the presiding officer of both the city council and the board of estimate. He appoints the chairmen of all committees, and acts as Mayor in the latter's absence.

Eighteen members of the city council are elected from six councilmanic districts--three from each district; the president of the council is elected at-large. The members of the council enact, repeal, and amend local public laws; they adopt the budget and confirm the various appointments of the mayor.

The Mayor of Baltimore is elected at large in nongubernatorial elections years. His term runs concurrently with that of the members of the council and the council president. As executive officer, he has general supervisory authority over all city officials and agencies.

Baltimore County

In 1956, the citizens of Baltimore County elected to adopt a Home Rule Charter, which went into effect in January 1957. As a result, the county is governed by an elected executive and a seven-member council. The seven members of the county council are elected at large for 4-year terms in gubernatorial election years.

The council enacts, repeals, and amends local public laws, reviews the county executive's budget (which it may decrease but not increase);

adopts the budget and establishes tax rates; and adopts land use and zoning maps. It also confirms the various appointments of the County executive.

The county executive is elected for 4-year term in gubernatorial election years. He is required to devote full-time to the office. He appoints the county administrative officer, with confirmation of the county council, for a 4-year term. The administrative officer must devote his full-time to the office and must perform the duties delegated by the executive. Baltimore County has no incorporated governmental subdivisions (towns, cities, etc.) within its boundaries.

Relative Political Strength

In terms of political representation in the State, Baltimore City now has 43 delegates and 12 senators. Baltimore County has 22 delegates and seven senators. ^{1a/} This ratio may be changed substantially after reapportionment is carved out on the basis of the 1970 census.

COMPARATIVE POWERS OF BALTIMORE CITY AND BALTIMORE COUNTY

Baltimore City has powers and responsibilities not found in the county government.

Education

In Baltimore City, the board ^{1b/} of school commissioners is appointed by the mayor. The board appoints the superintendent of public instruction. State and Federal funds for education go directly to the city and are reflected in its budget.

1a/ The Maryland General Assembly, Your Voice in Annapolis (1970).

1b/ Charter of Baltimore City, Art. VII, §58.

In Baltimore County the board of education is appointed by the Governor ^{2/} and is a separate unit of the county government. ^{3/} State and Federal funds go directly to the county school board and are not reflected in the county's summary of "Operating Budgets." ^{4/}

Libraries

In Baltimore City the Enoch Pratt Free Library is maintained and supported by the City. ^{5/} In the county, however, the Department of Libraries is administered under State law. ^{6/}

State and Federal funds for county libraries go directly to the board of library trustees ^{7/} and not reflected in the county's summary of "Operating Budgets". ^{8/}

Aviation

The Baltimore City Charter authorizes a department of aviation. ^{9/} This department operates Friendship International Airport. The county has no analogous department, nor does it operate any airports.

^{2/} Baltimore County Charter Art. V, §537.

^{3/} Md. Code Ann. Art. 77, § 34 (Supp. 1969).

^{4/} (1970-1971) Baltimore County, Maryland, Operating Budget, Exhibit E 8

^{5/} Charter of Baltimore City Art. II, §16.

^{6/} Md. Code Ann. Art. 77, §§ 162-165 (Supp. 1969).

^{7/} Id. §§ 171-172.

^{8/} Supra, note 4, at. 9.

^{9/} Charter of Baltimore City, Art. VII, §101.

Water and Sewerage

Baltimore City is also authorized to operate and maintain its own water district and sewerage system. ^{10/} The city's department of public works operates the system. ^{11/} Under the authority of "The Metropolitan District Act", ^{12/} the department of public works allows Baltimore County to utilize the city's water and sewer facilities. The county is charged for this service at a cost rate only.

In addition, Baltimore City exercises functions that the county has chosen not to exercise at all or to the same degree.

^{10/} Charter of Baltimore City, Art. II, §31, 45.

^{11/} Charter of Baltimore City, Art. VII, §35, 36.

^{12/} Established by the Acts of the General Assembly of Maryland of 1924, Chapter 539.

Hospitals

In addition to a department of health Baltimore City operates its own department of hospitals.^{13/} The county has no analogous department and all of its health programs come under the control of the county department of health, which is administered jointly by the county and the State.^{14/}

Other Programs

Baltimore County has not participated in other programs in which the city has participated. For example, the county has no Model Cities Program, no urban renewal programs, and no public housing. Together, these programs account for a substantial expenditure in the city's budget.^{15/}

^{13/} Charter of Baltimore City, Art. VII §§ 47, 49.

^{14/} Charter of Baltimore County, Art. V. §539; and Md. Code Ann. Art. 73 §§45-49 (Supp. 1969).

^{15/} The expenditure for the 1970 Model Cities program was \$11,943,343; urban renewal and public housing, both of which are administered by the Department of Housing and Community Development, were scheduled to expend \$12,200,236 in fiscal 1970. 1970 City of Baltimore Budget in Brief, 89, 91.

AN ECONOMIC COMPARISON OF BALTIMORE CITY AND
BALTIMORE COUNTY

In order to provide required services to its residents, both jurisdictions raise and spend millions of dollars each year.

Baltimore City, for example, had a fiscal 1970 budget of \$666,134,245;^{16/} the county's 1970 budget was \$202,538,082.^{17/}

Revenues

Local governments have a wide range of resources from which to finance their operations. The major local revenue source is the property tax.^{18/} In addition, municipal governments can utilize a variety of Federal grant monies. However, a community's economic vitality does not depend on either Federal or State contributions, but upon the ratio between the wealth of its inhabitants and the services that the community requires.

^{16/} Id. at 7.

^{17/} This figure is taken from a "Summary of All Funds" as shown in the county's 1970 budget. This amount incorporates both county expenditures and that portion of State and Federal expenditures which goes to agencies with which the county has some budgetary relationship. It is not wholly comparable to the figure shown for the city in that there are State and Federal expenditures in Baltimore County which, because the county has no fiscal relationship with the expending agency, are not reflected in the county budget; because of Baltimore City's organization comparable city expenditures are reflected in the city budget. An example of this is highway funds, which are not a budget item in the county but are shown in the city budget. (1969-1970) Baltimore County Operating Budget, Exhibit F.

^{18/} For example, in Baltimore County \$71,101,000 of the general revenue fund of \$151,812,652 for fiscal 1969-1970 is derived from the property tax. Id. at Exhibit G.

Tax Bases

In fiscal 1970 Baltimore City had an assessable tax base of \$3,062,630,008.^{19/} Baltimore County for the same period had a base of \$2,639,859,255.^{20/}

The relative strength of the two communities is best shown in historical perspective. Partly because of urban renewal and revitalization of the downtown commercial sector, Baltimore City has been able to maintain its tax base and even increase it slightly. In 1960 its tax base was \$2,788,146,648. Comparing this with the 1970 figure shows an average yearly growth rate for the decade of .98 percent.^{21/} Baltimore County, however, has evidenced substantial population and industrial growth in the past decade.^{22/} Baltimore County's 1960 assessable base was \$147,328,555. Comparing this with the 1970 base exhibits an average yearly growth rate for the decade of 5.5 percent.^{23/} Projections for 1975 indicate that Baltimore County will surpass the city in assessable tax base, yet still have a smaller population.^{24/}

^{19/} 1970 City of Baltimore, Budget in Brief 8.

^{20/} Operating Budget Baltimore County, Maryland, 1970-71 Exhibit A.

^{21/} 1970 City of Baltimore Budget in Brief, 12. This 10 year range for the rate of growth is based on a net increase but includes a three year decline from 1960 to 1962.

^{22/} Chamber of Commerce of Metropolitan Baltimore, Baltimore 1980 13 (1969).

^{23/} Id.

^{24/} Chamber of Commerce of Metropolitan Baltimore, Baltimore 1980 Projection for Planning 13 (1969), shows that in 1975 Baltimore City will have an assessed value of \$3,300,000,000 and Baltimore County will have an assessed value of \$3,550,000,000. The publication estimates that Baltimore City population will be 925,000 and the county's population will be 775,000 in 1975.

Types of RevenuesProperty Tax

In fiscal 1971 both Baltimore City and County have raised their rates. ^{24a/} Baltimore City now has a rate of \$5.34 per \$100 while the county has a rate of \$3.56 per \$100. Consequently, a city resident who owns a home that has a market value of \$25,000 will pay \$728 in property taxes. A county resident with the same valued residence will pay \$561 in property taxes, \$167 less than the city dweller. ^{25/}

Sales Tax

Both the city and county have the authority to levy a general sales tax, but neither has done so. However, both jurisdictions do have sales or services taxes on specific transactions. The income derived from these taxes is not of major significance. ^{26/}

Income Tax

The city of Baltimore formerly had the authority to levy its own income tax on both residents and persons employed within its boundaries. The rate of taxation was 1 percent for residents, and $\frac{1}{2}$ percent for non-residents (with a set-off provided for the home jurisdiction's income tax). The 1966 State legislature took this authority from the city and

^{24a/} In fiscal 1970 the real property tax rate for Baltimore City was \$4.94 per \$100 of assessed valuation, the highest rate in the State of Maryland by \$1.41. Baltimore County for the same period had a rate of \$3.47 per \$100. Maryland Association of Counties, Budgets and Tax Rates (1968-1975) 4 (1970).

^{25/} Both the city and the county assess at a rate of approximately 60 percent of market value. Baltimore City admits, however, that some dwellings are assessed at full market value. Telephone Interview with George Downs, Administrative Officer, Baltimore City Property Assessor's Office, July 8, 1970.

^{26/} In fiscal 1970 the city collected \$13,457,000 (6 percent of all taxes collected by the city) from such transactions as gas, telephone, electricity, hotels, title transfer, and fuel oil. 1970 City of Baltimore Budget in Brief 14. The county collected \$7,130,000 (5 percent of all taxes collected by the county) from such transactions as electricity, telephone, recordation, title transfer and hotel occupancy. (1970-1971). Baltimore County Operating Budget, Exhibit B.

provided in its place a statewide system. Under the new arrangement each jurisdiction can levy on its residents up to 50 percent of the State income tax paid by the taxpayer. The tax is commonly known as the "piggy back" tax and is collected by the State and returned to the local jurisdiction minus collection charges.^{27/} Both Baltimore City and County have exercised their option to levy at the highest rate--50 percent. Baltimore City always levied at the 50 percent rate, whereas Baltimore County in fiscal 1968 levied at a 20 percent rate and went to the 50 percent rate in 1970. In fiscal 1970 Baltimore City received \$30,041,000 in revenues from the "piggy back" tax, an average of \$33.38 per capita. Baltimore County during the same period received \$38,500,000 in revenues from the tax, an average of \$62.50 per capita.^{28/}

Federal Aid

The amount of Federal funds received by a jurisdiction greatly depends on the programs undertaken by the jurisdiction. Baltimore City receives a substantial amount of Federal aid. The Maryland State Department of Fiscal Services estimated that for Fiscal 1969 the city received \$76,204,152 from the Federal Government.^{29/} Baltimore County received \$6,652,882.^{30/}

^{27/} Interview with Janet Hoffman, Director of Fiscal Research, Baltimore City Council, in Baltimore, Maryland, April 30, 1970.

^{28/} 1970-1971 County Budget, supra note 4, at Exhibit B.

^{29/} Department of Fiscal Services, Local Government Finances in Maryland, Table III, 141 (1969).

^{30/} Id.

In fiscal 1970 the Baltimore City budget reported that it received \$116,673,710 or 17.5 percent of total revenues, from the Federal Government. ^{31/} Of this amount, \$34,635,186 were for programs ^{32/} which the county does not have.

State Aid

The State of Maryland provides a substantial amount of money to local jurisdictions, the majority of which goes for education. Other State monies are allocated for health and welfare. The Maryland State Department of Fiscal Services estimated that for fiscal 1969 Baltimore City received \$111,317,143 in State aid. ^{33/} Baltimore County received ^{34/} \$35,461,194.

Combined State-Federal Aid

Certain Federal programs are matching programs whereby both the State and the Federal Government put in funds in set proportion. These funds are passed on to the local jurisdiction by the State for disbursement or administration. These funds are generally earmarked for specific programs. In fiscal 1970 Baltimore City received \$80,985,826--12.2 percent of its total revenues. Baltimore County does not record an amount for combined State-Federal aid.

31/ Supra note 19, at 7

32/ The Model Cities Program received \$11,086,384; Urban Renewal and the Community Action (Anti-Poverty) Agency received \$3,775,794. (Baltimore County does have a community action program, but for fiscal purposes it has been discounted as its funding is meager; in 1969 the total OEO appropriation for CAA, Head Start, Job Corps and Vista in the County was \$309,148) Id. at 30, 91.

33/ Supra note 30.

34/ Id.

Other Revenue Sources

The other major revenue source for Baltimore City has been its public service enterprises. The city operates 16 of them, including five golf courses, a water system, a sewage treatment plant, civic center, municipal stadium, and an international airport. In fiscal 1970 revenues from these enterprises amounted to \$35,468,474, 5.3 percent of its total revenues.^{35/} In fiscal 1970 only four of these enterprises showed a net profit. The stadium, for example, lost \$252,000; the civic center lost \$863,967; and the waste disposal system lost \$123,119. On the other hand, the airport showed a profit of \$303 and the water system showed a profit of \$1,616,715, most of which was returned in capital improvements.^{36/}

Baltimore City has not relied on bond sales to finance its operations. However, for fiscal 1970 it did borrow \$26,304,000. These capital loans amounted to 4 percent of the revenues received by the city.^{37/}

Baltimore County, on the other hand, relies heavily on bond sales to finance its operations. As of June 30, 1970 bonds for general public facilities amounted to \$91,009,000. In addition, public school bonds amounted to \$117,500,000. The total general long term debt obligation for Baltimore County currently is \$213,886,360.^{38/}

^{35/} Supra note 19, at 7.

^{36/} Id. at 98-101.

^{37/} Id. at 7.

^{38/} The debt limit, based on the estimated 1970-71 Assessable Basis as of June 30, 1970, is \$273,823,208. (1970-1971) Baltimore County Operating Budget, Exhibit D.

Expenditures

The nature of a community dictates what will be defined as essential services. For example, Baltimore City, which has a large low-income population, expends vast sums of money for programs directed toward the problems of this group. Baltimore County, for the most part, does not have programs for its low-income population.

Another significant factor that influences what a jurisdiction need spend is the variety of services it provides. Baltimore City, for example, maintains a civic center and a sports stadium.^{39/} These are expenditures that Baltimore County need not undertake, as these facilities serve the entire region.

The major expenditure in both jurisdictions is for education. In fiscal 1970 this amounted to \$182,341,806, or 27.4 percent of all expenditures, for Baltimore City.^{40/} According to the department of education, the total cost per pupil for the 1969-70 school year was \$823.93.^{41/} In fiscal 1970 Baltimore County spent \$114,375,351 or 56 percent of the summary of "All Funds" on education. This amounted to a total cost per pupil for the 1969-70 school year of \$913.76.^{42/} This figure is \$89.83

^{39/} 1970 City of Baltimore, Budget in Brief 98-100.

^{40/} Id. at 7.

^{41/} Telephone interview with Dr. Edward H. Goldstein, Baltimore City School System, Budget Director, on July 24, 1970.

^{42/} Baltimore County, Maryland, 1970-1971 Operating Budget, 452-453.

more than the amount spent per_pupil in Baltimore City.

The Maryland State Department of Fiscal Services estimated that the per pupil expenditure in Baltimore City amounted to \$641.61 and in the county it amounted to \$745.02. These figures exclude Federal aid for construction, school lunch, higher education and adult education, and State aid for transportation and the handicapped.

The other major expenditures in fiscal 1970 for Baltimore City and County are included in the following table:

<u>43/</u> <u>BALTIMORE CITY</u>				
	<u>GENERAL GOVERNMENT</u>	<u>SOCIAL SERVICES</u>	<u>CAPITAL IMPROVEMENTS</u>	<u>SAFETY & CORRECTION</u>
<u>Expenditure:</u>	\$37,943,327	\$91,980,670	\$114,074,247	\$94,626,217
<u>% of Budget:</u>	5.7%	13.8%	17.1%	14.2%
<u>Per Capita Expenditure:</u>	\$42.16	\$102.20	\$126.67	\$105.14

<u>44/</u> <u>BALTIMORE COUNTY</u>				
	<u>GENERAL GOVERNMENT</u>	<u>SOCIAL SERVICES</u>	<u>PUBLIC WORKS DEPARTMENT</u>	<u>COMMUNITY COLLEGES</u>
<u>Expenditure:</u>	\$52,421,215	\$4,812,035	\$20,638,951	\$6,822,737
<u>% of Budget:</u>	25.6%	2.4%	10.3%	3.4%
<u>Per Capita Expenditure:</u>	\$85.10	\$7.81	\$33.50	\$11.08

43/ 1970 City of Baltimore, Budget in Brief 7.

44/ (1969-1970) Baltimore County Operating Budget, Exhibit F.

Exhibit No. 4

BALTIMORE METROPOLITAN AREA

School Enrollment: Characteristics and Composition of the School Population

	School Enrollment 1968-1969	Negro		Percent of Subdivisions Population	
		Number	Percent	Age 5-17	Age 65 and over
TOTAL METROPOLITAN AREA	437,688	143,297	32.7%	26.7%	8.0%
Anne Arundel County	65,894	8,922	13.5	27.8	5.2
Baltimore City	191,327	125,175	65.4	25.5	10.3
Baltimore County	123,594	4,534	3.7	27.5	6.4
Carroll County	14,406	547	3.8	25.8	10.0
Harford County	28,162	2,801	9.9	28.8	5.3
Howard County	14,305	1,318	9.2	29.9	5.4

SOURCE: Maryland State Department of Fiscal Services
Background Information for Commission to Study the State's
Role in Financing Public Education. (pp. 79 and 80)

Prepared by: Baltimore City Council Office of Financial Review
8/14/70. GAP

BALTIMORE METROPOLITAN AREA

Growth in School Enrollments Compared with Increases in Cost
Per Pupil and Wealth Per Pupil, 1963-64 and 1968-69 Fiscal Years

JURISDICTIONS	Pupil Enrollment		Percent Change			Growth in Cost Per Pupil above Growth in Wealth Per Pupil (Col. 4 - 5)
	1963-64	1968-69	Enrollment 1964-1969	Cost per Pupil	Wealth per Pupil	
TOTAL METROPOLITAN AREA	379,124	437,688	15.4	66.6	28.5	38.1
Anne Arundel County	51,224	65,894	28.6	65.8	38.2	27.6
Baltimore City	184,717	191,327	3.6	79.3	11.9	67.4
Baltimore County	101,882	123,594	21.3	58.5	21.2	37.3
Carroll County	11,987	14,406	20.2	60.7	36.3	24.4
Harford County	19,527	28,162	44.2	54.3	29.7	24.6
Howard County	9,787	14,305	46.2	81.1	34.1	47.0

SOURCE: Maryland State Department of Fiscal Services
Background Information for Commission to Study the State's Role
In Financing Public Education (p. 77)

Prepared by: Baltimore City Council Office of Financial Review
8/14/70 GAP

BALTIMORE METROPOLITAN AREA

Wealth Per Pupil, Local Appropriations for School Purposes and for Non-School Purposes,
Current Expense for Public Schools and Property Tax Equivalents - 1968-1969 Fiscal Year.

	<u>Wealth Used in Calculating State School Aid 1968-1969</u>		<u>Wealth Index</u>	<u>Local School Appropriation for Current Expense</u>		<u>Current Expense</u>	<u>Local Appropriations for Non-School Purposes</u>	
	<u>Total (000)</u>	<u>Per Pupil</u>	<u>Per Pupil</u>	<u>As Property Tax Rate Equivalent</u>	<u>As Percent of Taxable Income</u>	<u>Per Pupil</u>	<u>Per Capita</u>	<u>Property Tax Rate Equivalent</u>
TOTAL METROPOLITAN AREA	\$8,573,245	\$20,069	100.0%					
Anne Arundel County	1,128,524	17,366	86.5	\$2.42	4.54%	\$643	\$ 46	\$1.43
Baltimore City	3,283,883	17,694	88.2	2.53	5.57	725	121	3.58
Baltimore County	3,161,669	26,024	129.7	2.54	4.53	748	82	1.92
Carroll County	257,886	17,857	89.0	2.06	5.15	630	32	0.82
Harford County	430,682	15,946	79.5	2.03	4.67	663	40	1.10
Howard County	310,601	22,655	112.9	2.07	4.95	739	79	1.52

SOURCE: Maryland State Department of Fiscal Services
Background Information for Commission to Study the State's Role
in Financing Public Education (pp. 51, 60, 68, 69)

Prepared by: Baltimore City Council Office of Financial Review
8/13/70. JLH

BALTIMORE METROPOLITAN AREA*

Exempt Real Property, By Subdivision and Ownership
1969-1970 F.Y.

	Exempt Real Property (000)			Taxable Basis Local (est.)	Percent Exempt to Taxable Base	Total Exempt Per Capita
	Publicly Owned	Privately Owned	Total Exempt			
TOTAL METROPOLITAN AREA	\$1,122,550	\$446,598	\$1,569,149	\$7,686,784	20.4%	\$ 768
Anne Arundel County	221,220	28,794	250,015	1,016,125	24.6	858
Baltimore City	430,964	257,044	688,008	3,019,146	22.8	770
Baltimore County	190,311	114,870	305,180	2,613,167	11.7	496
Carroll County	36,603	17,109	53,713	278,026	19.3	786
Harford County	207,275	12,564	219,839	429,926	51.1	1,939
Howard County	36,177	16,217	52,394	330,394	15.9	856

SOURCE: Exempt real property as reported by Maryland State Department of Assessments and Taxation; Taxable basis as reported by Maryland State Department of Fiscal Services; population as reported from first count 1970 census for the counties and Baltimore City.

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

BALTIMORE METROPOLITAN AREA

Privately Owned Exempt Real Property, by Subdivision, 1969-70 F.Y.

<u>Subdivision</u>	<u>Total Privately owned exempt property (000)</u>	<u>Percent</u>	<u>Population 1970</u>	<u>Population Percent</u>	<u>Privately Owned Exempt Property per capita</u>
TOTAL METROPOLITAN AREA	\$446,598	100.0	2,043,771	100.0	\$219
Anne Arundel	28,794	6.4	291,300	14.3	99
Baltimore City	257,044	57.7	893,903	43.7	288
Baltimore County	114,870	25.7	615,654	30.2	186
Carroll County	17,109	3.8	68,329	3.3	250
Harford County	12,564	2.8	113,404	5.5	111
Howard County	16,217	3.6	61,181	3.0	265

SOURCE: Exemptions as reported by State Department of Assessments and Taxation; Population data for 1970 from first count results. 1970 U. S. Census.

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

BALTIMORE METROPOLITAN AREA

Number of Households, by Subdivision, 1950-1969

	1950		1960		1969		Increase					
	Number Percent		Number Percent		Number Percent		1960 over 1950		1969 over 1960		1969 over 1950	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
TOTAL METROPOLITAN AREA	399,100	100.0	505,500	100.0	606,300	100.0	106,400	26.7	100,800	19.9	207,200	51.9
Anne Arundel County	27,800	6.9	51,200	10.1	82,300	13.6	23,400	84.2	31,800	60.7	55,200	198.6
Baltimore City	268,100	67.2	275,600	54.5	277,600	45.8	7,500	2.8	2,000	0.7	9,500	3.5
Baltimore County	72,600	18.2	134,600	26.7	178,500	29.4	62,000	85.4	43,900	32.6	105,900	145.9
Carroll County	11,300	2.8	14,200	2.8	18,600	3.1	2,900	25.7	4,400	31.0	7,300	64.6
Harford County	13,500	3.4	20,400	4.0	31,000	5.1	6,900	51.1	10,600	52.0	17,500	129.6
Howard County	5,800	1.5	9,500	1.9	18,300	3.0	3,700	63.8	8,800	92.6	12,500	215.5

SOURCE: Chamber of Commerce of Metropolitan Baltimore, Annual Statistical Review, 1969

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

BALTIMORE METROPOLITAN AREA

Estimated Number of Non Agricultural Wage and Salary Workers at Place of Employment 1950-1969

	1950		1960		1969	
	Number	% of Total	Number	% of Total	Number	% of Total
TOTAL METROPOLITAN AREA	529,700	100.0	629,300	100.0	799,900	100.0
Anne Arundel County	33,300	6.3	58,300	9.3	82,100	10.3
Baltimore City	369,100	69.7	405,200	64.4	462,300	57.8
Baltimore County	97,600	18.4	125,300	19.9	186,800	23.3
Carroll County	10,000	1.9	14,100	2.2	18,400	2.3
Harford County	14,700	2.8	19,400	3.1	32,800	4.1
Howard County	5,000	0.9	7,000	1.1	17,500	2.2

SOURCE: Chamber of Commerce of Metropolitan Baltimore, Annual Statistical Review, 1969

Baltimore City and Metropolitan Counties
Growth In Retail and Wholesale Trade, 1954 to 1969

	1954		1960		1969		Increase 1954-1969	
	Amount (000,000)	Percent	Amount (000,000)	Percent	Amount (000,000)	Percent	Amount (000,000)	Percent
<u>Retail Trade (Sales)</u>								
Total Market Area	\$1,682	100.0	\$2,125	100.0	\$3,361	100.0	\$1,679	99.8
Baltimore City	1,237	73.5	1,390	65.4	1,550	46.1	313	25.3
5 Metropolitan Counties	445	26.5	735	34.6	1,811	53.9	1,366	307.0
<u>Wholesale Trade (Sales)</u>								
Total Market Area	2,194	100.0	2,887	100.0	4,560	100.0	2,366	107.8
Baltimore City	2,061	93.9	2,575	89.2	3,160	69.3	1,099	53.3
5 Metropolitan Counties	133	6.1	312	10.8	1,400	30.7	1,267	952.6

SOURCE: Chamber of Commerce of Metropolitan Baltimore, Annual Statistical Review Metropolitan Baltimore Marketing Area, 1969.

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

BALTIMORE METROPOLITAN AREA

STATE INCOME TAX DATA - RESIDENT INDIVIDUALS - 1959 and 1968

	1959		1968		Taxable Net Income Per Return			
	Amount (000)	Percent	Amount (000)	Percent	Amount 1959	Index	Amount 1968	Index
TOTAL METROPOLITAN AREA	\$1,428,368	100.0	\$3,679,342	100.0	\$2,594	100.0	\$5,086	100.0
Anne Arundel County	132,091	9.2	494,876	13.4	2,625	101.2	5,310	104.4
Baltimore City	703,925	49.3	1,369,236	37.2	2,349	90.6	4,244	83.4
Baltimore County	490,516	34.3	1,423,055	38.7	3,128	120.6	6,139	120.7
Carroll County	28,039	2.0	101,838	2.8	1,855	71.5	4,537	89.2
Harford County	45,920	3.2	170,416	4.6	2,422	93.4	4,974	97.8
Howard County	27,878	2.0	119,922	3.3	2,879	111.0	6,263	125.1

BALTIMORE METROPOLITAN AREA

INCREASE IN TAXABLE NET INCOME - 1968 over 1959

	Total Income		Per Return	
	Amount (000)	Percent	Amount	Percent
TOTAL METROPOLITAN AREA	\$2,250,974	157.6	\$2,492	96.1
Anne Arundel County	362,785	274.6	2,685	102.3
Baltimore City	665,311	94.5	1,895	80.7
Baltimore County	932,539	190.1	3,011	96.3
Carroll County	73,798	263.2	2,682	144.6
Harford County	124,496	271.1	2,552	105.4
Howard County	92,045	330.2	3,384	117.5

SOURCE: Maryland Comptroller of the Treasury, Income Tax Division, Summary Report - Resident Individual Income Tax Returns for the Year 1959; and 1968.

Baltimore Metropolitan Area - Growth in Assessed Valuation - 1950-51
 Compared with 1960-61 and 1969-70, by Subdivision
 (in Millions)

	1950-51		1960-61		1969-1970 (est.)		Increase 1950-51 to 1969-70	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
METROPOLITAN AREA	\$3,243.9	100.0	\$5,340.3	100.0	\$7,686.8	100.0	\$4,442.9	137.0
Anne Arundel	124.3	3.8	440.4	8.3	1,016.1	13.2	891.9	717.7
Baltimore City	2,441.2	75.3	2,813.8	52.7	3,019.1	39.3	577.9	23.7
Baltimore County	480.9	14.8	1,653.4	31.0	2,613.2	34.0	2,132.2	443.3
Carroll County	70.9	2.2	135.4	2.5	278.0	3.6	207.1	292.2
Harford County	96.1	3.0	190.2	3.5	429.9	5.6	333.9	347.6
Howard County	30.5	0.9	106.9	2.0	330.4	4.3	299.9	983.2

NOTE: Data for 1950-51 and for 1960-61 cover twelve month fiscal periods ended either December 31 or June 30; in 1969-70 all fiscal years end June 30, 1970.

SOURCE: Maryland State Department of Fiscal Services, Division of Fiscal Research, Local Government Finances in Maryland
 1969-70 estimates by Maryland State Department of Assessments and Taxation

Prepared by: Baltimore City Council Office of Financial Review
 8/10/70 GAP

BALTIMORE METROPOLITAN AREA

Estimated Increase in Number of Non-Agricultural Wage and
Salary Workers at Place of Employment; 1950-1960-1969

	Increase From 1950 to 1960		Increase From 1960 to 1969		Cumulative Increase 1950 to 1969	
	Number	Percent	Number	Percent	Number	Percent
TOTAL METROPOLITAN AREA	99,600	18.8	170,600	27.1	270,200	51.0
Anne Arundel	25,000	75.1	23,800	40.8	48,800	146.5
Baltimore City	36,100	9.8	57,100	14.1	93,200	25.3
Baltimore County	27,700	28.4	61,500	49.1	89,200	109.4
Carroll County	4,100	41.0	4,300	30.5	8,400	84.0
Harford County	4,700	32.0	13,400	69.1	18,100	123.1
Howard County	2,000	40.0	10,500	150.0	12,500	250.0

SOURCE: Chamber of Commerce of Metropolitan Baltimore, Annual
Statistical Review, 1969

BALTIMORE METROPOLITAN AREA

Assessed Valuation Per Capita by Subdivision

	<u>1950-51</u>	<u>Index</u>	<u>1960-61</u>	<u>Index</u>	<u>1969-70</u>	<u>Index</u>
TOTAL METROPOLITAN AREA	\$2,226	100.0	\$2,961	100.0	\$3,761	100.0
Anne Arundel	1,059	44.9	2,131	72.0	3,488	92.7
Baltimore City	2,570	115.4	2,996	101.2	3,377	89.8
Baltimore County	1,780	80.0	3,358	113.4	4,245	112.9
Carroll County	1,578	70.9	2,566	86.7	4,069	108.2
Harford County	1,855	83.3	2,479	83.7	3,791	100.8
Howard County	1,319	59.3	2,958	99.9	5,416	144.0

Net Growth in Assessed Valuation Per Capita by Subdivision 1950-1970

	<u>Amount</u>	<u>%</u>
TOTAL METROPOLITAN AREA	\$1,535	69.0
Anne Arundel	2,429	229.4
Baltimore City	807	31.4
Baltimore County	2,465	138.5
Carroll County	2,491	157.9
Harford County	1,936	104.4
Howard County	4,097	310.6

SOURCES: Maryland Department of Fiscal Services, Division of Fiscal Research,
Local Government Finances in Maryland.
 Population data for 1969-1970 from First Count 1970 U. S. Census
 results, for the counties and Baltimore City.

Prepared by: Baltimore City Council Office of Financial Review
 8/10/70 GAP

BALTIMORE METROPOLITAN AREA
Real Estate Tax Rates Per \$100 Assessed Valuation

	<u>1950-51</u>	<u>1960-61</u>	<u>1970-71</u>
Anne Arundel	\$ 1.70	\$ 2.16	\$ 2.89
Baltimore City	2.88	3.60	5.34
Baltimore County	1.92	2.54	3.56
Carroll County	1.25	1.95	2.30
Harford County	1.42	1.61	2.77
Howard County	1.70	1.85	2.85

NOTE: Data for 1950-51 and for 1960-61 cover twelve month fiscal periods ended either December 31 or June 30; these figures are taken from Local Government Finances in Maryland published by The Maryland State Fiscal Research Bureau.

Data for 1970-71 cover twelve month period ended June 30, 1971 and are taken from Budgets and Tax Rates 1969-70, published by the Maryland Association of Counties.

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

BALTIMORE METROPOLITAN AREA

Population by Subdivision - 1950, 1960, 1970 (est.)

	<u>1950</u>	<u>1960</u>	<u>1970(est.)</u>
TOTAL METROPOLITAN AREA	1,457,181	1,803,745	2,043,771
Anne Arundel County	117,392	206,634	291,300
Baltimore City	949,708	939,024	893,903
Baltimore County	270,273	492,428	615,654
Carroll County	44,907	52,785	68,329
Harford County	51,782	76,722	113,404
Howard County	23,119	36,152	61,181

1950 to 1970
Estimated Population Change (+) (-)

	<u>Number</u>	<u>%</u>
TOTAL METROPOLITAN AREA	+586,590	+ 40.3%
Anne Arundel County	+173,908	+148.1%
Baltimore City	- 55,805	- 5.9%
Baltimore County	+345,381	+127.8%
Carroll County	+ 23,422	+ 52.2%
Harford County	+ 61,622	+119.0%
Howard County	+ 38,062	+164.6%

SOURCE: 1950 and 1960 Census data; 1970 population from First-Count 1970 U.S. Census.

Prepared by: Baltimore City Council Office of Financial Review
8/10/70 GAP

Exhibit No. 5

"WHAT'S GOING ON IN BALTIMORE - FREE"

Location, Ownership, Tax Status and Subsidy of Facilities
covered in July 31, 1970 feature article in Baltimore Evening Sun

	<u>Location</u>	<u>Owner- ship</u>	<u>Tax Exempt</u>	<u>Subsidized by City</u>	<u>Subsidized by County</u>
<u>ART MUSEUMS</u>					
1. Old Town Meeting House	City	City	Yes	Yes	No
2. Peale Museum	City	City	Yes	Yes	No
3. Walters Art Gallery	City	City	Yes	Yes	No
4. Washington Monument Historical Information Center	City	City	Yes	Yes	No
5. Baltimore Museum of Art	City	City	Yes	Yes	No
6. 26th Street Art Gallery	City	None (Outdoor exhibit)	N. A.	No	No
7. Ferdinand Roten Galleries	City	Private	No	No	No
8. Maryland Historic Society	City	Private	Yes	Yes	No
<u>HISTORIC SITES</u>					
1. Baltimore Street Car Museum	City	City	Yes	Yes	No
2. Flag House and Museum	City	Private	Yes	Yes	No
3. Fort Mchenry National Monument	City	Federal	Yes	No	No
4. Washington Monument	City	City	Yes	Yes	No
5. Mount Clare Mansion	City	City	Yes	Yes	No
6. Edgar Allen Poe House	City	City	Yes	No	No

	<u>Location</u>	<u>Ownership</u>	<u>Tax Exempt</u>	<u>Subsidized by City</u>	<u>Subsidized by County</u>
<u>HISTORIC SITES (Continued)</u>					
7.	Hampton National Shrine	Baltimore County	Federal	Yes	No
8.	B.&O. Transportation Museum	City	Private	Yes	No
9.	Carroll Mansion	City	City	Yes	No
10.	U. S. Naval Academy	Anne Arundel County	Federal	Yes	No
11.	State House	Anne Arundel County	State	Yes	No
12.	Shriver Homestead	Carroll County	Private	Yes	No
13.	Carroll County Farm Museum	Carroll County	County	Yes	No
14.	U. S. Frigate Constellation	City	Private	Yes	Yes
15.	Lloyd Street Synagogue	City	Private	Yes	No
<u>ITEMS OF INTEREST</u>					
1.	Film - Pratt Library Central	City	City	Yes	Yes
2.	Peabody Lecture Series	City	Private	Yes	No
3.	Walters - Lectures	City	City	Yes	Yes
4.	Planetarium - Maryland Academy of Sciences	City	Private	Yes	Yes
5.	Baltimore Museum of Art Tours	City	City	Yes	Yes
6.	Jewish Community Center Lectures	City	Private	Yes	No
7.	Baltimore Bicycling Club	City	None	N.A.	No

	<u>Location</u>	<u>Owner-ship</u>	<u>Tax Exempt</u>	<u>Subsidi zed by City</u>	<u>Subsidi zed by County</u>	
<u>PARKS</u>						
1.	Liberty Dam	Baltimore County	City	Yes	No	
2.	Prettyboy Dam	Baltimore County	City	Yes	No	
3.	Loch Raven Dam	Baltimore County	City	Yes	No	
4.	Patapsco State Park	Howard & Baltimore Counties	State	Yes	No	
5.	Robert E. Lee Park	Baltimore County	City	Yes	No	
6.	Druid Hill Park	City	City	Yes	No	
7.	Gunpowder State Park	Baltimore County	State	Yes	No	
8.	Rocks of Deer Creek	Harford County	State	Yes	No	
9.	Susquehanna State Park	Harford County	State	Yes	No	
<u>SWIMMING</u>						
1.	Flying Point Beach & Park	Harford County	County	Yes	No	Yes
2.	Smallwood Beach	Anne Arundel County	City	Yes	Yes	Yes
3.	Sandy Point	Anne Arundel County	State	Yes	No	No
4.	Druid Hill Pool	City	City	Yes	Yes	No
5.	Roosevelt Pool	City	City	Yes	Yes	No
6.	Cherry Hill Pool	City	City	Yes	Yes	No
7.	Riverside Pool	City	City	Yes	Yes	No
8.	Clifton Pool	City	City	Yes	Yes	No
9.	Patterson Pool	City	City	Yes	Yes	No

Exhibit No. 6

ANNUAL REPORT
OF
PUPIL DESEGREGATION
BALTIMORE CITY PUBLIC SCHOOLS
SEPTEMBER 1969

Baltimore City Public Schools
Division of Research and Development
December 12, 1969

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PUPIL DESEGREGATION REPORT

TABLE A. SUMMARY OF NET ROLL^a BY RACE

Level		Pupils in Integrated Organizations	Integrated Organizations	Pupils in One-Race Organizations	One-Race Organizations	Total Pupils	Total Organizations
Elem.	Nonwhite	41,907		39,189	51	81,096	
	White	31,727		5,926	12	37,653	
	Total	73,634	97	45,115	63	118,749	160
Sec.-Voc.	Nonwhite	33,528		13,148	11	46,676	
	White	27,656		—	—	27,656	
	Total	61,184	41 ^b	13,148	11	74,332	52
Total	Nonwhite	75,435		52,337	62	127,772	
	White	59,383		5,926	12	65,309	
	Total	134,818	138	58,263	74	193,081	212

TABLE B. COMPARATIVE NUMBER OF SCHOOL COMBINATIONS^c BY RACIAL COMPOSITION OF PUPILS

Race		1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Elem.	Nonwhite	42	45	45	44	40	39	40	46	44	42	52	51
	White	32	34	33	28	26	17	16	14	9	13	12	12
	Both	66	65	65	74	82	93	98	100	106	104	94	97
	Total	140	144	143	146	148	149	154	160	159	159	158	60
Sec.-Voc.	Nonwhite	10	11	13	11	11	11	12	10	8	6	11	11
	White	2	2	3	1	0	0	0	0	0	0	0	-
	Both	24	24	23	28	30	32	31	36	38	40	41	41
	Total	36	37	39	40	41	43	43	46	46	46	52	52
Total	Nonwhite	52	56	58	55	51	50	52	56	52	48	63	62
	White	34	36	36	29	26	17	16	14	9	13	12	12
	Both	90	89	88	102	112	125	129	136	144	144	135	138
	Total	176	181	182	186	189	192	197	206	205	205	210	212

^aIncludes Kindergarten, Early Admissions. Excludes Home, Hospital, and Junior College.

^bIncludes 1475 and 1500, accounted for as elementary.

^cEach school with its annex is counted only once. Seven combination Elementary-Junior High Schools include organizations separated to Elementary and Secondary-Vocational.

Source: Automated Summary Pupil Attendance System
Baltimore City Public Schools
Division of Research and Development

PUPIL DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL PUPILS BY RACE

Sch. No.	Total Net Roll			Kindergarten Net Roll			Net Roll Excl. Kdgn.		
	Nonwhite	White	Total	Nonwhite	White	Total	Nonwhite	White	Total
26A	726	89	815	106	10	116	584	77	661
EA	-	-	-	36	2	38	-	-	-
4	268	536	804	12	61	73	222	429	651
EA	-	-	-	34	46	80	-	-	-
5	382	4	386	92	1	93	290	3	293
6	-	485	485	-	34	34	-	451	451
7	965	-	965	127	-	127	838	-	838
8	559	39	598	65	6	71	464	33	497
EA	-	-	-	30	-	30	-	-	-
10	154	466	620	37	75	112	117	391	508
11	1025	22	1047	125	1	126	863	21	884
EA	-	-	-	37	-	37	-	-	-
12	4	951	955	1	160	161	3	791	794
13	560	254	814	49	21	70	511	233	744
16	1151	-	1151	172	-	172	979	-	979
18	602	6	608	75	-	75	527	6	533
19	1359	-	1359	156	-	156	1124	-	1124
EA	-	-	-	79	-	79	-	-	-
20	862	2	864	115	-	115	747	2	749
21	989	-	989	122	-	122	867	-	867
22	223	480	703	25	55	80	180	406	586
EA	-	-	-	18	19	37	-	-	-
23	-	383	383	-	46	46	-	337	337
25	249	113	362	-	-	-	249	113	362
26	929	-	929	97	-	97	792	-	792
EA	-	-	-	40	-	40	-	-	-
27	368	390	758	31	38	69	311	343	654
EA	-	-	-	26	9	35	-	-	-
29	1056	-	1056	131	-	131	925	-	925
30	1005	-	1005	163	-	163	842	-	842
32	436	46	482	57	2	59	351	44	395
EA	-	-	-	28	-	28	-	-	-
33	-	351	351	-	44	44	-	307	307
34	88	541	629	9	83	92	79	458	537
35	1193	-	1193	142	-	142	1051	-	1051
37	369	-	369	65	-	65	304	-	304
44	924	180	1104	108	34	142	816	146	962
47	-	442	442	-	51	51	-	391	391
48	579	214	793	81	25	106	498	189	687
50	1278	55	1333	122	7	129	1156	48	1204
51	78	678	756	4	111	115	74	567	641
52	793	5	798	98	1	99	695	4	699
53	559	336	895	76	27	103	483	309	792
54	641	349	990	72	31	103	569	318	887
55	20	916	936	1	117	118	19	799	818
56*	1	784	785	-	74	74	1	710	711

*Elementary pupils only.

PUPIL DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL PUPILS BY RACE

Sch. No.	Total Net Roll			Kindergarten Net Roll			Net Roll Excl. Kdgn.		
	Nonwhite	White	Total	Nonwhite	White	Total	Nonwhite	White	Total
58	545	-	545	80	-	80	465	-	465
59	1260	6	1266	98	-	98	1162	6	1168
60	1241	-	1241	105	-	105	1136	-	1136
61	1282	4	1286	178	-	178	1104	4	1108
62	1389	22	1411	196	1	197	1193	21	1214
64	1250	1	1251	193	-	193	1057	1	1058
65	329	-	329	70	-	70	259	-	259
66	447	134	581	51	21	72	375	111	486
EA				21	2	23			
67	849	-	849	129	-	129	720	-	720
68	264	389	653	30	49	79	234	340	574
69	1259	5	1264	182	-	182	1077	5	1082
71	655	131	786	67	13	80	588	118	706
73	202	3	205	-	-	-	202	3	205
74	881	-	881	103	-	103	778	-	778
76*	-	336	336	-	61	61	-	275	275
83	54	1308	1362	1	149	150	53	1159	1212
84	-	1004	1004	-	158	158	-	846	846
85	1592	-	1592	-	-	-	1592	-	1592
86	443	-	443	207	-	207	196	-	196
EA				40	-	40			
87	722	6	728	83	-	83	639	6	645
88	1902	3	1905	263	-	263	1639	3	1642
92	37	545	582	3	68	71	34	477	511
94	654	6	660	91	1	92	563	5	568
95	626	-	626	94	-	94	472	-	472
EA				60	-	60			
97	1162	-	1162	141	-	141	1021	-	1021
98	50	874	924	4	103	107	46	771	817
99	1048	-	1048	110	-	110	938	-	938
100	460	-	460	48	-	48	412	-	412
101	1085	-	1085	130	-	130	955	-	955
102	956	3	959	120	1	121	836	2	838
103	439	-	439	49	-	49	390	-	390
104	706	-	706	78	-	78	628	-	628
107	1058	-	1058	127	-	127	931	-	931
109	455	-	455	77	-	77	350	-	350
EA				28	-	28			
111	358	-	358	36	-	36	322	-	322
112	837	-	837	100	-	100	699	-	699
EA				38	-	38			
113	402	1	403	24	-	24	378	1	379
116	451	-	451	62	-	62	389	-	389
118	284	-	284	33	-	33	251	-	251
119	342	1	343	27	-	27	315	1	316
121	230	2	232	26	-	26	204	2	206
122	442	-	442	38	-	38	373	-	373
EA				31	-	31			

*Elementary pupils only.

PUPIL DESEGREGATION REPORT.

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL PUPILS BY RACE

Sch. No.	Total Net Roll			Kindergarten Net Roll			Net Roll Excl. Kgn.		
	Nonwhite	White	Total	Nonwhite	White	Total	Nonwhite	White	Total
126	273	-	273	42	-	42	231	-	231
129	214	4	218	22	-	22	192	4	196
132	772	-	772	87	-	87	685	-	685
135	325	-	325	-	-	-	325	-	325
137	930	-	930	127	-	127	803	-	803
138	785	-	785	112	-	112	673	-	673
139	1266	1	1267	113	-	113	1113	1	1114
EA				40	-	40			
140	513	-	513	42	-	42	471	-	471
141	729	-	729	86	-	86	643	-	643
142	768	1	769	88	-	88	680	1	681
144	743	1	744	101	-	101	642	1	643
145	1049	-	1049	128	-	128	921	-	921
146	661	-	661	83	-	83	578	-	578
148	770	-	770	79	-	79	691	-	691
149	1235	-	1235	146	-	146	1089	-	1089
150	1221	-	1221	133	-	133	1088	-	1088
156	183	-	183	12	-	12	171	-	171
159	968	-	968	133	-	133	835	-	835
160	764	1	765	112	-	112	652	1	653
161	798	-	798	72	-	72	726	-	726
162*	275	1	276	23	-	23	241	1	242
EA				11	-	11			
163	887	-	887	80	-	80	807	-	807
164	988	-	988	143	-	143	845	-	845
175	53	1	54	-	-	-	53	1	54
200	502	-	502	53	-	53	449	-	449
201	553	292	845	41	52	93	512	240	752
202	929	-	929	125	-	125	804	-	804
203	2	674	676	-	94	94	2	580	582
204	1017	4	1021	159	-	159	858	4	862
205	-	553	553	-	105	105	-	448	448
207	37	931	968	6	127	133	31	804	835
209	1370	2	1372	173	1	174	1197	1	1198
210	-	966	966	-	194	194	-	772	772
211	5	857	862	-	144	144	5	715	718
212	130	474	604	10	90	100	120	384	504
213	232	444	676	19	84	103	213	360	573
214	679	39	718	84	5	89	595	34	629
215	6	764	770	1	69	70	5	695	700
216	46	1124	1170	12	226	238	34	898	932
217	855	1	856	103	-	103	747	1	748
218	791	69	860	118	2	120	673	67	740
219	64	699	763	-	126	126	64	573	637
220	-	665	665	-	78	78	-	587	587
221	30	447	477	2	63	65	28	384	412
225	908	94	2002	277	4	281	1631	90	1721
224	645	5	650	74	-	74	571	5	576

*Elementary pupils only.

PUPIL DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL PUPILS BY RACE

Sch. No.	Total Net Roll			Kindergarten Net Roll			Net Roll Excl. Kdgn.		
	Nonwhite	White	Total	Nonwhite	White	Total	Nonwhite	White	Total
225	745	185	930	81	15	96	629	165	794
EA				35	5	40			
226	-	461	461	-	81	81	-	380	380
227	-	50	50	-	-	-	-	50	50
228	7	541	548	2	59	61	5	482	487
229	97	607	704	15	70	85	82	537	619
230*	3	523	526	-	74	74	3	449	452
231	7	1191	1198	1	238	239	6	953	959
232	334	248	582	56	75	131	278	173	451
233*	23	416	439	5	58	63	18	358	376
234	974	452	1426	106	39	145	868	413	1281
235	1	940	941	-	140	140	1	800	801
236	1	805	806	-	129	129	1	676	677
237	-	230	230	-	42	42	-	188	188
238	422	1	423	46	-	46	342	1	343
EA				34	-	34			
239*	7	582	589	-	73	73	7	509	516
240	109	779	888	15	93	108	86	654	740
EA				8	32	40			
241	321	356	677	8	47	55	313	309	622
242	551	618	1169	85	149	234	466	469	935
243	1	685	686	-	80	80	1	577	578
EA				-	28	28			
245	85	1265	1350	12	234	246	73	1051	1104
246	66	1464	1530	7	260	267	59	1204	1263
247	252	572	824	4	65	69	248	507	755
248	107	893	1000	10	135	145	97	758	855
249	30	480	510	5	94	99	25	386	411
253	301	-	301	-	-	-	301	-	301
300	30	24	54	-	-	-	30	24	54
301*	155	90	245	-	-	-	155	90	245
302	47	1	48	-	-	-	47	1	48
303	63	-	63	-	-	-	63	-	63
304	45	46	91	-	-	-	45	46	91
306	41	1	42	-	-	-	41	1	42
307	32	68	100	-	-	-	32	68	100
308	70	17	87	-	-	-	70	17	87
309	74	19	93	-	-	-	74	19	93
310	81	28	109	-	-	-	81	28	109
Total	81,096	37,653	118,749	10,348	5,597	15,945	70,748	32,056	102,804

*Elementary pupils only.

PUPIL DESEGREGATION REPORT

TABLE D. INDIVIDUAL SECONDARY-VOCATIONAL SCHOOL PUPILS BY RACE

Sch. No.	Nonwhite	White	Total	Sch. No.	Nonwhite	White	Total
1	106	1	107	180	1030	-	1030
1A	243	5	248	181	1469	-	1469
3	167	73	240	182	208	-	208
9	308	81	389	183	335	-	335
17	133	33	166	222	1820	800	2620
41	100	1965	2065	230&A*	13	878	891
42	1758	26	1784	233*	267	980	1247
43&A	774	1911	2685	239*	226	1033	1259
46	1309	736	2045	294	66	144	210
56*	148	846	994	296	175	42	217
57	1839	-	1839	298	438	1	439
70	487	1539	2026	301*	19	22	41
72	224	349	573	400	2544	8	2552
75	2194	-	2194	401	1655	984	2639
76*	1	959	960	402	613	2345	2958
77	1068	1707	2775	403	425	2440	2865
78	2257	-	2257	404	1483	329	1812
79	2271	1	2272	405	109	2095	2204
80	677	1716	2393	406	1998	2	2000
90&A	2273	7	2280	407	1062	1365	2427
91	1678	3	1681	408	1617	221	1838
96	162	72	234	410	561	1820	2381
115	364	61	425	450	1899	-	1899
130	1741	1	1742	451	162	-	162
133	1267	-	1267	453	1025	51	1076
162*	311	3	314	454	1109	1	1110
176	488	-	488				
				Total	46,676	27,656	74,332

*Secondary pupils only.

PUPIL DESEGREGATION REPORT

TABLE E. PUPILS IN SCHOOLS HAVING BOTH ELEMENTARY AND SECONDARY PUPILS

School Number	Elementary Net Roll			Secondary Net Roll			Total Net Roll		
	Nonwhite	White	Total	Nonwhite	White	Total	Nonwhite	White	Total
56	1	784	785	148	846	994	149	1630	1779
76	-	336	336	1	959	960	1	1295	1296
162	275	1	276	311	3	314	586	4	590
230	3	523	526	13	878	891	16	1401	1417
233	23	416	439	267	980	1247	290	1396	1686
239	7	582	589	226	1033	1259	233	1615	1848
301	155	90	245	19	22	41	174	112	286
Total	464	2,732	3,196	985	4,721	5,706	1,449	7,453	8,902

TABLE F. EARLY ADMISSIONS PUPILS BY INDIVIDUAL SCHOOLS

School Number	Nonwhite	White	Total
2&A	36	2	38
4	34	46	80
8	30	-	30
11	37	-	37
19	79	-	79
22	18	19	37
26	40	-	40
27	26	9	35
32	28	-	28
66	21	2	23
86	40	-	40
95	60	-	60
109	28	-	28
112	38	-	38
122	31	-	31
139	40	-	40
162	11	-	11
225	35	5	40
238	34	-	34
240	8	32	40
243	-	28	28
Total	674	143	817

ANNUAL REPORT
OF
FACULTY DESEGREGATION
BALTIMORE CITY PUBLIC SCHOOLS
SEPTEMBER 1969

Baltimore City Public Schools
Division of Research and Development
December 12, 1969

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FACULTY DISEGREGATION REPORT

TABLE A. SUMMARY OF FACULTY BY RACE^a

Level	Race	Faculty Members	Integrated	Faculty Members	One-Race	Total	Total
		on Integrated Faculties	Faculties	on One-Race Faculties	Faculties ^b	Faculty Members	Faculties
Elem.	Nonwhite	2,298	-	1,672	46	3,970	-
	White	1,901	-	222	3	2,123	-
	Total	4,199	107	1,894	54	6,093	161
Secondary- Vocational	Nonwhite	2,000	-	62	3	2,062	-
	White	2,272	-	4	-	2,276	-
	Total	4,272	49 ^c	66	3	4,338	52
Total	Nonwhite	4,298	-	1,734	49	6,032	-
	White	4,173	-	226	8	4,399	-
	Total	8,471	156	1,962	57	10,431	213

TABLE B. COMPARATIVE NUMBER OF SCHOOL ORGANIZATIONS^d SHOWING RACIAL COMPOSITION OF FACULTY ON PAYROLL

Level	Race	Number of School Faculties ^e by year								
		Sept. 30 1961	Sept. 30 1962	Sept. 30 1963	Sept. 30 1964	Sept. 30 1965	Sept. 30 1966	Sept. 30 1967	Sept. 30 1968	Sept. 30 1969
Elem.	Nonwhite	56	58	55	57	54	48	41	48	46
	White	61	57	40	36	26	6	7	13	8
	Both	29	33	56	60	75	105	111	97	107
	Total	146	148	151	153	155	159	159	158	161
Secondary- Vocational	Nonwhite	15	12	10	4	4	4	1	7	3
	White	5	4	3	2	1	0	0	1	0
	Both	31	36	39	46	48	50	51	45	49
	Total	51	52	52	52	53	54	52	53	52
Total	Nonwhite	71	70	65	61	58	52	42	55	49
	White	66	61	43	38	27	6	7	14	8
	Both	60	69	95	106	123	155	162	142	156
	Total	197	200	203	205	208	213	211	211	213

^aIncludes Kindergarten and Early Admissions.

^bRacial breakdown of staff in schools is based on a 10%-90% definition.

^cExcluding #175 and #300, accounted for as elementary.

^dSeven combination Elementary-Junior High Schools include organizations separated as to Elementary and Secondary-Vocational.

^eExcluding Home, Hospital, Early Admissions prior to 1966, Junior College, dietitians, resource teachers on central office payrolls.

Source: Staffing Patterns Summary Sheets, 9/30/69
Baltimore City Public Schools
Division of Research and Development

FACULTY DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL FACULTIES BY RACE

Sch. No.	Total Faculty			Administrators			Kindergarten Teachers			Aides			Other Teachers Including Coun., Lib., etc.		
	NW	W	T	NW	W	T	NW	W	T	NW	W	T	NW	W	T
28A	50	17	67	1	1	2	3	-	3	30	2	32	16	12	28
EA							-	2	2						
4	23	19	42	1	1	2	2	-	2	5	3	8	14	14	28
EA							1	1	2						
5	9	6	15	-	1	1	1	-	1	3	-	3	5	5	10
6	1	19	20	-	1	1	-	1	1	-	2	2	1	15	16
7	39	4	43	1	1	2	1	1	2	16	-	16	21	2	23
8	38	15	53	1	1	2	2	-	2	13	3	16	21	11	32
EA							1	-	1						
10	15	24	39	-	1	1	1	-	1	4	11	15	10	11	21
EA							-	1	1						
11	49	18	67	1	1	2	-	2	2	26	1	27	22	13	35
EA							-	1	1						
12	14	20	34	-	2	2	-	3	3	-	4	4	14	11	25
13	17	14	31	1	-	1	1	-	1	2	3	5	13	11	24
16	55	4	59	2	-	2	3	-	3	21	-	21	29	4	33
18	16	9	25	-	1	1	-	2	2	4	-	4	12	6	18
19	79	10	89	1	1	2	3	-	3	29	-	29	45	8	53
EA							1	1	2						
20	42	8	50	1	1	2	2	-	2	16	-	16	23	7	30
21	32	4	36	1	1	2	2	-	2	6	-	6	23	3	26
22	13	31	44	1	1	2	1	1	2	4	11	15	7	17	24
EA							-	1	1						
23	3	14	17	-	1	1	1	-	1	-	3	3	2	10	12
25	23	4	27	1	-	1	-	-	-	9	2	11	13	2	15
26	47	4	51	2	-	2	2	1	3	19	-	19	23	3	26
EA							1	-	1						
27	31	18	49	1	1	2	-	1	1	15	5	20	15	10	25
EA							-	1	1						
29	36	5	41	1	1	2	2	-	2	6	-	6	27	4	31
30	48	2	50	2	-	2	1	1	2	16	-	16	29	1	30
32	45	12	57	1	1	2	2	-	2	21	1	22	21	9	30
EA							-	1	1						
33	3	11	14	-	1	1	-	1	1	-	2	2	3	7	10
34	15	19	34	-	1	1	-	2	2	5	8	13	10	8	18
35	52	6	58	2	-	2	2	-	2	18	-	18	30	6	36
37	17	1	18	-	1	1	2	-	2	6	-	6	9	-	9
44	19	30	49	1	1	2	-	3	3	5	4	9	13	22	35
47	6	16	22	-	1	1	1	-	1	-	4	4	5	11	16
48	28	7	35	1	1	2	2	-	2	3	1	4	22	5	27
50	33	21	54	2	1	3	-	2	2	6	-	6	25	18	43
51	4	26	30	-	1	1	-	2	2	-	6	6	4	17	21
52	26	8	34	1	1	2	1	1	2	5	-	5	19	6	25
53	20	22	42	1	1	2	-	2	2	3	3	6	16	16	32
54	15	26	41	1	1	2	-	2	2	2	2	4	12	21	33

FACULTY DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL FACULTIES BY RACE

Sch. No.	Total Faculty			Administrators			Kindergarten Teachers			Aides			Other Teachers Including Com., Lib., etc.		
	NW	W	T	NW	W	T	NW	W	T	NW	W	T	NW	W	T
55	6	33	39	1	1	2	-	2	2	-	6	6	5	24	29
56*	3	26	29	1	-	1	-	2	2	-	2	2	2	22	24
58	15	5	20	1	-	1	1	-	1	4	-	4	9	5	14
59	57	16	73	1	1	2	-	3	3	25	-	25	31	12	43
60	45	6	51	1	1	2	2	-	2	9	-	9	33	5	38
61	60	9	69	1	1	2	2	1	3	22	1	23	35	6	41
62	38	17	55	1	1	2	-	3	3	8	5	13	29	8	37
64	32	15	47	1	1	2	2	-	2	5	1	6	24	13	37
65	15	1	16	-	1	1	1	-	1	5	-	5	9	-	9
66	34	20	54	1	1	2	-	2	2	17	1	18	15	16	31
EA							1	-	1						
67	30	4	34	1	1	2	1	1	2	4	-	4	24	2	26
68	6	20	26	-	1	1	-	1	1	-	3	3	6	15	21
69	31	15	46	1	1	2	1	2	3	3	-	3	26	12	38
71	29	10	39	1	1	2	1	1	2	5	2	7	22	6	28
73	11	1	12	1	-	1	-	-	-	4	-	4	6	1	7
74	46	5	51	1	1	2	2	-	2	19	-	19	24	4	28
76*	1	14	15	-	1	1	-	1	1	-	4	4	1	8	9
83	13	38	51	-	2	2	1	1	2	-	7	7	12	28	40
84	13	30	43	-	2	2	-	3	3	-	6	6	13	19	32
85	61	13	74	1	2	3	-	-	-	10	-	10	50	11	61
86	21	3	24	1	-	1	3	2	5	11	-	11	5	1	6
EA							1	-	1						
87	28	4	32	1	1	2	1	-	1	7	1	8	19	2	21
88	71	31	102	2	2	4	3	1	4	29	4	33	37	24	61
92	7	17	24	-	1	1	-	1	1	-	5	5	7	10	17
94	34	7	41	1	-	1	2	-	2	14	1	15	17	6	23
95	77	3	80	1	1	2	2	-	2	43	-	43	30	2	32
EA							1	-	1						
97	49	10	59	1	1	2	2	-	2	22	-	22	24	9	33
98	10	23	33	1	1	2	1	1	2	-	4	4	8	17	25
99	48	9	57	1	1	2	1	-	1	20	2	22	26	6	32
100	32	1	33	1	-	1	1	-	1	12	-	12	18	1	19
101	57	5	62	1	1	2	2	-	2	22	-	22	32	4	36
102	51	4	55	1	1	2	2	-	2	23	-	23	25	3	28
103	31	-	31	1	-	1	1	-	1	12	-	12	17	-	17
104	35	2	37	1	-	1	2	-	2	14	-	14	18	2	20
107	61	1	62	1	1	2	2	-	2	25	-	25	33	-	33
109	31	-	31	1	-	1	3	-	3	13	-	13	13	-	13
EA							1	-	1						
111	18	-	18	1	-	1	1	-	1	6	-	6	10	-	10
112	56	5	61	1	1	2	2	-	2	22	-	22	51	3	54
EA							-	1	1						
113	25	1	26	1	-	1	1	-	1	8	-	8	15	1	16

*Elementary faculty only.

FACULTY DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL, FACULTIES BY RACE

Sch. No.	Total Faculty			Administrators			Kindergarten Teachers			Aides			Other Teachers Including Com., Lib., etc.		
	NW	N	T	NW	N	T	NW	N	T	NW	N	T	NW	N	T
116	26	-	26	1	-	1	1	-	1	9	-	9	15	-	15
118	18	-	18	1	-	1	1	-	1	8	-	8	8	-	8
119	32	-	32	1	-	1	1	-	1	15	-	15	15	-	15
121	16	1	17	-	1	1	1	-	1	5	-	5	10	-	10
122	50	2	52	1	1	2	1	-	1	21	-	21	26	1	27
EA															
126	19	-	19	1	-	1	1	-	1	7	-	7	10	-	10
129	17	2	19	1	-	1	1	-	1	6	-	6	9	2	11
132	35	2	37	2	-	2	2	-	2	11	-	11	20	2	22
135	23	-	23	1	-	1	-	-	-	8	-	8	14	-	14
137	51	1	52	1	1	2	2	-	2	20	-	20	28	-	28
138	41	2	43	1	-	1	2	-	2	16	-	16	22	2	24
139	74	16	90	2	1	3	2	1	3	36	1	37	34	12	46
EA															
140	34	-	34	1	-	1	1	-	1	14	-	14	18	-	18
141	47	-	47	2	-	2	2	-	2	19	-	19	24	-	24
142	45	1	46	1	1	2	2	-	2	18	-	18	24	-	24
144	33	1	34	1	1	2	2	-	2	5	-	5	25	-	25
145	59	-	59	2	-	2	2	-	2	22	-	22	33	-	33
146	31	2	33	1	1	2	2	-	2	8	-	8	20	1	21
148	44	1	45	1	1	2	2	-	2	16	-	16	25	-	25
149	55	7	62	1	1	2	2	-	2	19	-	19	33	6	39
150	41	5	46	3	-	3	2	-	2	4	-	4	32	5	37
156	14	-	14	1	-	1	1	-	1	5	-	5	7	-	7
159	59	-	59	2	-	2	2	-	2	26	-	26	28	-	28
EA															
160	29	4	33	1	-	1	2	-	2	7	-	7	19	4	23
161	44	2	46	2	-	2	2	-	2	17	-	17	23	2	25
162*	24	-	24	1	-	1	1	-	1	10	-	10	12	-	12
165	51	3	54	2	-	2	2	-	2	17	-	17	30	3	33
164	46	1	47	1	1	2	2	-	2	16	-	16	27	-	27
175	7	-	7	1	-	1	-	-	-	-	-	-	6	-	6
200	17	3	20	1	-	1	1	-	1	3	-	3	12	3	15
201	14	24	38	1	1	2	-	2	2	-	6	6	13	15	28
202	38	1	39	1	1	2	2	-	2	6	-	6	29	-	29
203	2	24	26	-	1	1	-	2	2	-	4	4	2	17	19
204	35	6	39	1	1	2	2	-	2	6	-	6	24	5	29
205	5	19	24	1	1	2	-	2	2	-	4	4	4	12	16
206	2	4	6	1	1	2	-	-	-	-	-	-	1	3	4
207	9	27	36	-	2	2	-	2	2	-	6	6	9	17	26
209	25	25	50	1	1	2	-	4	4	5	-	5	19	20	39
210	3	34	37	1	1	2	-	3	3	-	7	7	2	23	25
211	1	31	32	-	2	2	-	3	3	-	5	5	1	21	22
212	3	24	27	1	-	1	-	2	2	-	8	8	2	14	16
213	4	27	31	-	1	1	-	2	2	1	5	6	3	19	22
214	15	18	31	1	-	1	-	1	1	3	-	3	9	17	26
215	8	26	34	-	1	1	-	2	2	-	6	6	8	17	25

*Elementary faculty only.

FACULTY DESEGREGATION REPORT

TABLE C. INDIVIDUAL ELEMENTARY SCHOOL FACULTIES BY RACE

Sch. No.	Total Faculty			Administrators			Kindergarten Teachers			Aides			Other Teachers Including Coun., Lib., etc.		
	NW	W	T	NW	W	T	NW	W	T	NW	W	T	NW	W	T
216	4	38	42	-	2	2	-	3	3	-	6	6	4	27	31
217	30	2	32	1	1	2	2	-	2	3	-	3	24	1	25
218	14	19	33	1	1	2	-	2	2	1	4	5	12	12	24
219	6	32	38	1	1	2	-	3	3	-	8	8	5	20	25
220	11	17	28	-	1	1	1	1	2	-	5	5	10	10	20
221	3	22	25	-	1	1	-	1	1	-	8	8	3	12	15
223	42	37	79	2	1	3	1	4	5	8	2	10	31	30	61
224	12	16	28	-	1	1	1	1	2	1	2	3	10	12	22
225	40	18	58	1	1	2	-	2	2	23	1	24	16	13	29
EA															
226	3	14	17	-	1	1	-	1	1	-	2	2	3	10	13
227	-	3	3	-	-	-	-	-	-	-	-	-	-	3	3
228	4	18	22	-	1	1	-	1	1	-	4	4	4	12	16
229	4	22	26	-	1	1	-	2	2	-	2	2	4	17	21
230*	6	13	19	1	-	1	1	-	1	-	2	2	4	11	15
231	5	36	41	-	2	2	-	3	3	-	4	4	5	27	32
232	8	16	24	-	1	1	-	2	2	2	4	6	6	9	15
233*	4	14	18	1	-	1	-	1	1	-	2	2	3	11	14
234	11	45	56	-	2	2	-	2	2	-	7	7	11	34	45
235	6	30	36	1	1	2	-	2	2	-	6	6	5	21	26
236	5	34	39	-	2	2	-	3	3	-	7	7	5	22	27
237	1	12	13	-	1	1	-	2	2	-	4	4	1	5	6
238	30	3	33	-	1	1	1	-	1	14	-	14	14	2	16
EA															
239*	-	23	23	-	1	1	-	2	2	-	5	5	-	15	15
240	9	45	54	-	2	2	-	2	2	3	19	22	6	21	27
EA															
241	5	29	34	-	1	1	-	1	1	-	8	8	5	19	24
242	13	35	48	1	1	2	-	4	4	1	8	9	11	22	33
243	20	38	58	1	1	2	-	4	4	8	10	18	11	22	33
EA															
245	8	38	46	1	1	2	1	3	4	-	7	7	6	27	33
246	8	50	58	1	2	3	-	4	4	-	9	9	7	35	42
247	4	35	39	1	1	2	-	1	1	-	6	6	3	27	30
248	6	33	39	1	1	2	-	2	2	-	6	6	5	24	29
249	4	17	21	-	1	1	-	2	2	-	3	3	4	11	15
253	27	-	27	1	-	1	-	-	-	13	-	13	13	-	13
300	4	2	6	-	1	1	-	-	-	-	-	-	4	1	5
301*	22	33	55	1	1	2	1	2	3	8	13	21	12	17	29
302	3	4	7	-	1	1	-	-	-	-	1	1	3	2	5
303	10	4	14	-	1	1	-	-	-	3	2	5	7	1	8
304	6	13	19	-	1	1	-	-	-	2	4	6	4	8	12
306	7	2	9	1	-	1	-	-	-	3	1	4	3	1	4
307	18	9	27	1	-	1	-	-	-	6	5	11	11	4	15
308	16	4	20	1	-	1	-	-	-	8	-	8	7	4	11
309	16	2	18	1	-	1	-	-	-	5	1	6	10	1	11
310	22	2	24	1	-	1	-	-	-	11	-	11	10	2	12
		2123	6093		126	258		159	312		376	1669		2392	3854
Total	3970			132			153			1293			2392		

*Elementary faculty only.

FACULTY DESEGREGATION REPORT

TABLE D. INDIVIDUAL SECONDARY-VOCATIONAL SCHOOL FACULTIES BY RACE

Sch. No.	Total Educational Personnel			Prin., Asst. Prin., Tech. in Chg., Spec.			Teachers, including Lab. & Shop Assist., Coun., Lib., etc.			Aides		
	NW	W	T	NW	W	T	NW	W	T	NW	W	T
1	15	5	20	1	-	1	11	4	15	3	1	4
1A	13	8	21	-	1	1	10	7	17	3	-	3
3	9	8	17	-	1	1	8	6	14	1	1	2
9	16	12	28	-	1	1	15	9	24	1	2	3
17	9	7	16	-	1	1	7	6	13	2	-	2
41	18	79	97	1	3	4	17	72	89	-	4	4
42	70	30	100	2	1	3	62	28	90	6	1	7
43&A	48	100	148	1	4	5	47	92	139	-	4	4
46	31	74	105	2	2	4	25	71	96	4	1	5
56*	14	46	60	-	2	2	14	39	53	-	5	5
57	96	24	120	3	2	5	83	21	104	10	1	11
70	19	85	104	1	2	3	18	82	100	-	1	1
72	14	23	37	-	3	3	14	18	32	-	2	2
75	96	22	118	2	4	6	89	18	107	5	-	5
76*	10	44	54	-	2	2	10	39	49	-	3	3
77	41	110	151	1	5	6	40	100	140	-	5	5
78	99	28	127	2	4	6	94	24	118	3	-	3
79	104	26	130	3	1	4	96	25	121	5	-	5
80	33	91	124	1	4	5	32	82	114	-	5	5
90&A	92	56	148	2	4	6	82	51	133	8	1	9
91	67	33	100	2	1	3	60	32	92	5	-	5
96	15	5	20	-	1	1	14	4	18	1	-	1
115	16	15	31	-	1	1	15	12	27	1	2	3
130	87	9	96	2	1	3	81	8	89	4	-	4
133	84	11	95	3	-	3	63	11	74	18	-	18
162*	17	3	20	-	1	1	15	2	17	2	-	2
176	34	3	37	-	-	-	30	3	33	4	-	4
180	57	9	66	2	-	2	50	9	59	5	-	5
181	87	13	100	2	1	3	78	12	90	7	-	7
182	15	1	16	1	-	1	12	1	13	2	-	2
183	27	3	30	1	-	1	24	3	27	2	-	2
222	52	94	146	2	2	4	49	88	137	1	4	5
230&A*	15	34	49	-	2	2	15	29	44	-	3	3
233*	14	46	60	-	3	3	12	40	52	2	3	5
239*	20	54	74	1	1	2	19	47	66	-	6	6
294	6	9	15	-	1	1	5	7	12	1	1	2
296	11	13	24	-	1	1	10	11	21	1	1	2
298	26	21	47	1	1	2	22	20	42	3	-	3
301*	4	6	10	1	-	1	2	6	8	1	-	1
400	52	86	138	1	4	5	48	79	127	3	3	6
401	36	106	142	2	2	4	30	101	131	4	3	7
402	29	120	149	1	4	5	28	111	139	-	5	5
403	21	121	142	1	3	4	18	117	135	2	1	3
404	20	72	92	1	2	3	17	68	85	2	2	4

*Secondary faculty only.

FACULTY DESEGREGATION REPORT

TABLE D. INDIVIDUAL SECONDARY-VOCATIONAL SCHOOL FACILITIES BY RACE

Sch. No.	Total Educational Personnel			Prin., Asst. Prin., Tch. in chg., Spec. Asst.			Teachers, Including Lab. & Shop Assist., Coun., Lib., etc.			Aides		
	NW	W	T	NW	W	T	NW	W	T	NW	W	T
405	20	99	119	1	3	4	19	91	110	-	5	5
406	51	60	111	1	2	3	48	57	105	2	1	3
407&A	36	89	125	2	3	5	34	82	116	-	4	4
408	30	82	112	1	2	3	25	80	105	4	-	4
410	22	127	149	1	3	4	21	123	141	-	4	4
450	98	21	119	2	1	3	92	19	111	4	1	5
451	13	-	13	1	-	1	10	-	10	2	-	2
453	62	11	73	1	1	2	56	10	66	5	-	5
454	71	22	93	3	-	3	66	22	88	2	-	2
Total	2062	2276	4338	59	94	153	1862	2096	3958	141	86	227

FACULTY DESHREGGATION REPORT

TABLE E. FACULTY OF SCHOOLS HAVING BOTH ELEMENTARY AND SECONDARY PUPILS

School Number	Elementary Faculty			Secondary Faculty			Total Faculty		
	NW	W	T	NW	W	T	NW	W	T
56	3	26	29	14	46	60	17	72	89
76	1	14	15	10	44	54	11	58	69
162	24	-	24	17	3	20	41	3	44
175	7	-	7	-	-	-	7	-	7
230&A	6	13	19	15	34	49	21	47	68
233	4	14	18	14	46	60	18	60	78
239	-	23	23	20	54	74	20	77	97
300	4	2	6	-	-	-	4	2	6
301	22	33	55	4	6	10	26	39	65
Total	71	125	196	94	233	327	165	358	523

TABLE F. EARLY ADMISSIONS FACULTY BY INDIVIDUAL SCHOOLS

School Number	NW	W	Total
2&A	-	2	2
4	1	1	2
8	1	-	1
10	-	1	1
11	-	1	1
19	1	1	2
22	-	1	1
26	1	-	1
27	-	1	1
32	-	1	1
66	1	-	1
86	1	-	1
95	1	-	1
109	1	-	1
112	-	1	1
122	1	-	1
139	-	1	1
159	1	-	1
225	-	1	1
238	1	-	1
240	-	1	1
243	-	1	1
Total	11	14	25

Exhibit No. 7

August 1969

Mr. Dale Anderson
County Executive
County Office Building
Towson, Maryland 21204

Dear Mr. Anderson:

I have noted with interest the problems Baltimore County faces in its attempt to house persons of low income. As reported by the press you are anxious to avoid an influx of new families which would tax existing facilities; you want to maintain the property tax base; you are desirous of seeing the problem dealt with through a national rather than a state program; and you do not want to concentrate such families in a manner that will increase the difficulties of their acceptance by their neighbors.

After considering your requirements, I believe we have a proposal that would help you house these families while meeting your other objectives. Such a program would consist of the Housing Authority of Baltimore City leasing existing units in Baltimore County, paying the market rent, and then subleasing the apartments to low income families. Such a program would be financed completely with federal funds and would answer your needs in the following manner:

1. Baltimore County would not be threatened by an "influx" of families because the tenants would only be occupying existing units at densities already prescribed. Priority for occupancy could be given to county residents.
2. Property tax revenue would not be effected because the owners of these units would receive full market rents and pay the same tax as if the units were rented in the normal course of business.

Mr. Dale Anderson

3. Concentration of low income families could be avoided by renting no more than two or three units in any one block.
4. The County would be participating in a nationwide program designed to assist low income families.

If the County government is willing to participate in such a program, we could administer such a program, or delegate administration to the County government.

Sincerely yours,



R.C. EMBRY, JR.
Commissioner's Off



DALE ANDERSON
COUNTY EXECUTIVE

BALTIMORE COUNTY, MARYLAND
EXECUTIVE OFFICE
TOWSON, MARYLAND 21204

August 29, 1969

Mr. Robert C. Embry, Jr.
Department of Housing and Community Development
The Equitable Building
Baltimore, Maryland 21202

Dear Bob:

Please excuse the considerable delay in answering your letter of August 5th. I am quite sure you know that I have been away from the office most of this month.

As to the letter itself, I don't quite understand why you make such a proposal because I am sure you know or should know that if the Housing Authority of Baltimore City wishes to lease existing houses or other living units in Baltimore County which are for rent, Baltimore County could not stop them from doing so even if it wished to do so.

I mean, of course, that we have no legal right to interfere with such a transaction between two parties and would not do so if we had such right.

Sincerely,

County Executive

DA/k

SEP 4 1965

Mr. Dale Anderson
County Executive
Executive Office
Towson, Maryland 21204

Dear Mr. Anderson:

Thank you for your recent letter. I apologize for the ambiguity of my letter of August 5. It was sent because the Housing Authority of Baltimore City cannot use federal funds to lease units in Baltimore County, even though they are for rent, unless we receive permission from the County government. Section 23 (a) (2) of the Housing Act of 1937 spells out this requirement. Furthermore, I would not undertake a housing program in Baltimore County without first seeking your advice.

As I gather you would not be opposed to such a program, I am taking the liberty of forwarding a draft of a resolution which would permit us to proceed. As I stated before, an occupancy priority could be given to eligible persons already living in the vicinity of the leased residence.

Please let me know if you are interested in proceeding.

Sincerely,

R. C. EMBRY, JR.
R. C. EMBRY, JR.
Commissioner

Enclosure

Exhibit No. 8

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

HOME MORTGAGE FINANCING
AND
RACIAL AND ECONOMIC INTEGRATION

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I. THE NEED FOR REAL ESTATE FINANCING

Debt, the creation of mortgages, finances the building and purchasing of America's homes. In 1968 the total residential mortgage debt in the United States amounted to approximately \$298 billion.^{1/} The magnitude of this figure is clear when compared with the Federal debt, which was about \$314 billion.^{2/} The total residential mortgage debt exceeded by 36 percent all other private debt of individuals.^{3/} Individuals in their purchases of new FHA insured homes on the average made a down payment of no more than 9 percent of the total acquisition cost. The remaining 91 percent represented mortgage debt.^{4/}

In the Baltimore Standard Metropolitan Statistical Area (SMSA) a sample taken at the end of the fourth quarter of 1969 showed that the average new FHA home sold for \$19,237. The mortgage on these homes averaged \$19,264.^{5/}

A. Sources of Mortgage Funds

At least 90 percent of mortgage credit is created by financial institutions. By far the largest contributors to the residential mortgage market are the savings and loan associations (S&L's). Although S&L's are

^{1/} U.S. Savings and Loan League, Savings and Loan Fact Book 69, 32 (Table 22) (1968) [hereinafter cited as Fact Book 69].

^{2/} Id.

^{3/} Id. at 33 (Table 23). Other private debt for 1968 was \$219.3 billion. Id.

^{4/} FHA-HUD, Area Trends, fourth quarter 1969, (1970) [hereinafter cited as Area Trends].

^{5/} Id. The cost of buying the home when added to the sales price would exceed the amount of the mortgage.

only the third largest type of financial institution,^{6/} in 1968, 44 percent of the mortgages outstanding on nonrural homes were held by savings and loan associations. Commercial banks held 15 percent of the total outstanding mortgages. Savings banks and life insurance companies were the source for 14 and 12 percent respectively; Federal agencies provided 5 percent. The remaining 10 percent was held by individuals and other lenders.^{7/} In Baltimore City and Baltimore and Anne Arundel Counties, 1965 data indicate that S&L's were the source for 51 percent of the financing of mortgages of \$35,000 or less.^{8/}

Savings and loan associations are financial intermediaries, serving as a link between savers and borrowers. They are formed primarily to promote thrift and homeownership. While not all savings and loan associations are federally insured, federally insured S&L's hold 97 percent of the industry's assets and comprise three-fourths of the associations.^{9/} Federally insured associations are subject to Federal Home Loan Bank Board (FHLBB) supervision.^{10/} As a general rule, savings and loan associations are limited by law to investment in mortgages and government se-

6/ In 1968, commercial banks held total assets of \$497.9 billion; life insurance companies held \$187.7 billion; savings and loan associations held \$152.8 billion; and mutual savings banks held \$71.7 billion. Fact Book 69, supra note 1, at 53 (Table 48).

7/ Fact Book 69, supra note 1, at 37 (Table 27).

8/ FHA-HUD, Analysis of the Housing Market Baltimore, Maryland, Standard Metropolitan Statistical Area as of May 1, 1966 22 (1966).

9/ Non-federally insured State chartered associations in the United States held assets of \$5.1 billion at the end of 1968. Total industry assets were \$152.8 billion. In numbers, the state chartered non-insured represented 1,526 of the total of 5,996 associations. Id. at 57-58 (Tables 51 & 52).

10/ 12 U.S.C. § 1464 (a) (1964).

curities. ^{11/} In 1968, 91.7 percent of the savings deposited in S&L's was invested in residential mortgage loans. ^{12/}

Unlike savings and loan associations, commercial banks are not restricted to investing in mortgages and Government securities. ^{13/} In fact, the law and regulations governing bank lending limit the amount of mortgages which can be maintained in the investment portfolio of a bank. ^{14/} Consequently, on the average, less than 25 percent of the savings deposits of commercial banks are directed into residential mortgage lending. ^{15/}

Savings banks are a hybrid of savings and loan associations and commercial banks. They may become members of the Federal Home Loan Bank System (FHLBS), ^{16/} However, they are less restricted in their

^{11/} Federally chartered associations are prohibited from lending their funds except on the security of savings accounts or ". . . of first liens upon real property . . ." or as otherwise provided by the Home Owner's Loan Act of 1933. 12 U.S.C. §1465 (c) (1964). State chartered, non-federally insured associations are regulated by state law. See, Md. Ann. Code, Art. 23, § 161z (Supp. 1969). Every savings and loan association, regardless of whether it is state or federally chartered or insured, if it wishes to enjoy certain tax benefits, must conform to the definition of a "domestic building and loan association." The definition limits the percentage of assets which may be invested in nonspecified assets to 40 percent. The specified assets are (1) cash, (2) Federal or state government securities, (3) shares of a state corporation authorized to insure its members' deposits, (4) loans secured by deposits of members, (5) real estate mortgages, (6) real estate property located within an urban renewal area, (7) loans secured by an interest in educational, health, or welfare institutions, (8) property acquired through the liquidation of real estate mortgages held by the institution (9) loans made for the payment of college expenses, (10) property needed to operate the business of the association. 26 U.S.C. 7701(a)(19) (Supp. V, 1970).

^{12/} Fact Book 69, *supra* note 1, at 36 (Table 26). Mortgage loans represented 85.6 percent of the assets of savings and loan associations at the end of 1968. *Id.* at 94.

^{13/} See 12 U.S.C. § 24 (Supp. IV, 1969).

^{14/} 12 U.S.C. § 371 (1964).

^{15/} Fact Book 69, *supra* note 1, at 36 (Table 26).

^{16/} 12 U.S.C. 1424 (1964).

investment powers than savings and loan associations. Nonetheless, in 1968, 72.5 percent of the savings deposits of savings banks was allocated to residential mortgages.^{17/}

Life insurance companies are financial intermediaries whose principal function is to provide contractual protection against financial loss from death. Their total assets at the end of 1966 were \$167 billion.^{18/} Although their share of the residential mortgage market is not as substantial as savings and loan associations, savings banks, or commercial banks,^{19/} they are the largest holder of mortgages for apartments and commercial properties.^{20/}

In addition to the financial institutions which hold mortgages in their investment portfolios, many originate mortgages for the purpose of selling them. All segments of the mortgage industry sell mortgages.^{21/} Indeed this may occur between individual S&L's, as for example, when an

^{17/} Fact Book 69, supra note 1, at 36 (Table 26).

^{18/} HUD, Mortgage Loan Gross Flows, 67 (1968), [hereinafter cited as Mortgage Loan Gross Flows].

^{19/} Insurance companies held \$29.6 billion of mortgages on residential homes at the end of 1968. Fact Book 69, supra note 1, at 37 (Table 27). For a comparison with savings and loan associations, savings banks, and commercial bank holdings, see Id.

^{20/} At the end of 1966, insurance companies held \$29.1 billion of mortgage loans on multifamily and nonresidential properties. Commercial banks, the second largest holder of this type of credit, held \$18.5 billion. Mortgage Loan Gross Flows, supra note 18, at 31-32 (Tables 20 & 21).

^{21/} Mortgage companies and commercial banks sold \$8.0 and \$2.6 billion of residential mortgages in 1966. Savings and loan associations were the third largest sellers with \$800 million. Id. at 26 (Table 10).

institution having a shortage of mortgage money sells mortgages to another having a surplus of cash. ^{22/}

"Mortgage companies"; another type of financial institution, typically originate mortgage loans and then sell the mortgages to institutional investors. In most instances the mortgage companies continue to service the loans after their sale. ^{23/} Mortgage companies rarely hold mortgages as an investment. ^{24/}

Pension funds hold and invest funds set aside for the purpose of providing retirement income for fund participants. Pension funds are not large holders of mortgages. ^{25/}

B. A Sketch of Mortgage Transactions ^{26/}

Once the prospective homeowner has identified the home he ^{27/} wishes to purchase, the next step is to obtain financing. If the home

^{22/} See notes 45-52 infra, and accompanying text.

^{23/} The mortgage company may sell the loan it originated but assume under contract with the purchaser an obligation to service the loan.

^{24/} In 1966, mortgage companies originated \$7.0 billion of residential mortgage loans but had a portfolio holding of only \$2.1 billion at the end of that year. Mortgage Loan Gross Flows, supra note 18, at 23 & 31 (Tables 4 & 19).

^{25/} Mortgage holdings of all institutions and individuals in 1968, other than savings and loan associations, savings banks, commercial banks, life insurance companies, and Federal agencies, was \$24.8 billion. Fact Book 69, supra note 1, at 37 (Table 27). This figure represents the mortgage holdings of fire and casualty companies, finance companies, investment companies, credit unions, noninsured pension funds, state and local pension funds, as well as individuals. Id. at 53 (Table 48).

^{26/} See generally, R. K. Brown, Real Estate Economics, 153-63 (1965), W. R. Bryant, Mortgage Lending, 60-195 (1956), R. Ratcliff, Real Estate Analysis, 142-85 (1961).

^{27/} Generally, home purchasers seek financing only after selecting the site or house since financial institutions need to be able to evaluate the underlying security of a mortgage--the home and the land on which it is located--before granting the loan.

is part of a new development, in all probability the developer will have made arrangements with a financial institution to provide the mortgage money necessary for the buyer to finance his purchase. Such an arrangement is important to a developer, since readily available mortgage credit will greatly facilitate the sale of houses in the new development.

If, on the other hand, the house is not newly built, but is an existing house purchased through a real estate broker, it is typically the broker who knows which financial institutions have mortgage money available, and who provides the initial contact with the financial institution.

After receiving a mortgage application from a prospective purchaser, the lender processes the application as follows: before evaluating the specific application, the financial institution knows to what extent, if at all, it wishes to enter the mortgage market. In the case of a savings and loan association, this is largely predetermined by its supply of money available for investment. However, insurance companies and commercial banks have a wide latitude of possible investment outlets. Their decision to acquire mortgages will depend, among other things, on the rate of return on mortgages as compared to other investments and on their current portfolio mix. ^{28/}

In addition, many financial institutions have lending policies

^{28/} A financial intermediary may wish to establish a diversified portfolio of investments. If it determines that it is overcommitted in residential mortgages, the institution will refrain from additional lending on homes to improve its portfolio mix.

with respect to the minimum size of the mortgage it will accept. Similarly, an institution may have delineated areas in which it is unwilling to lend mortgages, or in which it will create mortgages only under special circumstances. This may be due to the institution's belief that it is too heavily invested in the area, that the area's economic viability is questionable, or to similar considerations.

Assuming that such considerations as these are satisfied, the financial institution considers three basic factors before extending credit on the particular application: (1) the credit risk of the purchaser; (2) the credit worthiness of the house itself; and (3) the prospects of the neighborhood in which the house is located.

If review of these factors indicates that the mortgage will be acceptable, the application moves to the next step--that of appraisal. A real estate expert visits the property for the purpose of appraising its value. ^{29/}

If the appraisal indicates that the property will support the lender's borrowing requirements, the loan is accepted. If the appraisal indicates that insufficient security exists in the property for the loan requested, the lender will indicate to the borrower the amount it is willing to lend.

^{29/} See generally, S. Kahn, F. Case & A. Schimmel, Real Estate Appraisal and Investment (1963). Appraisals are essential to the mortgage lending process. FHA and VA insurance are pegged to the appraisal value of the real property. 12 U.S.C. § 1709 (b) (2) (Supp. V, 1970). Similarly, financial institutions are restricted by the appraised value in the amount they can loan. See, e.g., id. § 371.

The borrower may accept the lender's offer or attempt to negotiate a higher loan, for example by offering to shorten the maturity of the loan.

Once agreement on mortgage terms is reached, the borrower must submit acceptable deed and title papers to the lender's counsel. This requires a title search and survey. When this has been satisfactorily completed, the transaction is closed and a mortgage created.

However, many mortgages are not held to maturity by the originating lender. In fact, the ability of primary lenders to continue to make mortgage money available to home purchasers depends on their ability to dispose of mortgages to secondary lending institutions, such as life insurance companies. These transactions make up the so-called "secondary market". As will be discussed in the following section, the Federal Government plays an active role in the operation of the secondary market. ^{30/}

II. THE ROLE OF THE FEDERAL GOVERNMENT IN CREATING MORTGAGES

The Federal Government is involved in the mortgage market in several ways. Indirectly, it affects the mortgage market by its control of the supply of money through Federal Reserve Board policy and Treasury manage-

^{30/} See notes 45-52 infra, and accompanying text.

ment of the public debt. ^{31/} The tightening of the money supply restricts credit and causes interest rates to rise. A decrease in the supply of money generally decreases the availability of mortgages. Similarly, an increase in interest rate in the money market will tend to divert money from the home mortgage sector. ^{32/} A more direct vehicle of governmental intervention in the mortgage market occurs through activities of the Federal Housing Administration (FHA), Veterans Administration (VA), Federal National Mortgage Association (FNMA) (now private) Government National Mortgage Association (GNMA), and Federal Home Loan Bank Board (FHLBB).

A. The Agencies

1. Federal Housing Administration

The Federal Housing Administration (FHA), established by the National

31/ See, e.g., The President's Task Force on Low Income Housing, Toward Better Housing for Low Income Families 1-3 (1969). The task force found that:

The most basic need is for an anti-inflation program that relies more than does the present program on a federal budget surplus, and a large one. The absence of adequate fiscal restraint in an inflationary economy compels severe and extended monetary restraint and results in soaring interest rates, sharply reduced savings flows and severely restricted availability of mortgage credit, especially for low-income housing.

32/ Id.

Housing Act of 1934,^{33/} administers a number of home loan programs. FHA does not extend mortgage money loans but rather insures loans made by private lending institutions. FHA guarantees the mortgagee (i.e., the lender) against loss on the mortgage due to default. FHA insurance permits lenders to extend "riskless"^{34/} mortgage credit, making possible purchases by many who would have otherwise been excluded from homeownership. Simultaneously, FHA over the years has decreased the amount of down payment necessary to secure a home mortgage.^{35/} Similarly, the maximum mortgage term, the time over which the mortgage loan is repaid, has been lengthened progressively since the establishment of FHA in 1934. The existence of an FHA guarantee has made it possible for mortgage loans under the FHA guarantee to carry lower interest rates. All these factors facilitate homeownership.

Since its creation, FHA has insured approximately nine million home mortgages,^{36/} with a total value of \$130 billion.^{37/} While 80 percent of financed home purchases since 1934 have not been insured by FHA,^{38/} the impact of FHA insurance extends to these mortgages as well.

^{33/} 12 U.S.C. §§ 1701-01r (1964).

^{34/} Inasmuch as FHA does not insure the entire amount of the mortgage on all properties, there exists a possibility that a loss will be incurred. However, since it is infrequent that the total of the insured FHA amount and the resale value falls below the initial mortgage amount, losses are unlikely.

^{35/} See Housing a Nation, Cong. Q. Ser. 5 (1966).

^{36/} FHA-HUD, FHA Home and Project Mortgage and Property Improvement Loan Insurance Operations, Unnumbered first page. (1968). [hereinafter cited as Home And Project Operations.]

^{37/} Id.

^{38/} Fact Book 69, supra note 1, at 41 (Table 31).

FHA has provided the mortgage market with the stability necessary to permit a continuous flow of money into it. Likewise, because of the favorable experience which has resulted from FHA financing, low down payment and long term mortgages have become the pattern. The fact that FHA is underpinning one of every five existing units also increases stability in the home financing market,^{39/} permitting somewhat lower interest rates to be charged.

It should be noted that FHA insurance is available only through FHA approved lending institutions.^{40/} Not all applications for FHA approval receive a favorable disposition. FHA may refuse certification because of a lack of credit experience, past criminal conviction, inadequate staffing, or other reasons. However, FHA does not inquire to determine whether these institutions discriminate in their lending policies.^{41/}

The volume of FHA insured new construction and home improvement mortgages in the country during the 1968 calendar year exceeded 425,000 units, for a total dollar amount of about \$1.6 billion.^{42/} In Maryland

^{39/} Id.

^{40/} 12 U.S.C. § 1709 (b) (1) (Supp. III 1968).

^{41/} Interview with B. Clay Knickerbocker, FHA Insuring Office in Baltimore (July 22, 1970).

^{42/} Home And Project Operations, supra note 36.

during 1968 there were 5,684 insured FHA home mortgages aggregating \$95,129,950. The city of Baltimore accounted for approximately 16 percent of the total number of units, but only 12 percent of the dollar amount insured. While no new home construction guarantees were made in the city, Baltimore County received 72 new home guarantees, totalling \$1,157,750. The total FHA activity in the county was 904 mortgage guarantees totalling \$12,130,950. The average insured home mortgage in Baltimore City was for \$10,480, whereas the Baltimore County's average home mortgage was \$13,420.^{43/}

2. Veterans Administration

The Veterans Administration (VA) administers a guarantee program insuring home mortgages and also provides loan assistance. Both of these programs are operated for the benefit of veterans exclusively. The guarantee of the Federal Government relaxes conventional mortgage requirements with respect to down payments and mortgage term. By June 30, 1968, VA had insured 7.25 million homes with an aggregate principal amount of close to \$71 billion. The Baltimore Regional Office, servicing all of Maryland except Prince Georges and Montgomery Counties, had insured as of that date 109,754 homes with a principal amount totalling \$961.2 million. VA also has a direct loan program. Direct loans nationally amounted to over \$2.5 billion, representing 286,000 loans. In the Baltimore Region, VA has provided loans for 2,450 homes, with a principal amount of nearly \$2.3 million.^{44/}

^{43/} Id. at 14.

^{44/} Subcomm. on Housing and Urban Affairs, Senate Comm. on Banking and Currency, Progress Report on Federal Housing and Urban Development Programs, 91st Cong., 2d Sess. (Table L-8)P. 167, (1960). [Hereinafter cited as Subcomm. Progress Report].

3. Federal National Mortgage Association

FHA and VA insurance has increased the acceptability of mortgage loans on the secondary market. The "secondary market" refers to the transactions in which, subsequent to the creation of a mortgage, the primary lender--for example, a mortgage broker--sells the mortgage to a long term private investor--for example, a pension fund. (See pages 1010-1011 supra). The primary lender who sells the mortgage benefits by releasing cash for additional loans.

FHA and VA are important in the operation of this secondary market. Without the confidence created by these programs, many secondary market purchasers would be hesitant to invest in the middle-income homes covered by the FHA and VA program.

The Federal National Mortgage Association (FNMA), known popularly as "Fannie Mae," was authorized to purchase FHA and VA insured mortgages on the secondary market, to help establish the acceptability of these mortgages in the financial market.^{45/}

By 1954, FHA and VA mortgages had received a high degree of acceptability in the private secondary market. Then, with the advent of new Federal housing programs, such as below market interest rate mortgages, whose acceptability by the secondary market had to be tested, FNMA in 1954 was also given the function of providing special assistance for the mortgages created by these programs.^{46/}

FNMA purchased almost 900 thousand mortgages, for \$11.4 billion, from November 1954 through the end of 1968. In Maryland this represented 45/ See generally HUD, HUD Challenge, Ginnie Mae-New Girl of Mortgage Finance (March-April 1970).

46/ Id.

5,999 mortgages for \$84.7 million. The portfolio holdings of FNMA nationally as of December 1968 were 587,000 loans for in excess of \$7.1 billion. The Maryland total was 4,974 loans amounting to \$71 million and was composed exclusively of one-to-four family dwellings.^{47/}

4. Government National Mortgage Association

The Housing and Urban Development Act of 1968^{48/} partitioned FNMA into two new corporate entities, FNMA and a new Government National Mortgage Association (GNMA).^{49/} The new FNMA continues as a nationwide Government-sponsored private corporation investing in FHA and VA insured mortgages and assisting the operation of the secondary market. GNMA, also known colloquially as "Ginnie Mae", a wholly-owned corporate instrumentality of the United States, on the other hand, has three functions - two inherited from FNMA and the other new.

One of the functions of Ginnie Mae is to provide assistance in the financing of selected types of mortgages -- including low-and moderate-income housing -- which, because of risk or low interest rate cannot compete for mortgage money in the private market.^{50/} It provides this assistance by purchasing mortgages -- from the sponsors of low-income housing projects, for example -- at their face value and reselling them,

^{47/} Subcommittee Progress Report, supra note 44, at 183 (Table 0-4), 185 (Table 0-6).

^{48/} Pub. L. No. 90-448, 82 Stat. 476 (1968).

^{49/} 12 U.S.C. § 1717 (a) (2) (1964), as amended, (Supp. IV 1969).

^{50/} 12 U.S.C. § 1720 (1964), as amended, (Supp. IV 1969).

at their market (lesser) value, to FNMA. GNMA in effect subsidizes the mortgages in this manner. This financing techniques provides subsidies for substantially more housing than would be the case were GNMA to hold the mortgages until maturity.

Another function of Ginnie Mae is to manage and to liquidate the portfolio of mortgages acquired by FNMA prior to 1954.^{51/}

The third and new function of GNMA is to facilitate the flow of capital into financing of homeownership by the pooling of FHA and VA mortgages and the issuing for sale of securities against them.^{52/}

Approved financial institutions holding FHA and VA mortgages are permitted to pool the mortgages and, pursuant to GNMA regulations, to issue securities against the pooled mortgages, and to sell these securities on the private market. The result is to bring additional capital into the housing market from long-term investors.^{53/}

5. Federal Home Loan Bank Board System

The Federal Home Loan Bank Board (FHLBB) is an independent agency established to encourage thrift and economical home financing through savings and loan associations. It supervises and establishes policy for the

^{51/} 12 U.S.C. § 1721 (1964), as amended, (Supp. IV 1969).

^{52/} 12 U.S.C. § 1719 (d) (1964), as amended (Supp. IV 1969).

^{53/} HUD Challenge, supra note 45, at 4. Two types of mortgage-backed securities can be created by this program. These are a "pass-through" security, in which principal and interest are repaid to the security holder as the underlying mortgages are paid, and a "modified pass-through" security, in which the rate of amortization is determined separately by the security instrument. 24 C.F.R. § 1665.13 (1969). A third method of financing which has yet to be adopted is expected to provide for the issuance of a bond-type security.

Federal Home Loan Banks (FHLB), ^{54/} the Federal Savings and Loan Insurance Corporation (FSLIC) ^{55/} and the Federal Savings and Loan System. ^{56/}

The FHLB provides a central credit facility which may make advances, with the approval of the FHLBB, to savings and loan associations with capital shortages. This helps bring about a continuous flow of capital into home mortgages.

The Federal Home Loan Bank system also has the power to increase the money supply entering the home purchasing market through its powers to issue consolidated obligations. These are evidence of joint indebtedness of the 12 Federal Home Loan Banks and are issued by FHLBB on the open market. ^{57/} To determine the need for additional money to be generated by the consolidated obligations, FHLBB regularly canvasses the 12 regional banks to determine their needs. If the FHLBB agrees with each regional bank's determination, it totals the amounts requested and issues the consolidated obligations. The money received is distributed to the regional banks to meet their money demands.

B. Federal Government Action in Relation to America's Housing Needs.

The government programs described have been effective in helping to provide middle-income Americans with the opportunity to become home-

^{54/} There are 12 home loan banks, each representing a region of the country. Federally chartered or insured S&L's are required to be bank members. The basic function of these regional banks is to provide loans to S&L's to stimulate home financing. See generally, 12 U.S.C. §§ 1421-49 (1964), as amended, (Supp. V.1970).

^{55/} This is the insurance program of the savings and loan industry which closely parallels the Federal Deposit Insurance Corporation which insures bank deposits. See 12 U.S.C. §§ 1724-30 (1964).

^{56/} These are savings and loan associations which are chartered by the FHLBB. See generally, 12 U.S.C., § 1464 (1964).

^{57/} 12 U.S.C. § 1431 (b) (1964).

owners. The FHA system has operated principally to the benefit of middle-income families. As the Douglas Commission reported in 1968:

FHA has . . . been a vital factor in financing and promoting the exodus from the central cities and in helping to build up the suburbs. That is where the vast majority of FHA insured homes have been built. The suburbs could not have expanded as they have during the post war years without FHA.

Taking all factors into consideration, it is difficult to see how any institution could have served the emerging middle class more effectively than has the FHA and its counterpart, the Federal Home Loan Bank System. 58/

The establishment of the FHLB System, FHA, VA and the Federal National Mortgage Association have simplified the home mortgage market and have enabled large sums of private funds to be generated and inserted into the housing market. This Federal effort has helped the housing industry to compete more effectively for funds with other industries. However, this Federal effort has not adequately served the housing needs of low-income persons. This is because of program design and concept, because various programs which do exist have not been adequately financed, and because the financial institutions themselves have been slow to respond to the needs of the low-income housing sector.

III. THE SAVINGS AND LOAN INDUSTRY

As was previously indicated, savings and loan associations are the largest originators and holders of home mortgages. Nationally, in 1968, 91.7 percent of the savings held by savings and loan associations were

58/ National Comm'n on Urban Problems, Building The American City, 99-100 (1968).

used to generate home mortgages. ^{59/}

In 1968 in the Baltimore SMSA, federally insured savings and loan associations extended \$156 million of mortgages for the purchase of residential homes. ^{60/}

As of December 31, 1969 there were 86 federally insured savings and loan associations in Maryland, with total assets of \$2.6 billion. In 1968, the total number of all savings and loan associations in Maryland was 297. ^{61/} While non-federally insured institutions far outnumbered the insured institutions, they held far less in assets. ^{62/}

The Federal Home Loan Bank Board reported that as of February 1970 savings and loan association members of the FHLBB maintained 57 offices in Baltimore City, with assets in excess of \$1 billion; Baltimore County had 41 savings and loan offices with \$355 million of assets. ^{63/}

Three statutes govern the regulation of savings and loan associations. The Home Owners Loan Act of 1933 gives the FHLBB a broad range of powers over Federal savings and loan associations. ^{64/} The National Housing

^{59/} Fact Book 69, supra note 1, at 36 (Table 26).

^{60/} Fourth Federal Home Loan Bank District, Savings and Lending Activity, Insured Savings and Loan Associations, Year to date Jan. - Dec., 1969, Table 3 (1970). The impact of tight money can be seen in the fact that in the first five months of 1970 only \$40.4 million mortgages were accepted by S&L's in the Baltimore SMSA. Id. Year to date Jan. - May, 1970, Table 3 (1970).

^{61/} Maryland Savings and Loan League, The 86 Insured Savings and Loan Associations of Maryland, (1969).

^{62/} The assets of the non-federally insured S&L's in Maryland amounted to \$259 million. Staff telephone interview with Willard Gerling, Asst. Vice President, Maryland Savings Share Insurance Corp., July 29, 1970.

^{63/} Staff telephone interview with Derwood Krause, Director of Industry Development, July 30, 1970 citing FHLBB, Branch Office Study for All Member Savings and Loan Associations of FHLBB Systems by SMSA (Feb. 1970).

^{64/} 12 U.S.C. §§ 1461-68 (1964).

Act ^{65/} gives FHLBB regulatory powers over insured associations. The Federal Home Loan Bank Act ^{66/} authorizes a lesser degree of regulation over members of the 12 regional home loan banks. In addition to regulations promulgated under each of the three acts, the FHLBB can indirectly regulate savings and loans through its control of advances to the regional banks. ^{67/}

The Federal Home Loan Bank Board is thus the Federal agency chiefly responsible for overseeing savings and loan associations which are either federally chartered or federally insured. ^{68/} In 1932, the Federal Home Loan Bank Act created 12 regional Federal home loan banks whose basic function was to loan money to savings and loan associations. ^{69/} It was hoped that this would guard against strains placed upon savings and loan associations by the depression. However, more help was needed to enable distressed homeowners to continue paying for a house when threatened by loss of income during the depression. Consequently, in 1933 the Home Owners' Loan Act was enacted, providing for the creation of a Home Owners' Loan Corporation (HOLC).

The main function of HOLC, which subsequently became part of the FHLBB, was to purchase delinquent home mortgages and to refinance them over longer

^{65/} 12 U.S.C. §§ 1724-30b (1964).

^{66/} 12 U.S.C. §§ 1421-49 (1964).

^{67/} 12 U.S.C. § 1430 (1964).

^{68/} Savings and loan associations can be either federally or State chartered; only State chartered associations which also are not federally insured are not subject to regulation by the FHLBB. Fact Book 69, supra note 1, at 56.

^{69/} 12 U.S.C. §§ 1423-24 (1964)

terms at lower interest rates. HOLC no longer exists, but during its limited life it refinanced in excess of one million mortgages representing \$3 billion of indebtedness.^{70/} Although today much is said against subsidizing home purchases by low-income families, HOLC provided a similar service to homeowners distressed by the depression. Defaulting home purchasers obtained from HOLC the type of financing they could afford -- mortgages with a lower interest rate and longer term.^{71/}

The Home Owners' Loan Act also provided for the establishment of savings and loan associations to be chartered and regulated by the FHLBB. The Federal S&L's were to help create stability in the faltering home mortgage market.^{72/} The regulating of the Federal S&L's continues to be an important FHLBB function. Today the assets of federally chartered S&L's comprise approximately 53 percent of the total assets of all S&L's.^{73/}

In 1934, Congress enacted the National Housing Act, which established the FHA to insure mortgages, and provided insurance for depositors' savings in S&L's by establishing the Federal Savings and Loan Insurance Corporation (FSLIC) as part of the FHLBB.^{74/} Since 1966,^{75/} FHLBB has been empowered to issue cease and desist orders against violation of its regulations. The Board may issue such an order when, after a hearing, it

^{70/} T. B. Marvel, The Federal Home Loan Bank Board 24-25 (1969).

^{71/} Id. at 24.

^{72/} Id. at 25.

^{73/} Fact Book 69, supra note 1, at 58 (Table 52).

^{74/} 12 U.S.C. § 1724 (1964), as amended., (Supp. V, 1970).

^{75/} 12 U.S.C. § 1730 (e) (Supp. II, 1967).

finds that an S&L engaged in an unsound practice or is in violation of an applicable law, rule or regulation. ^{76/}

Lending Practices

The lending practices of S&L's in Baltimore follow fairly standard industry practices. ^{77/} As in the industry generally, few S&L's depend on "walk-ins" to generate a significant percentage of their mortgages. ^{78/} Instead, builders and brokers, through continuing contact with financial institutions, maintain principal access to mortgage channels. The home buyer typically relies on such contacts to obtain financing. ^{79/}

As discussed above, S&L's and other financial institutions in reviewing loan applications are concerned with the credit of the borrower, the credit worthiness of the home, and the nature of the neighborhood. Loan review criteria vary from association to association. Indeed, a given loan might be acceptable to a financial institution at one time and unacceptable at another, depending on the tightness of credit, the make up of the lender's investment portfolio, or other factors.

76/ Id.

77/ Interviews with Thomas Guidera, Executive Vice President, Union Federal Savings & Loan Associations, June 30, 1970, and Dr. Winfred O. Bryson, President, Advance Federal Savings & Loan Association, June 10, 1970.

78/ Interview with Glenwood Loemann, Vice President, American National Building and Loan Association, June 1970.

79/ Id.

IV. INADEQUACY OF FUNDS FOR HOUSING OF LOW-INCOME FAMILIES,
ESPECIALLY FOR INNER-CITY RESIDENTS

The Housing and Urban Development Act of 1968 reaffirmed the national goal to provide every American with "a decent home and a suitable living environment."^{80/} In this enactment, Congress recognized that there still are families in the United States with incomes so low that they are unable to house themselves decently. Because minority persons comprise a disproportionately high percentage of the poor, America's failure to meet these housing needs has been correspondingly more damaging to minority persons than to the rest of the population.

A. Tight Money

Over the past 2 years America has gone through a period of tight money and escalating interest rates. The present prime interest rate is the highest in our history. The housing industry generally is most seriously affected by these two conditions and, as a result, housing starts have decreased substantially. Moreover, it is the low-income housing sector which most immediately feels the effects of tight money.^{81/}

^{80/} 12. U.S.C. § 1701 t (Supp. IV 1969).

^{81/} See, President's Task Force, Toward Better Housing, supra note 3 at 1.

B. High Cost of Homes

It is apparent that new low-income family homes are becoming increasingly less available. In 1965, 51,000 units priced below \$12,500 were sold nationally. By 1968, the number of units available in this price range had decreased by 72 percent. During the same period new homes selling for \$30,000 or more almost doubled.^{82/} In the second quarter of 1964, the average home mortgage insured by FHA in Baltimore had a total acquisition cost^{83/} of \$12,513.^{84/} By the fourth quarter of 1969 that figure had risen by almost 60 percent to \$19,996.^{85/} FHA estimates that in Baltimore, the average monthly expense to maintain a house, without considering recurring charges,^{86/} was \$220.23 at the end of 1968.^{87/} Using the standard multiple of 5, used in the finance industry to estimate the effective income necessary to sustain monthly mortgage payment, a family would need in excess of \$12,000 annual income to afford the average dwelling in Baltimore.

^{82/} Fact Book '69, supra note 1, at 23(Table 12).

^{83/} Total acquisition cost is the sum of the sale price plus such other items as are needed to close the transaction.

^{84/} Area Trends, supra note 4, second quarter 1964 (1965).

^{85/} Area Trends, supra note 4, fourth quarter 1969 (1970).

^{86/} These are expenses which, although not sustained monthly, would add to the total cost of maintaining a home. Items such as painting and electrical and plumbing repair are excluded from this monthly expense item.

^{87/} Area Trends, supra note 4, fourth quarter 1968 (1969).

C. Discrimination in Financing

Like other segments of the American economy, the finance industry has discriminated against blacks, who increasingly predominate among central city residents in Baltimore and elsewhere. Until the 1960's it was extremely difficult for blacks in Baltimore to obtain financing through regular channels.^{88/} Although much of the overt discrimination practiced by financial institutions in the past has been discontinued, such conditions and practices as the following still may produce discriminatory effects.

1. "Redlining"

"Redlining" is a practice by which certain residential areas, often of substandard housing, especially ghetto housing, are excluded from eligibility or greatly disfavored for mortgage financing. The justification for this practice generally is presented in terms of the area's "rundown condition".^{89/} The predictable result has been to accelerate the area's decline. In the words of the National Commission on Urban Problems:

The experience of members of the Commission and others convinced us that up until the summer of 1967, FHA almost never insured mortgages on homes in slum districts, and did so very seldom in the "gray areas" which surrounded them. Even middle class residential districts in the central cities were suspect, since there was always the prospect that they, too, might turn as Negroes and poor whites continued to pour into the cities, and as middle and upper-middle income whites continued to move out.

^{88/} Interview with Dr. Winfred O. Bryson, President, Advance Federal Savings & Loan Association, July 6, 1970.

^{89/} T. B. Marvell, supra note 70, at 240-41.

The result was a general, even if unwritten, agreement between lending institutions and FHA that most of the areas inside the central cities did not have a favorable economic 90/ future, and that their property values were likely to decline.

2. Appraisal Practices

FHA may foster an inner-city - suburban differential in home valuation by appraising suburban homes at a premium over inner city homes. 91/ Since the amount FHA will loan is determined by appraised value of the home, a higher FHA appraisal means that the buyer need place a smaller downpayment on the house than he would have to place on a similarly priced house in the inner-city.

Also, it should be noted that a professional residential appraisal form presently used by many financial institutions inquires whether the ethnic composition of the neighborhood is changing, 92/ indicating concern with this factor in evaluating the neighborhood.

3. Credit Review

Texts on mortgage lending have indicated that data on 93/ "racial descent" is relevant in appraising credit worthiness. Factors used to determine the credit risk of a potential borrower do not reflect the special circumstances in which minority families may find themselves by virtue of limited earnings opportunities in the past.

90/ Building The American City, supra note 58, at 100.

91/ See FHA-BUD, FHA-Manual, Vol. VII, Book I, Part IV, Section 16.

92/ Interview with Glenwood Loemann, Jr., supra note 78.

93/ W.R. Bryant, supra note 26 at 152.

Also, white appraisers are asked to analyze such factors as the character, family life, attitude toward debt, interest in ownership, etc. of the prospective borrower, without apparent recognition that cultural bias or lack of knowledge may distort the analysis.^{93a/}

D. Loan Size and Profitability

Another reason for the inadequacy of funds for low-income housing, is the relative unprofitability to financial institutions of handling these loans. A financial institution with \$50,000 to lend generally does much better to create two loans of \$25,000 each than five loans of \$10,000 each, since the cost of handling mortgages varies directly with the number of mortgages and not with their dollar value. The fewer the mortgages an institution must service, the fewer staff and less time is necessary to maintain the accounts.

Although savings and loan associations finance smaller homes than do banks and insurance companies, they, nevertheless, do not meet the needs of the inner-city. The average S&L mortgage nationally is about \$25,000, substantially more than most inner-city residents can afford.^{94/}

^{93a/} See FHA Manual, supra note 91, at Part V, Section 19.

^{94/} T. B. Marvell, supra note 70, at 240. Commercial banks and insurance companies lend on homes averaging almost \$35,000. Id.

V. RESPONSIBILITY OF THE FEDERAL HOME LOAN BANK BOARD.

A. Statutory Responsibility

Section 805 of the Fair Housing Law makes it unlawful for any institution "whose business consists in whole or in part in the making of commercial real estate loans" to discriminate in making loans or in setting their conditions, because of race, color, religion or national origin.^{95/} On the basis of this provision alone, the FHLBB has a positive responsibility to assure that the federally chartered or insured associations do not discriminate. The statute pursuant to which the FHLBB insures the deposits of savings and loan associations provides:

Whenever, in the opinion of the Corporation [FSLIC] any insured institution... is violating or has violated an applicable law, rules regulation, or order,...the Corporation shall serve upon the institution a statement with respect to such violations....^{96/}

FHLBB is empowered to terminate insurance for continued violations:

Unless such correction shall be made within one hundred and twenty days after service of such statement,... or unless within such time the Corporation shall have received acceptable assurances that such correction will be made...[FSLIC may] issue and serve upon the institution written notice of intention to terminate the status of the institution as an insured institution.^{97/}

Further, the FHLBB is empowered to issue a cease and desist order when:

^{95/} 42 U.S.C. §3605 (Supp. IV, 1969).

^{96/} 12 U.S.C. §1730(b)(1) (Supp. II, 1967).

^{97/} Id. §1730(b)(2).

...in the opinion of the Corporation, any insured institution...is violating or has violated, or the Corporation has reasonable cause to believe that the institution is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Corporation in connection with the granting of any application or other request by the institution, or written agreement entered into with the Corporation....

B. Action by the FHLBB

On June 1, 1961, the FHLBB adopted Resolution 14656, declaring:

IT IS HEREBY RESOLVED that the Federal Home Loan Bank Board, as a matter of policy, opposes discrimination, by financial institutions over which it has supervisory authority, against borrowers solely because of race, color or creed.

The FHLBB has not implemented this resolution by issuing regulations which prohibit discrimination by insured associations. The one step FHLBB takes in its efforts to assure compliance with nondiscrimination requirements^{99/} is inclusion of the following question in its annual audit of financial institutions:

Does the association have a specific policy for the making of real estate loans to non-white or other minority group applicants for mortgage loans in its authorized lending area?^{100/}

97a/ Id. § 1730(e)(i).

98/ See Commission Memorandums on Federal Financial Regulatory Agencies During 1968.

99/ Interview with Dr. Winfred O. Bryson, supra note 77.

100/ Id., letter to Dr. Bryson from FHLBB, June 19, 1970.

On July 1, 1968, the Federal Home Loan Bank Board transmitted to its members a letter informing them of the passage of Title VIII of the Civil Rights Act of 1968, calling attention to pertinent provisions of the statute and indicating that, if necessary, the Board would initiate appropriate proceedings to effect compliance by its members. The letter stated, among other things, that the

new law requires the Board to act 'in a manner affirmatively to further' its purposes. A violation of law provides grounds for initiation of the enforcement procedures set out in section 5(d) of the Home Owners' Loan Act and section 407 of the National Housing Act. 100a/

The FHLBB has adopted various regulations to promote mortgage financing of housing for low-income persons. It has liberalized rules and regulations governing savings and loan associations by permitting them greater leeway in their accounting practices, 101/ by making advances for the financing of inner-city housing, 102/ and by expanding the authority of Federal Savings and Loan Associations to invest, without specific approval of the Federal Home Loan Bank Board, in service corporations whose function is to make available mortgage funds for the low-cost housing sector. 103/

100a/ These sections give the Board power to sue, to issue cease and desist orders and to terminate insurance in the event of violation of any applicable laws. See Commission Memorandums on Federal Financial Regulatory Agencies during 1968.

101/ 35 Fed. Reg. 7377-78 (1970) (FHLBB amendments to regulations relating to loans on low-rent housing).

102/ Guidelines Adopted by FHLBB Resolution with Regard to Extension of Credit to Finance Housing Projects, No. 23,367, Sept. 18, 1969.

103/ 35 Fed. Reg. 7981-82 (1970) (FHLBB amendments to regulations relating to authority of Federal S&L's to invest in service corporations).

These policies of the FHLBB permit, but do not require, savings and loan associations to service the low-income market. They have been of limited effect since they do little to remedy the principal obstacle to adequate service, which is that savings and loan associations, seeking to maximize profits, have little incentive to incur the added time and expense involved in servicing low-cost housing mortgages. ^{104/}

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C. Additional Steps the FHLBB Could Take

FHLBB regulations could indicate that there is an affirmative duty on the part of each federally chartered or insured S&L to review its policies for mortgage credit to determine to what extent they operate to the disadvantage of minority persons. The results of these reviews could then be submitted to the Board for analysis and further action as the circumstances warrant.

The adoption of a "policy" resolution opposing discrimination, with no accompanying enforceable regulations, appears to mean that failure to comply with the resolution neither jeopardizes the association's charter or insurance, nor subjects the institution to the cease and desist authority of the Board. ^{105/}

^{104/} This is especially true where the housing is purchased in connection with HUD subsidy programs, entailing additional "red tape" and need for staff expertise concerning such programs.

^{105/} 12 U.S.C. §1730(e) (Supp. II, 1967).

Annual audits of savings and loan associations could include a review of the adequacy of the association's service to minority persons and to the low-cost housing sector. Maintenance could be required of records facilitating such a review, including racial data on the institution's home mortgage loan activity.

Further, FILBB could use its regulatory authority to assure that S&L's, acting singly or through a corporation specially formed and funded by the S&L's for that purpose, make a maximum effort to serve the housing needs of low-income persons.

Exhibit No. 10

JOHN E. HORNE
CHAMAN,

FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20555

101 INDIANA AVENUE, N. W.

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEM

July 1, 1968

TO MEMBERS OF THE FEDERAL HOME LOAN BANK SYSTEM

On April 11, 1968 the President signed into law the Civil Rights Act of 1968. Title VIII of that Act, entitled "Fair Housing" states:

"It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."

Section 805 of Title VIII, dealing with discrimination in the financing of housing, states in part as follows:

"Discrimination in the Financing of Housing"

Sec. 805. After December 31, 1968, it shall be unlawful for any bank, building and loan association, insurance company or other corporation, association, firm or enterprise whose business consists in whole or in part in the making of commercial real estate loans, to deny a loan or other financial assistance to a person applying therefor for the purpose of purchasing, constructing, improving, repairing, or maintaining a dwelling, or to discriminate against him in the fixing of the amount, interest rate, duration, or other terms or conditions of such loan or other financial assistance, because of the race, color, religion, or national origin of such person or of any person associated with him in connection with such loan or other financial assistance, or of the present or prospective owners, lessees, tenants, or occupants of the dwelling or dwellings in relation to which such loan or other financial assistance is to be made or given: * * *."

- 2 -

Your attention is directed, also, to section 804, dealing with discrimination in the sale or rental of housing. Under that section the following acts are prohibited where they are based on discrimination on account of race, color, religion or national origin:

- (a) Refusal to sell or rent or to negotiate for the sale or rental of a dwelling;
- (b) Discrimination against any person in the terms or conditions of sale or rental of a dwelling;
- (c) Making any statement with respect to the sale or rental of housing, indicating any racial or religious preference, or an intention to discriminate;
- (d) Representing falsely to any person that a dwelling is not available for sale or rental;
- (e) For profit inducing owners to sell or rent dwellings by representations regarding the entry into the neighborhood of a person or persons of a particular race, color, religion or national origin.

As a practical matter, most real estate owned by savings and loan associations after December 31, 1968 would be covered by these provisions of the statute.

As you know, the Board adopted a policy by Board resolution no. 14,656, dated January 3, 1961 stating:

"IT IS HEREBY RESOLVED That the Federal Home Loan Bank Board, as a matter of policy, opposes discrimination, by financial institutions over which it has supervisory authority, against borrowers solely because of race, color or creed."

This new law requires the Board to act "in a manner affirmatively to further" its purposes. A violation of law provides grounds for initiation of the enforcement procedures set out in section 5(d) of the Home Owners' Loan Act and section 407 of the National Housing Act.

- 3 -

The Board anticipates that all member institutions will comply with the law of the land. However, in the event an institution fails to comply, the Board shall bring proceedings necessary or appropriate to effect compliance.

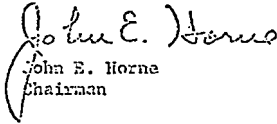
John E. Horne
Chairman

Exhibit No. 11

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : William L. Taylor
Staff Director

FROM : General Counsel

DATE: June 11, 1968

SUBJECT: Enforcement of Fair Housing Law by Means of Sanction of Termination of FDIC or FSLIC Insurance

For several years prior to the enactment of Title VIII, a number of organizations and individuals advocated a broadening of Executive Order 11063 beyond its coverage of housing provided through FHA mortgage insurance and VA loan guarantees. It was recommended that the Order be broadened in the following two ways:

1. To require lending institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or whose accounts are insured by the Federal Savings and Loan Insurance Corporation (FSLIC) to follow nondiscriminatory policies in their mortgage lending practices.
2. To require FDIC- and FSLIC-insured lending institutions to impose nondiscrimination requirements on builders and developers with whom they have financial dealings.

With respect to each of the above two recommended extensions of the Executive Order, legal doubts were raised, principally on the issue of whether FDIC and FSLIC have the authority to impose these requirements.

In addition to the legal issue involved, reservations also were expressed on policy grounds based, at least in part, on the theory that there are limits to what the Executive Branch, as a practical matter, can do in the absence of clear legislative support and direction from the Congress.

The President determined to introduce fair housing legislation instead of broadening the Executive Order. The enactment of the Fair Housing Law (Title VIII of the 1968 Civil Rights Act), however, has not eliminated the need for the use of executive authority of the sort recommended in a broadened Executive Order. The principal strength of Title VIII lies in its coverage which, although not universal, is sufficient to have a substantial impact in establishing an open housing market. The weakness of

2.

Title VIII, however, lies in its enforcement, limited to efforts to achieve voluntary compliance and resort to litigation. There is some danger that this weakness in enforcement will prevent Title VIII from achieving its purpose.

Enforcement is the Executive Order's strong point. That is, the sanction or withdrawing Federal assistance represents strong leverage to assure compliance far stronger leverage than conciliation or litigation. If the Order were broadened, or if FDIC and FSLIC were to take the recommended action on their own initiative, a federally insured lending institution which knowingly and willfully violated the Fair Housing Law would be subject not only to a possible lawsuit that might take years to resolve and might or might not result in a judgment of money damages, but also would be subject to the possible withdrawal of Federal insurance, which, to all intents and purposes, would end the institution's existence. By the same token, a builder or apartment house owner who knowingly and willfully violated the Fair Housing Law would be subject not only to the penalties that might result from protracted litigation, but also to the sanction of exclusion from the major sources of housing credit (the combination of government underwritten loans and loans from federally insured lending institutions account for some 80 percent of the Nation's mortgage financing.

In short, the enactment of Title VIII has not rendered the suggested extension of the Executive Order a dead issue in terms of need. As we have suggested above, the broad coverage and weak enforcement contained in Title VIII demonstrate the need for full executive support through the use of the sanctions available to the Executive Branch, if the Fair Housing Law is to be of maximum effectiveness. (In this connection, however, we wish to stress that actions of the kind contemplated could be taken by FDIC and FSLIC without extending the Executive Order. That is, if the agencies are authorized to take these actions, they may do so on their own initiative, without the direction of the President.)

Further, Title VIII has established a new set of policy conditions which removes at least one of the previous objections to this use of executive authority (the lack of Congressional support and direction) and which warrants, at the least, a reconsideration of the earlier decision not to use it. In addition, Title VIII has established a new set of legal conditions which, first, provides an overall mandate for the use of executive authority "in a manner affirmatively to further the purposes of this title" and, second, requires FDIC and FSLIC to take some action.

Our discussion will be concerned with the authority and the desirability of FDIC and FSLIC's taking the following two actions:

1. To require insured lending institutions to practice non-discrimination themselves; and
2. To require insured lending institutions to impose nondiscrimination requirements on builders and developers with whom they have financial dealings.

3.

Our conclusion is that with respect to the first action, FDIC and FSLIC are no longer free to remain neutral in the face of discriminatory practices by insured lending institutions. The enactment of Title VIII imposes upon them a legal obligation, at least to initiate action against discriminatory lenders. With respect to the second action, the enactment of Title VIII provides new legal and policy support constituting a mandate for the agencies to take this action.

1. Action to require FDIC- and FSLIC-insured lending institutions to practice nondiscrimination.

Section 805 of the Fair Housing Law makes it unlawful, after December 31, 1968, for any institution "whose business consists in whole or in part in the making of commercial real estate loans" to discriminate because of race, color, religion, or national origin. On the basis of this provision, alone, a substantial argument can be made that FDIC and FSLIC cannot, in good conscience, continue to provide the benefits of insurance to institutions that knowingly and wilfully violate this law. It is not, however, a matter only of good conscience; it also is a matter of law.

Section 1818(a) of Title 12 of the United States Code provides, in part, as follows:

"Whenever the Board of Directors [of FDIC] shall find that an insured bank or its directors or trustees have...violated an applicable law, rule, regulation, or order,...the Board of Directors shall first give to the Comptroller of the Currency in the case of a national bank or a district bank, to the authority having supervision of the bank in the case of a State bank, and to the Board of Governors of the Federal Reserve System in the case of State member bank, a statement with respect to such...violations for the purpose of securing the correction thereof and shall give a copy thereof to the bank. Unless such corrections shall be made within one hundred and twenty days,...the Board of Directors, if it shall determine to proceed further, shall give to the bank not less than thirty days' written notice of intention to terminate the status of the bank as an insured bank, and shall fix a time and place for a hearing... If the Board of Directors shall find that any...violation specified in such statement has been established and has not been corrected,...the Board of Directors may order that the insured status of the bank be terminated on a date subsequent to such finding...." (emphasis added)

Section 1818(b) provides for cease and desist proceedings "if, in the opinion of the appropriate Federal banking agency, any insured bank...is violating or has violated, or the agency has reasonable cause to believe that the bank is about to violate, a law, rule, or regulation...."

Section 1818(e) provides for procedures to remove a director or officer of an insured bank "whenever in the opinion of the appropriate Federal banking agency, [such director or officer] has committed any violation of law, rule, or regulation..." in instances where the agency determines that

the bank will suffer financial loss or other damage and the violation is one involving personal dishonesty.

Under the above provisions, FDIC not only is authorized to take action with respect to an FDIC-insured bank which practices discrimination in violation of Section 805 of the Fair Housing Law, it is legally obligated to do so. FDIC's minimum obligation is to initiate the machinery to secure corrective action. If corrections are not made, FDIC apparently has discretion to decide whether to proceed further. Section 1818 also authorizes FDIC to choose from among several alternative sanctions in the event an insured bank has violated any law. It may withdraw insurance, institute cease and desist proceedings, or, under some conditions, institute procedures for the suspension or removal of a director or officer.

With respect to FSLIC, similar legal obligations and authority are provided regarding insured savings and loan associations which violate the law. Section 1730(b)(1) of Title 12 of the United States Code provides:

"Whenever in the opinion of the Corporation [FSLIC], any insured institution...is violating or has violated an applicable law, regulation, or order,...the Corporation shall serve upon the institution a statement with respect to such violations...and shall send a copy of such statement to the appropriate State supervisory authority." (emphasis added)

Paragraphs (2) and (3) of Section 1730(b) authorize FSLIC to terminate the insurance:

"Unless such correction shall be made within one hundred and twenty days after service of such statement,...or unless within such time the Corporation shall have received acceptable assurances that such correction will be made within a time and in a manner satisfactory to the Corporation, or in the event such assurances are submitted to and accepted by the Corporation, but are not carried out in accordance with their terms...."

Subsection (e) provides for the institution of cease and desist proceedings by the Corporation and Subsection (g) provides for the suspension or removal of a director or officer, where the Corporation determines that the lending institution will suffer financial loss or other damage and that the violation involves personal dishonesty.

Under the above statutory provisions concerning FDIC and FSLIC, both agencies are legally obligated, at the least, to initiate action with respect to insured institutions for violation of any law (including presumably, the Fair Housing Law), and clearly are authorized to apply appropriate sanctions, including the termination of insurance, in the event satisfactory corrective action is not taken.

In addition, both agencies would appear obligated to take appropriate action to prevent violations and assure compliance with the Fair Housing Law, such as informing insured institutions of their responsibilities under the law, notifying them that violations may result in the termination of insurance, and conducting periodic inspections to assure compliance.

The only argument we can see against this conclusion is that when Congress referred to violations of law, it did not mean this kind of law. In our view, we cannot impute to Congress a purpose of permitting lending institutions to violate some laws with relative impunity, while providing for vigorous corrective action with respect to the violation of others.

2. Action to require FDIC- and FSLIC-insured lending institutions to impose nondiscrimination requirements on builders and developers with whom they have financial dealings.

Prior to the enactment of Title VIII, the argument for the validity of this action was as follows:

1. Both Congress and the United States Supreme Court have enunciated a policy of equal housing opportunity. In an 1866 Civil Rights Law, Congress provided:

"All citizens of the United States shall have the same right in every State and Territory as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold and convey real and personal property."

The United States Supreme Court, in Hurd v. Hodge, 334 U.S. 24 (1948), enunciated a policy against housing discrimination. There, the Court prohibited a lower Federal court from enforcing a private discriminatory housing agreement on the ground (among others) that such enforcement would violate the public policy of the United States.

2. In 1949, Congress established as a national housing objective: "A decent home and a suitable living environment for every American family." In determining how this objective was to be achieved, Congress recognized that agencies in addition to the then Housing and Home Finance Agency necessarily were involved. Congress provided in the same statute:

"The Housing and Home Finance Agency and its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing, shall exercise their powers, functions, and duties under this or any other law, consistently with the national housing policy declared by this Act and in such manner as will facilitate sustained progress in attaining the national housing objective hereby established...." (emphasis added)

The relationship between nondiscriminatory access to the housing market and the achievement of the national housing objective was expressly recognized by President Kennedy when he told the Civil Rights Commission in 1962:

"It is clear now, as it was then [in 1949], that this objective cannot be fulfilled as long as some Americans are denied equal access to the housing market because of their race and religion."

3. A principal purpose for which the two systems of Federal insurance were created were, in the case of FDIC, the facilitation of community credit, of which housing credit is an important part, and in the case of FSLIC, the facilitation of housing credit in particular. To the extent that families arbitrarily are denied access to housing credit or to housing provided through such credit it necessarily interferes with this major purpose.
4. Both FDIC and FSLIC possess ample regulatory and discretionary authority to take the recommended action so as to further the national policy of equal housing opportunity and the purposes for which they were created.
5. The fact that the action would affect not only the practices of the lending institutions but ultimately the practices of builders and developers who borrow from these institutions would not invalidate the action in that the requirement would be imposed on the lending institutions as requirements in their home financing activities.

Title VIII provides substantial new policy and legal support. Section 801 provides:

"It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the United States."

Thus to the extent that there was ambiguity in the Congressional declaration of 1866, Title VIII has removed all doubt as to the will of Congress regarding fair housing.

In addition, Title VIII has established a new set of legal conditions substantially different from those which obtained before its enactment. First, prior to the enactment of the Fair Housing Law, builders and developers, other than those who used FHA or VA programs, were not subject to any Federal law against discrimination. In that context, FDIC and FSLIC were being asked to impose a new Federal requirement on builders and developers by virtue of the use of executive authority, alone. Title VIII has changed this. As of January 1, 1969, virtually all builders

and developers will be prohibited from discrimination by Act of Congress. Thus FDIC and FSLIC are not being asked to impose new requirements on builders and developers, but only to support through executive action requirements already imposed by Congress.

Moreover, Congress has directed such support from all relevant Federal agencies. Section 808(d) of the Fair Housing Law provides:

All executive departments and agencies shall administer their programs and activities relating to housing and urban development in a manner affirmatively to further the purposes of this title and shall cooperate with the Secretary to further such purposes."

This directive constitutes a Congressional mandate for affirmative action in support of the Fair Housing Law by all agencies which carry on programs or activities relating to housing.

We do not think it can be argued that FSLIC or FDIC are not among the agencies with programs or activities relating to housing. FSLIC supervises lending institutions (savings and loan associations) which are engaged almost exclusively in the housing business. FDIC supervises lending institutions (commercial banks and mutual savings banks) which, although they engage in a variety of investments in addition to housing, are a major factor in the residential mortgage market.

Nor do we believe it can be argued that action by these agencies to require insured institutions to impose nondiscrimination requirements on builders and developers would not be action "affirmatively to further the purposes of the Fair Housing Law." The purposes of Title VIII are to assure fair housing throughout the country - specifically, by preventing discrimination in the sale, rental or financing of housing. Action by FDIC and FSLIC aimed at assuring compliance by builders with which their insured lending institutions deal clearly would be in furtherance of the purposes of the law.

In summary, through the enactment of Title VIII, Congress has provided clear, new policy to guide the actions of executive agencies, including FDIC and FSLIC. Further, a new set of legal conditions has been established which changes the nature of the recommended action from one involving the imposition of new Federal requirements through the use of executive authority, alone, to executive support to assure compliance with requirements imposed by Congress. Finally, Congress has commanded these agencies to adopt affirmative measures to provide full support to the Fair Housing Law.

In our view, to the extent doubt existed as to the legal authority of FDIC and FSLIC to take the recommended action, the enactment of Title VIII has removed this doubt and represents, in effect, a mandate for action:

For full effectiveness, it would be desirable for FDIC and FSLIC to take both actions contemplated - action to require insured institutions to practice nondiscrimination and action to require insured institutions to impose nondiscrimination requirements on builders and developers with whom they have financial dealings. It may be deemed preferable, however, for the agencies to follow a step-by-step procedure in which case action number 1 would become effective on January 1, 1969, and action number 2 would follow after an appropriate interval of time. In any event, full implementation of action number 1, which we believe is required by law, would be salutary in itself and, in our view, should not be made contingent on the adoption of action number 2.

Exhibit No. 12

Baltimore Afro-American
July 21, 1970

**Need
help to
buy or sell
a house?**

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ESTATE BOARD
OF GREATER
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Exhibit No. 18

July 23, 1970

**The Honorable Marvin Mandel
Governor of Maryland
State House
Annapolis, Maryland**

Dear Governor Mandel:

Recently there have been a number of attacks against the Real Estate Commission of Maryland by certain groups. In order to provide you with correct and adequate information regarding the activities of your Commission we are herewith communicating with you.

Since 1967 the present Chairman has been a member of this Commission. During this time the Commission has:

1. Licensed and regulated over 15,000 licensees.
2. Processed and investigated an average of two complaints every working day.
3. Held hearings on an average of two days per month.
4. The Commissioners have attended an average of two additional meetings per month.

During the past three years the Commission has performed under the most trying conditions. It operates with one of the lowest budgets of any Commission in the country, although it turns over to the State Treasury twice as much in revenues as it is allocated in its annual budget.

We have only three Investigators to cover the entire state and the 15,000 plus licensees. Numerous requests for additional Investigators have been made and as recently as last month such a request

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was declined. The pay of our investigators is less than investigators with some of the other agencies.

The complaints received, processed and investigated by the Commission cover all aspects of the law and the Code of Ethics, with less than 1% of these being concerned with discrimination, block-busting, etc. One of the chief concerns of the civil rights groups seems to be over the various speculators which are operating in the real estate market. However, the Real Estate Commission has no authority over such speculators unless they are licensed brokers. This Commission supported a Bill in the last session of the Legislature which would have authorized regulation by the Real Estate Commission of speculators, but such a Bill was defeated. In point Senate Bill No. 727 would have regulated those operators with ten properties or more but this Bill was defeated.

The report of the Human Relations Commission and the criticisms made by it and other "civil right groups" are in general terms, innuendo, implications and the like. None of them has been able to delineate any specific case brought to the Commission's attention in which the Commission has failed to take action.

On the other hand, the following are pertinent specific cases which the Commission has investigated either because of an outside complaint, or on its own initiative:

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1. Complaint of Esmay S. Bradley vs T. D. Bergese and John R. Glover, salesman. A hearing was held on this case and after considering all the facts and testimony brought out the Commission found the respondents not guilty.
2. Complaint of Robert Adel vs Charles T. Vinley and Theodore G. Gehring, salesman. The alleged violation here was block-busting and causing a change in the neighborhood by introducing race into the situation. A hearing was held on January 23, 1968 and after consideration of all the facts and testimony of the case the defendant was found not guilty.
3. Case of Noel Myricks vs John T. Kalpin. This was a case of discrimination in the rental of housing and after consideration of all the facts in the case at a hearing which was held on March 12, 1970 the Commission found the defendant guilty and ordered a six month suspension of this license.
4. The Real Estate Commission vs Alvin Mintzes, broker, trading as Castle Realty Co., and Elaine S. Mintzes, salesman. This was a case of a conduct by the defendants which was used to mean that negroes were moving into the neighborhood. After a consideration of all the facts of the case at a hearing on December 18, 1969, the defendants licenses were revoked.

All of these cases were decided on the basis of the facts brought out in testimony and hearings on each case.

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Prior to July 3, 1970 we had been informed by the office of the Attorney General that in the case of blockbusting the Commission was limited to action taken after a court had found the defendant guilty under Section 230A of Article 56 of the Code. We are enclosing herewith a copy of the opinion of the Attorney General in relation to this matter.

During the past three years the Commissioners have given their own time and paid their own expenses to travel throughout the state in order to inform licensees of the obligations under the country's fair housing and anti-discrimination laws. In addition, the COMMISSIONER, a quarterly publication, contains many articles and warnings to licensees regarding such activities. In the most recent issue of the COMMISSIONER you will find two pages devoted to "fair housing". Copies of the various issues of the COMMISSIONER are enclosed herewith.

Despite the criticisms and threats made by the various civil rights groups, the Commission has never received any bona fide complaint from one of these groups on racial matters.

The members of the Commission represent over 150 years of expertise in the field of real estate and, as dedicated members of the Commission have, in the past, and will in the future, protect the interest of the public by enforcing all laws, regulations and the Code of Ethics, as set forth under Article 56 of the Annotated Code of Maryland, including all violations pertaining to race, and/or neighborhoods.

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We are fully aware of the fact that our critics can never be satisfied until they have gained control of the Real Estate Commission by replacing the present Commissioners with inexperienced appointees, who will be charged with making decisions about a sophisticated industry.

While performing our functions under the law, we have been continually harassed by those various civil rights groups, namely: Baltimore Neighborhoods, Inc., Activists, Inc., and more recently by the Human Relations Commission for the State of Maryland. Nevertheless the Commission is united in its efforts to adequately and forcefully enforce the law and protect the public interest.

Furthermore, please be assured that the Commissioners are concerned about any violations of the law, whether or not racial in character.

The Commission has held completely open hearings and meetings, and since January of this year has notified the press, radio and TV stations, and all interested parties, of such hearings and meetings.

You may rest assured that it is the prime purpose of this Commission to protect the public, and to have its activities reflect credit on your administration.

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We shall be pleased to have the opportunity to discuss these matters further with you at your convenience.

Very truly yours

GHS/aa
Encls.

G. Nelson Sigler
Chairman

cc: Mr. John E. Jewell, Secretary,
Department of Licensing and Regulation

Exhibit No. 14

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

LAND USE CONTROL IN RELATION
TO RACIAL AND ECONOMIC INTEGRATION

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I. Introduction and Summary

This paper reviews zoning and other land use controls in relation to racial and economic residential integration, with particular attention to Baltimore County. Section I is an overview of the paper. Section II provides an introduction to the history and purpose of zoning, focusing on the use of zoning as an exclusionary tool. Section III outlines the state of the law with respect to the legality of such exclusionary zoning.

Section IV describes the ways in which neighborhoods should be shaped in order to bring about an adequate level of economic and racial integration. Tools which can be used to create such neighborhoods are discussed in Section V. This section includes discussion of recent legislation by the Commonwealth of Massachusetts designed to curb the use of exclusionary zoning, of New York State's Urban Development Corporation -- which has power to override local zoning ordinances -- and of actions which local governments can take on their own initiative.

Against this background, Section VI describes land use control in Baltimore County. The county's present and proposed zoning regulations are reviewed, as is the county's subdivision code (which regulates land subdivision and the provision of streets, sewers, etc.). This review (together with a Commission staff examination of apartment rezoning applications) indicates that Baltimore County has not used the zoning process to prevent apartment development. On the other hand, the section also indicates that the county has taken few of the steps outlined in Sections IV and V in order to further balanced development of the county. Section VI also discusses the county's proposed guideplan.

which sets out in broad terms the growth patterns proposed for the county. It is noted that the guideplan does not recognize as a planning goal the need to reverse the process of racial and economic polarization in the Baltimore metropolitan area.

An addendum to Section VI notes that the county council on August 3, 1970 adopted a new zoning ordinance. In its one significant alteration of the ordinance as proposed by the county planning board, the council rejected proposed "holding zones". As noted in the addendum, the county council by this action appears to have created another major obstacle to racial and economic integration in Baltimore County.

II. Exclusionary Zoning

By 1985, at least 178 million Americans will be living in metropolitan areas, or nearly half again more than today.^{1/} One-half million acres of land are added to the metropolitan areas of the country each year.^{2/} Privately owned land devoted to urban uses, according to one study, was worth \$320 billion in 1966.^{3/}

Local governments are directly concerned with urban land use in two major ways: (1) through their own land needs for streets, parks, and other public facilities, altogether demanding nearly one-third of the land area in sizable cities,^{4/} and (2) through their power to regulate private uses of land, in the interest of public safety and welfare.^{5/} These concerns have led to the widespread creation of local planning agencies, which have as a minimum responsibility the study of prospective uses of land within their jurisdiction and the bearing of such uses upon governmental programs and policies.^{6/}

^{1/} ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, URBAN AMERICA AND THE FEDERAL SYSTEM 43 (1969). Virtually all that population growth is likely to take place in metropolitan suburbs, for which a 1985 population of 113 million is projected, as compared with 55 million in 1960. Id.

^{2/} PRESIDENT'S COMM. ON URBAN HOUSING, A DECENT HOME 137 (1969).

^{3/} A. Marvel, R. Gustafson & R. Welch, Three Land Research Studies, Prepared for The National Commission on Urban Problems, Research Report No. 12, at 2 (1968).

^{4/}Id. at 22. In the typical city of 100,000 or more, streets alone occupy 17.5 per cent of the city land area.

^{5/} ADVISORY COMM'N, supra note 1, at 60.

^{6/} See generally C. HAAR, LAND-USE PLANNING 34-90 (1959 ed.) for a discussion of the evolution of city planning.

Most such agencies seek to develop a "comprehensive plan" of growth and development. Such a plan reflects the agency's view as to how the area should be developed and appear at some future date.^{7/} It usually specifies the existing and preferred use of specific land areas, transportation patterns, and location of public facilities.^{8/} Social and economic factors including population density and income and educational levels, increasingly have been considered in order to plan more realistically for the needs of the area. The plan is a "description of current physical and human resources; an assessment of the direction in which the community is developing; an expression of desired goals; and a recommendation of governmental steps required to reach those goals."^{9/}

The device most commonly used to attain the goals of the comprehensive plan is the local zoning ordinance. Pioneered in 1916 by New York City, zoning ordinances are now applied in practically all

^{7/} ADVISORY COMM'N, supra note 1, at 61.

^{8/} Id.

^{9/} Id.

incorporated cities of substantial size ^{10/} and by about one-quarter ^{11/} of all county governments.

A typical zoning ordinance prescribes how all land in a community may be used. Zoning ordinances, accompanied by a zoning map, generally designate permitted uses for specific areas. Many divide uses into three basic categories: residential, business, and industrial. These categories are further subdivided to distinguish, for example, between one-family detached houses and apartment buildings, or between "light" and "heavy" industry. Many ordinances make provision for hundreds of ^{12/} specific uses.

A limitation on population density also is part of the typical zoning ordinance. Most ordinances establish this limitation by setting a minimum required lot size. ^{13/} They also may limit the number of residents per acre or set a minimum required ground or floor area for ^{14/} each dwelling unit on a lot.

^{10/} Approximately three-fourths of the Nation's population lives in jurisdictions having local planning and zoning bodies, including more than nine-tenths of the metropolitan sector. A. Manvel, Local Land and Building Regulations, Prepared for The National Commission on Urban Problems, Research Report No. 6, at 6 (1968).

^{11/} Although about one-half of the county governments in the Nation, including four-fifths of those in metropolitan areas, have a planning board, only about half of these boards control land-use through zoning regulations. Id. at 23.

^{12/} See HAAR, supra note 6, at 192-252.

^{13/} See notes 26-33 infra and accompanying text.

^{14/} NATIONAL COMMISSION ON URBAN PROBLEMS, BUILDING THE AMERICAN CITY 201 (1968), hereinafter referred to as the DOUGLAS COMMISSION.

Zoning regulations also limit building bulk. Usually they do this by requiring open space between lot boundaries and by limiting the proportion of lot area that may be covered by buildings.^{15/} Refinements of these devices have become common in recent years because communities have recognized that rigid yard and height requirements often deter imaginative design.^{16/} "Floor area ratio" and "useable open space" requirements are increasingly common requirements.^{17/}

Many other requirements, including minimum house size, minimum house cost,^{18/} landscaping, and offstreet parking, also often appear in zoning regulations.

All 50 States authorize local governments to exert zoning powers over land within their jurisdiction.^{19/} Because local officials are

^{15/} Id. at 201-02.

^{16/} Id. at 202.

^{17/} Id.

^{18/} But see Brookdale Homes, Inc. v. Johnson, 126 N.J. 516, 19 A.2d 868 (1941) and County Commissioners v. Ward, 186 Md. 330, 46 A.2d 684 (Ct. App. 1946) declaring unconstitutional ordinances which set a minimum cost of construction.

^{19/} DOUGLAS COMMISSION, supra note 14, at 199.

described in terms of conflicting metropolitan interests.^{22/}

The primary interest of suburban residents is in maintaining the exclusive nature of their community,^{23/} restricting the numbers and sorts of people who will move into the area. Fewer neighbors mean less noise, less traffic,^{24/} and more open space. Residents may wish to exclude families of an economic status lower than their own, perhaps on the assumption that poorer or dark-skinned neighbors will hinder the education of their children, commit more crime, or make living in the suburbs less prestigious.^{25/}

The most widely used zoning device to achieve exclusionary policies is large lot zoning, by which a relatively large minimum lot area for residential dwellings is prescribed, thereby effectively raising the cost of new housing in the affected area.^{26/} Large lot

^{22/} Cf. R. BARCOCK, THE ZONING GAME (1969 ed.); Note, Large Lot Zoning, 78 YALE L.J. 1418, 1420 (1969).

^{23/} Suburbs try to exclude "undesirable" uses and "undesirable" people who would not "fit in." DOUGLAS COMM'N, supra note 14, at 212.

^{24/} But see Large Lot Zoning, supra note 22, at 1422, which notes that increased isolation brings a greater need for automobile travel and thus increased traffic.

^{25/} Id. at 1420-21. See generally DOUGLAS COMM'N, supra note 14; PRESIDENT'S COMM. ON URBAN HOUSING, supra note 2; REPORT OF THE NAT'L ADVISORY COMM'N ON CIVIL DISORDERS (1968).

^{26/} DOUGLAS COMM'N, supra note 14, at 213. See Sager, Tight Little Islands: Exclusionary Zoning, Equal Protection, and The Indigent, 21 STAN. L. REV. 767, 796 (1969); Large Lot Zoning, supra note 22.

responsible only to their constituents, administrative zoning policy reflects the interests of the individual municipalities, which may be contrary to those of the metropolitan area as a whole.^{20/} For example, local officials and their constituents may not want a regional sewage disposal plant located in their community; yet it may be clear that such a plant is needed in the area. Similarly, there may be recognition that low- and moderate-income families within the metropolitan area need to be housed somewhere; that they need to be housed within a given jurisdiction in the area is less readily accepted.^{21/}

Zoning is a device which lends itself to protecting suburban areas from the problems of the region. Zoning policy may be

^{20/} As stated by the Advisory Commission on Intergovernmental Relations,

The officials of each municipality naturally feel that they are using their municipal powers for their town's best advantage. But a basic tenet of the Advisory Commission's philosophy is that with increasing size and complexity of metropolitan problems, the rights of the individual community are circumscribed by the rights of other communities.

ADVISORY COMM'N, supra note 1, at 62.

^{21/} See SASSO v. Union City, 424 F.2d 291 (9th Cir. 1970) and Ranjel v. City of Lansing, 417 F.2d 321 (6th Cir. 1969), cert. denied, 38 USLW 3364 (1970). In both cases local residents, through the use of voter referenda, vetoed proposed low- and moderate-income housing units to be built in their community.

zoning raises house prices in three ways.^{27/} Extensive large lot zoning significantly reduces the amount of housing that can be built;^{28/} if demand for new housing is strong, this restriction on supply will increase land and housing costs generally. (2) Some builders will not build a small house on a large lot;^{29/} if such a rule is followed a \$1,000 increase in lot cost may result in a \$5,000 increase in the price of the finished house and lot.^{30/} (3) Large lot zoning generally results in added costs for land improvements; more sidewalks, sewers, landscaping and the like. Such ordinances exclude a class of potential residents whose income thresholds are exceeded because of the cost increment attributable to the ordinance.

Another major interest of suburban areas is that of keeping down the community's tax rate. Again, large lot zoning is a means of achieving this goal. Since local governments rely on the real estate tax as their major source of revenue,^{31/} they greatly favor land uses which add more in property taxes than they require in public services.^{32/}

^{27/} DOUGLAS COMM'N, supra note 14, at 213-14.

^{28/} A given developer will be able to build fewer houses on available land. If the development is on a large tract, the effect on the total number of houses will be substantial.

^{29/} Many builders observe a rule of thumb that the price of a lot should be some specified percentage of the total price of the house and lot, e.g., 20 percent. DOUGLAS COMM'N, supra note 14, at 214.

^{30/} Id.

^{31/} 2 REPORT OF THE PRESIDENT'S COMM. ON URBAN HOUSING, TECHNICAL STUDIES, EFFICIENCY IN THE HOUSING INDUSTRY 92 (1968).

^{32/} This practice is known as "fiscal zoning". As an extreme example, the city of Vernon, California, where over 70,000 people work but only 236 live, has an assessed valuation of about one-half million dollars per capita, affording a low tax rate and helping to attract new industry, which in turn would raise the assessed value and lower the tax rate even more. ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, METROPOLITAN SOCIAL AND ECONOMIC DISPARITIES: IMPLICATIONS FOR INTERGOVERNMENTAL RELATIONS IN CENTRAL CITIES AND SUBURBS 95 (1965).

Low- and moderate-priced single family dwellings and high density apartments (except for luxury apartments for people with few, or no, children), do not return in taxes what they add to municipal expenses, particularly in the cost of education. Exclusionary zoning is partly an effort to exclude potential "tax-loss," residents.^{33/}

Much the same effect as large lot zoning is achieved by ordinances which fail to reserve adequate land for multifamily dwellings.^{34/}

multifamily housing units generally provide the most economic housing for persons of low- and moderate-income. When adequate suitable land is not zoned for multifamily use, multifamily project developers must go through the process of obtaining a zoning change. This may entail a heated struggle with the community -- which builders are under-

^{33/} The Advisory Commission on Intergovernmental Relations reports that "as long as each community has its own zoning and land use control without reference to its neighbors and to the urban area as a whole, fiscal competition will continue to be attractive to local political leadership, thus aggravating the [intra-metropolitan] disparities already apparent." Id. at 96.

^{34/} See In re Appeal of Girsh, 263 A.2d 395, (Penn. 1970) (holding unconstitutional a zoning ordinance which did not provide for any multifamily structures).

standably reluctant to undertake.^{35/}

A given exclusionary ordinance, especially where combined with similar ordinances of other jurisdictions in the area, thus operates to severely reduce the supply of low-cost housing in the region. Making the suburbs inaccessible to a certain class of people serves to concentrate them within the city.^{36/} Excluded potential residents may be shut out from outlying suburban areas, and relegated to available housing units, perhaps placed at the mercy of exploitative landlords with a "seller's market".

While protecting their own interests, suburban areas are legislating for the entire region. As stated by the Advisory Commission on Intergovernmental Relations,

On the one hand, [the cities] are confronted with the need to satisfy rapidly growing expenditures triggered by the rising number of 'high cost' citizens. On the other hand, their tax resources are increasing at a decreasing rate

^{35/} Also, even if rezoning is obtainable, the process can be time consuming and therefore expensive to the builder, who must hold the land, often under option, until a final determination is reached. Moreover, the process puts a premium on personal and political contacts, thereby effectively restricting the builder's ability to be confident of the outcome. See Note, Administrative Discretion in Zoning 82 HARV. L. REV. 668 (1969).

^{36/} "The scarcity of older low-cost suburban housing and the persistent barrier of discrimination in the case of blacks tend to sustain the white noose around the central cities." ADVISORY COMM'N, supra note 1, at 51.

(and in some cases actually declining), a reflection of the exodus of middle- and high-income families and business firms from the central city to suburbia.^{37/}

For example, while 27 percent of Maryland's population is located in Baltimore, 72 percent of Maryland's AFDC expenditures are in the city.^{38/}

The success of suburbanites in preserving the relatively exclusive character of their communities also is reflected in the fact that in 1967, 95 percent of the inhabitants of the suburban rings were white.^{40/} Moreover, while black suburbanites comprised only 19 percent of all blacks living in metropolitan areas of one million or more, white suburbanites comprise 62 percent of all whites living in metropolitan areas.^{41/} The Douglas Commission reports concluded it to be likely that by 1985 most major American cities will have a black majority while the nonwhite proportion in the suburbs will remain relatively constant at about 6 percent.^{42/}

^{37/} ADVISORY COMM'N, supra note 1, at 10.

^{38/} Aid to Families with Dependent Children Program.

^{39/} ADVISORY COMM'N, supra note 1, at 10.

^{40/} U.S. BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, SERIES P-23 NO. 26, at 5 (1968) In 1967 the median family income for suburbia was 20 percent higher than that for the central cities. U.S. BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, SERIES P-23, NO. 27, at 36 (1969).

^{41/} POPULATION REPORTS NO. 26 Id.

^{42/} DOUGLAS COMM'N, supra note 14, at 43-44.

III. The Constitutional Status of Exclusionary Zoning

The Supreme Court, in Euclid v. Ambler, upheld the constitutionality of zoning laws as an exercise of the States' police powers.^{1/} Such powers are justifiable, the Supreme Court held, unless a given ordinance is "clearly arbitrary and unreasonable, having no substantial relation to the public health, safety, morals, or general welfare".^{2/} The scope of inquiry whether such a "substantial relation" exists was held by Euclid to include all circumstances surrounding the law's application.^{3/} The Supreme Court noted that there is the "possibility of cases where the general public interest would so far outweigh the interest of the [zoning] municipality, that the municipality would not be allowed to stand in the way".^{4/} In Nectow v. City of Cambridge,^{5/} the Court considered a zoning ordinance which, as applied to plaintiff's land, the Court held did not meet the "substantial relation" test.^{6/} Finding that the value of plaintiff's land was lowered by the ordinance, the Court held that the ordinance operated as a taking of property without due process of law.^{7/}

^{1/} Village of Euclid v. Ambler Realty Co., 272 U.S. 365 (1926).

^{2/} Id. at 395.

^{3/} "The question . . . is to be determined, not by an abstract consideration of the building or of the thing considered apart, but by considering it in connection with the circumstances and the locality. . . It may be merely a right thing in the wrong place,--like a pig in a parlor instead of the barnyard." Id. at 388.

^{4/} Id. at 390.

^{5/} 277 U.S. 183 (1928).

^{6/} Plaintiff's land, although surrounded by factories, was zoned for residential uses. A court appointed master found that "no practical use can be made of the land in question for residential purposes . . . taking into account the natural development and the character of the district. . . ." Id. at 187.

^{7/} Id. at 188.

and thus was contrary to the 14th amendment.^{8/} Any expectation thereby generated that the Court would take an active role in reviewing zoning ordinances has been unfulfilled; Nectow was the last opinion on the constitutional dimensions of zoning handed down by the Supreme Court.^{9/}

It is clear that the zoning jurisdiction must point to a precise, legitimate purpose, rooted in the health, safety and general welfare of its citizens, to justify its zoning ordinance.^{10/} However, it has been held that municipalities are not permitted to argue that they do not have the requisite facilities to accommodate newcomers and thus to restrict entrance to the community.^{11/} Nor, it has been held, may cities make comprehensive plans that work to exclude all low and moderate income housing because of tax considerations.^{12/} It is often the case, however, that the jurisdiction will try to hide a lack of proper purpose behind the "presumption of validity" given to all legislative enactments.^{13/} Under this doctrine, an ordinance will not be

^{8/} U.S. CONST. amend. XIV, § 1. "[N]or shall any State deprive any person of life, liberty, or property, without due process of law." Id.

^{9/} But see James v. Valtierra, 38 U.S.L.W. 3485 (June 8, 1970) in which the Court granted review of an appeal from a U.S. Federal district court decision holding unconstitutional the use of public referendums to override local zoning determinations. See notes 36-41 infra and accompanying text.

^{10/} See 58 AM. JUR. Zoning § 26 (1961).

^{11/} In In re Appeal of Kit-Mar Builders Inc., No. 218 (Pa., filed Feb. 24, 1970), the Pennsylvania Supreme Court stated: "We . . . refuse to allow the township to do precisely what we have never permitted -- keep out people, rather than make community improvements." Id. at 6.

^{12/} Simon v. Needham, 311 Mass. 560, 42 N.E. 2d 516 (1942). It has also been held that a community cannot zone to protect private property values. Senefky v. Lawler, 307 Mich. 728, 12 N.W. 2d 387 (1943).

^{13/} The burden of proof put on plaintiffs in zoning challenge cases is a major obstacle to effective judicial review of large lot zoning ordinances. Note, Large Lot Zoning, 78 YALE L.J. 1418, 1436 n. 60 (1969).

invalidated unless there is a plain violation of the Constitution; ^{14/}
doubtful cases will be decided in favor of the validity of the enactment. ^{15/}

An increasing awareness that a denial of zoning for low-and moderate-income housing specifically victimizes poor people who are confined to ghetto or substandard housing ^{16/} has resulted in several lawsuits challenging different aspects of exclusionary zoning and land use policies and practices. Nat'l Land & Inv. Co. v. Easttown Bd. of Adjmt., ^{17/} a Pennsylvania case, was the first to hold that a scheme of zoning which has an exclusionary purpose or result is unconstitutional. In holding that a four-acre minimum lot size is "larger than what should be considered necessary for the building of a house, and therefore not the proper subject of public regulations," ^{18/} the court stated that "a zoning ordinance whose primary purpose is to prevent the entrance of newcomers in order to avoid burdens, economic and otherwise, upon the administration of public services and facilities cannot be held valid." ^{19/} This position

^{14/} Miller v. Bd. of Public Works, 195 Cal. 477, 234 P. 381, appeal dismissed, 273 U.S. 781 (1927).

^{15/} Euclid, supra note 1, at 388.

^{16/} This "awareness" has largely been the result of recent commission reports. See generally, NAT'L COMM'N ON URBAN PROBLEMS, BUILDING THE AMERICAN CITY (1968); REPORT OF THE NAT'L ADVISORY COMM. ON CIVIL DISORDERS (1968); ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, URBAN AMERICA AND THE FEDERAL SYSTEM (1969); THE PRESIDENT'S COMM. ON URBAN HOUSING, A DECENT HOME (1969).

^{17/} 419 Pa. 504, 215 A.2d 597 (1965).

^{18/} Id. at 524, 215 A.2d at 608.

^{19/} Id. at 532, 215 A.2d at 612.

was reaffirmed in In re Appeal of Kit-Mar Builders Inc.,^{20/} where the same court invalidated a two-acre minimum lot size requirement. The court stated that

it is not for any given township to say who may or may not live within its confines. If Concord is successful in un-naturally limiting its population growth through the use of exclusive zoning regulations, the people who would normally live there will inevitably have to live in another community, and the requirement that they do so is not a decision that Concord Township should alone be able to make.^{21/}

This holding finds support in the recent Supreme Court case of Shapiro v. Thompson.^{22/} In that case, plaintiffs claimed that State residency requirements, as a condition precedent to receiving welfare payments, were an unconstitutional restraint on their right to travel.^{23/} The defendant States argued that the purpose of the requirement was "to protect their fisc by discouraging entry of those who come needing relief."^{24/} The Court, in holding the requirements unconstitutional, stated

the nature of our Federal Union and our constitutional concepts of personal liberty unite to require that all citizens be free to travel throughout the length and breadth of our land uninhibited by statutes, rules, or regulations which unreasonably burden or restrict this movement.^{25/}

^{20/} No. 218 (Pa. Sup. Ct. filed Feb. 24, 1970).

^{21/} Id. at 6.

^{22/} 394 U.S. 618 (1969)

^{23/} Id.

^{24/} Id. at 623, quoting Thompson v. Shapiro, 270 F. Supp. 331, 336-37 (1967).

^{25/} Id. at 629

Similarly, inability to obtain housing in proper surroundings because of exclusionary zoning discourages and restricts the free movement of citizens.

In another recent case, Dailey v. City of Lawton,^{26/} an Oklahoma city with a history of segregated housing patterns denied a rezoning request for construction of a federally subsidized low-rent multi-family housing project in a predominantly white area. The District Court found that the actions of the city council were "a direct result of bias and prejudice"^{27/} and that the motivation for the denial of the zoning change "was to keep a large concentration of Negroes and other minority groups from living in North Addition... and the fear of the property owners...that... such a project as proposed by the plaintiff would bring about a depreciation in property values in the district."^{28/} The Circuit Court of Appeals noted that it is enough for complaining parties to show that the local officials are effectuating the discriminatory designs of private individuals.^{29/}

Another series of cases has attacked provisions of State laws which allow a voter referendum to challenge municipal zoning decisions.

^{26/} No. 291-69 (10th Cir. filed May 1, 1970).

^{27/} 296 F. Supp. 266, 268 (W.D. Okla. 1969).

^{28/} Id. at 269.

^{29/} No. 291-69, supra note 26, at 8-9.

In SASSO v. Union City,^{30/} a Mexican American community organization was successful in obtaining the passage of a city ordinance rezoning a tract of land within Union City, California, to permit the construction of a federally financed housing project for low- and moderate-income families.^{31/} The ordinance was nullified almost immediately by a city-wide referendum.^{32/} The organization, as plaintiffs, asserted that the effect of the referendum was to deny decent housing and an integrated environment to low-income residents of the city. The court, although holding the referendum law constitutional,^{33/} stated: "If the environmental benefits of land use planning are to be enjoyed by a city and the quality of life of its residents is accordingly to be improved, the poor cannot be excluded from the enjoyment of the benefits."^{34/}

^{30/} Southern Alameda Spanish Speaking Organization v. Union City, 424 F. 2d 291 (9th cir. 1970).

^{31/} *Id.* at 292.

^{32/} CAL. ANN. ELECTIONS CODE § 4051 provides that if a petition bearing the names of at least 10 percent of the voters of a city is filed with the city clerk within 30 days of the passing of an ordinance, the ordinance is suspended until further consideration by the legislative body. CAL. ANN. ELECTIONS CODE § 4052 provides that if the legislative body does not repeal the ordinance after reconsidering it, a special election may be called for voter approval or disapproval of the ordinance; such vote being the final determination for one year until the process may begin again.

^{33/} See also Ranjel v. City of Lansing, 417 F. 2d 321 (6th Cir. 1969), cert. denied, 38 U.S.L.W. 3364 (1970) (upholding Michigan's referendum law against a similar attack).

^{34/} 424 F.2d at 295.

The case has been reset for a determination of whether "the city's plan of development. . . accommodates the needs of its low-income families."^{35/} The question of the referendum, though, may be finally decided by the U.S. Supreme Court which recently granted review in James v. Valtierra.^{36/} James, which arose in San Jose, California, involves the constitutionality of article 34 of the California constitution,^{37/} forbidding government construction of low-rent housing in any community unless a majority of the voters first approve it at a public referendum. A group of Mexican Americans and blacks applied for Federal funds to build such housing, but the proposal was defeated after a public vote. A three-judge Federal court, noting that San Jose has no public housing for low-income families, invalidated article 34 because it makes it "more difficult for state agencies acting on behalf of the poor and the minorities to get federal assistance for housing than for state agencies acting on behalf of other groups to receive Federal financial assistance"^{38/} thus violating the equal protection clause of the 14th amendment.^{39/} Citing Hunter v. Erickson,^{40/} invalidating

^{35/} Id. at 295-96. On July 31, 1970, the District Court found that the city's plan did not provide for the needs of low-income families. The court ordered the city to move to correct the situation. SASSO v. Union City, Civil No. 51-590 (N.D. Cal., filed July 31, 1970).

^{36/} 38 U.S.L.W. 2528 (N.D. Cal. 1970), review granted, 38 U.S.L.W. 3485 (U.S. June 8, 1970).

^{37/} CALIF. CONST. art. 34 § 1.

^{38/} 38 U.S.L.W. at 2528.

^{39/} U.S. CONST. amend. XIV, § 1. "No state shall... deny to any person within its jurisdiction the equal protection of the laws."

^{40/} 38 U.S.L.W. at 2528.

a referendum which rejected a city "fair housing" act, the court took notice of the fact that "the impact of the law falls upon the minorities."^{41/}

^{41/} 38 U.S.L.W. at 2528.

IV. Neighborhood Planning to Promote Racial and Economic Integration.

In the minds of many, the idea of low-income housing in suburbia conjures up the image of high-rise public housing filled entirely with large families with female heads of household, in the center of a subdivision of \$40,000 houses. Presented with this image, one quickly decides that low income housing cannot work in upper-^{1/} middle class suburbia. Fortunately, happier models are possible.

In successful planning of a balanced community, three general factors must be considered. These are cost, access to facilities, and social relationships.

A. Cost. Housing must be provided at a cost which persons of low-and-moderate-income can afford. Several methods are possible; used together they will result in the availability of a substantial amount of housing within the reach of persons of low-and moderate-income.

^{1/} If racially and economically integrated neighborhoods are created with the expectation that this action by itself will be sufficient to solve the social problems of urban slums, disappointment will follow. The new setting will provide only a better opportunity for the underlying problems to be met. See Gans, The Effect of Community on Its Residents: Some Considerations for Sociological Theory and Planning Practice, PEOPLE AND PLANS 12, 14 (1968), citing B. Berger, WORKING CLASS SUBURB: A STUDY OF AUTO WORKERS IN SUBURBIA (1960). See also Gans, THE LEVITTOWNERS (1969). However, Robert Gutman concludes, "Programs should be developed to enable low-income groups to acquire housing in areas of the cities and in the suburbs which already are defined as prestigious.... Our analysis suggests that the cumulative positive effect of housing in the suburbs or cooperative low-income housing in the cities may be even greater than the new policies have led the housing movement to expect." Gutman, A Sociologist Looks at Housing, in TOWARD A NATIONAL URBAN POLICY 130 (D. Moynihan ed. 1970).

1. First, low density residential development should be avoided. By having less land per unit, the land cost per unit, and the utilities and street cost per unit, are reduced.^{2/} This does not mean that the development should consist of elevator apartments. Group houses and garden apartments fit quite comfortably at densities of 10 to 20 to the acre,^{3/} which contrasts greatly to the 1 to 4 units to the acre typical in many suburban residential developments.

2. A second means of supplying lower cost housing is to use the existing housing supply. Used housing, with other factors held constant, is cheaper than new. This means creating the kind of neighborhoods described here in areas in which houses are already located, applying housing subsidy programs to the preexisting housing stock, and remodeling houses to meet the needs and the financial capabilities of lower-income families.^{4/}

^{2/} See page 9 supra. Higher density development also will allow the neighborhood to support needed facilities that would not otherwise be economically viable. See page 25-27, infra.

^{3/} At a density of 10 to the acre, each group house has a lot of over 4,000-square feet; if the house measures 20 by 40, which is not untypical, 3,200 square feet is left over for lawn. If units are placed atop each other, twice the density would be possible without reducing the amount of open space left over. This would permit, for example, a two bedroom, 800 square foot, apartment, topped by a duplex, 1,600 square foot, four-bedroom apartment.

^{4/} There are, however, countervailing considerations: "There is strong logic to suggest that an effective way of breaking through the forces which make for [racial and economic] segregation would be to create new communities which are so attractive as an environment for the average family that very many people who now resist it would be willing to accept open occupancy and mixed communities." Perloff, Common Goals and the Linking of Physical and Social Planning, in URBAN PLANNING AND SOCIAL POLICY (B. Frieden ed. 1968).

Because lower-income families have fewer cars, or no car at all, the neighborhood must be planned in such a way that good public transportation is possible. This requires that the neighborhood have a fairly high residential density and that it not be so far from other parts of the metropolitan area that linking it by public transportation with the rest of the metropolis is prohibitively expensive.

Low-and moderate-income families require different facilities from those needed by higher-income families. Because lower-income families are more likely to have two working parents (or a spouseless head of household who works) than are higher-income families, and because they cannot afford to have a baby sitter regularly come for the day, child care centers are highly desirable in a neighborhood where lower-income families reside.

Because low-income families are less able than others to depend on private physicians and dentists, and because of transportation problems, some kind of medical clinic also is needed.

While middle class families usually own their own washer and dryer, lower-income families need access to a laundromat, usually absent in suburban neighborhoods.

Public recreational facilities should be present, since lower-income families are less able to travel to recreational facilities and less able to provide their own facilities.

3. A third method is for the local government (perhaps subsidized by the State or Federal government) to absorb the costs that follow from residential development. These include the cost of providing access roads, sewers, a water supply, gas and electricity, parks and recreation facilities, and schools. To the extent these costs are now absorbed by the developer, a higher selling price or monthly rental results. Furthermore, when parks and swimming pools are privately provided, which frequently happens in new suburban developments, the local government has less incentive, and encounters less pressure, to provide these services itself--making the area even less attractive to lower-income families.

4. Finally, Federal subsidized housing programs are available. These include programs to rent housing, either owned or leased by a local housing authority, to low-income families,^{5/} to subsidize rental housing for moderate-income families^{6/} (with rent supplements available so that low-income families can afford the units),^{7/} and to subsidize home ownership for moderate-income families.^{8/}

^{5/} 42 U.S.C. §§1401-35 (1964), as amended, (Supp. V 1969).

^{6/} Nat'l Housing Act §236, 12 U.S.C. §1715g-1 (1964), as amended, (Supp. V 1969).

^{7/} 12 U.S.C. §1701s (1964), as amended, (Supp. V 1969), commonly referred to as the Rent Supplement Program.

^{8/} Nat'l Housing Act §235, 12 U.S.C. §1715z (1964), as amended (Supp. V 1969).

B. Access to facilities. The second important factor in planning a neighborhood in which persons of low-and moderate-income will be able to live, and in which there will be social and racial balance, is the access afforded to facilities.^{9/}

The present location of suburban residential development, combined with transportation patterns, typically requires a family to have two cars (and a third if there is a teenager of driving age in the family). One car is needed for the husband for driving to work, another for the wife for shopping and chauffeuring the children. If a neighborhood

^{9/} "In the provision of public facilities, a sensitivity to the space preferences of working-class users would result in different designs than have been formulated for the middle-class. Where a middle-class housewife may easily travel from several blocks to several miles to a shopping center, the prototype working-class homemaker, often tied to the house by young children, is less mobile and typically unwilling to travel more than a block or two to shop. She may make some of her major purchases from door-to-door peddlers. Instead of large community shopping centers, small shops carrying a variety of grocery and household items, yet located within the blocks, would be more acceptable to her. Similarly, if the hospitals, clinics, schools, and recreation facilities are to be effectively used by working-class and lower-class persons, they should be located at a number of sites and at small scale, rather than in a single large facility at a central location. Where distance in space presents an obstacle to the working-class person, he is less likely to use the community facilities that might help him." Weber & Weber, Culture, Territoriality, and the Elastic Mile in 1 TAMING MEGALOPOLIS, WHAT IS AND WHAT COULD BE 52-53 (Eldredge ed. 1967).

is to be viable for families of low-and moderate-income, the need for private automobiles must be substantially reduced. ^{10/}

Areas of employment should be close by. A significant percentage of the neighborhood's residents should be able to reach their job by walking; many others should be able to reach their job with a short ride on public transportation. While, for higher paying jobs, people will find it worth their while to own an automobile or to take a long journey by public transportation, the work force for lower paying jobs must be based residentially in greater proximity to the job. ^{11/} Because lower-income families have (by definition) lower paying jobs, and because middle-income black families more often rely on two job-holders than white families of comparable income, it is important that the area not be far removed from employment opportunities.

Likewise, shopping facilities should be easily accessible. In many suburban areas there is no store that can be reached by walking. A car is needed if one wants to buy a quart of milk, or go to the dry cleaners or the drug store. Moreover, suburban roads and shopping centers are designed in such a way that the closest resident to a shopping center is separated from the stores by a road that cannot be safely crossed on foot and by great stretches of parking lot.

^{10/} "Much of our trouble is that in most American cities and suburbs we have to mobilize the power of 250 horses to get a pack of cigarettes or a glass of beer. Essential human activities have to be brought into human reach, the reach of our own two feet." Von Eckardt, Urban Design, in TOWARD A NATIONAL URBAN POLICY 116 (D. Moynihan ed. 1970).

^{11/} NAT'L COMM. AGAINST DISCRIMINATION IN HOUSING, JOBS AND HOUSING (1970).

The cultural and social facilities of lower-income areas differ from those of middle class areas.^{12/} A neighborhood that excludes such facilities will not be one in which lower-income families feel welcome. Thus the neighborhood should accommodate a variety of churches,^{13/} working class and ethnic bars, low cost restaurants and carry-outs, and facilities for meetings and social occasions.

C. Social relationships. The third necessary element in opening an area to lower-income families is a neighborhood composition and structure which will promote stable social relationships.^{14/}

^{12/} See George Schermer Associates, More Than Shelter: Social Needs in Low- and Moderate-Income Housing, Prepared For the Consideration of the National Commission on Urban Problems 39 (1968).

^{13/} See Molotch, Racial Integration in a Transition Community, AM. SOC. REV. 878, 883-84 (Dec. 1969).

^{14/} See Gans, Planning and Social Life: Friendship and Neighbor Relations in Suburban Communities 152; The Balanced Community: Homogeneity or Heterogeneity in Residential Areas? 166; and Planning for the Everyday Life and Problems of Suburban and New Town Residents 183; in PEOPLE AND PLANNING (1968). Compare the latter article with Alvin L. Schorr, National Community and Housing Policy, in URBAN PLANNING AND SOCIAL POLICY 107 (B. Frieden ed. 1968).

Ideally, there should be enough representation from each ethnic or social group in the neighborhood that no group feels threatened; and there should be expectation that this balance will continue, so that other members of the groups represented will not be reluctant to move into the area. Families generally want to live in a neighborhood where enough members of their social or ethnic group are present to allow their distinctive culture and values to be maintained and passed on to their children.^{15/} Especially if they are buying a house, they want assurance that this representation will continue in the future.^{16/} To plan a neighborhood in which groups will not feel themselves excluded, or feel threatened, requires that housing be available for families of more than one income level, and that the whole metropolitan area be open to families of all social and ethnic groups, so that there will be no need for members of particular groups to concentrate in the few areas open to them. Neighborhoods should be balanced enough to allow racially and economically balanced student bodies in the schools.^{17/}

^{15/} See Downs, The Future of American Ghettos, URBAN PROCESSES AS VIEWED BY THE SOCIAL SCIENCES, a National Academy of Sciences Symposium, Organized by the Urban Institute 51 (1970).

^{16/} See P. Wolf, The Tipping-Point in Racially Changing Neighborhoods 148 and Chester Rapkin & W. Grigsby, The Prospect for Stable Interracial Neighborhoods in URBAN PLANNING AND SOCIAL POLICY 56 (B. Frieden ed. 1968).

^{17/} See U.S. Commission on Civil Rights, RACIAL ISOLATION IN THE SCHOOLS (1967).

V. Tools for Socially Responsible Land Use Control

One of the most important proposals to attack exclusionary zoning has been the idea of shifting responsibility for exercising certain zoning powers from a smaller unit of government to a larger unit.^{1/} As stated by the Douglas Commission:

It is becoming increasingly apparent that many of the most important problems facing our cities... cannot be neatly segmented for solution by reference to municipal borders. States, regional governments of general jurisdiction, or both, must accordingly take a more active role in planning for regional needs and overseeing local decision-making.^{2/}

A. Massachusetts Zoning Appeals Law

Perhaps the most significant legislation enacted for this purpose is the recently passed Massachusetts statute relating to zoning and low-income housing.^{3/} The intent of the law is to stimulate the construction of housing in the suburbs for low- and moderate-income families. The law seeks to accomplish this by providing that certain qualified bodies^{4/} proposing to build subsidized low- or

^{1/} See ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, URBAN AMERICA AND THE FEDERAL SYSTEM 63-64 (1969); ADVISORY COMM'N ON INTERGOVERNMENTAL RELATIONS, METROPOLITAN SOCIAL AND ECONOMIC DISPARITIES: IMPLICATIONS FOR INTERGOVERNMENTAL RELATIONS IN CENTRAL CITIES AND SUBURBS 94 (1965); NAT'L COMM'N ON URBAN PROBLEMS (DOUGLAS COMMISSION), BUILDING THE AMERICAN CITY 240 (1968); THE PRESIDENT'S COMM. ON URBAN HOUSING, A DECENT HOME 143-44 (1968).

^{2/} NAT'L COMM'N ON URBAN PROBLEMS (DOUGLAS COMMISSION), supra note 1, at 240.

^{3/} MASS. GEN. LAWS ANN. ch. 40B §§ 20-23 (Supp. 1970).

^{4/} The applicant must be either a public agency or a nonprofit or limited dividend corporation. Id. § 21.

moderate-income housing may submit a single application to a regional board of zoning appeals in lieu of separate applications to various local boards. ^{5/} The board of appeals will then, notifying the local boards, hold a public hearing on the proposed plan. ^{6/} After receiving testimony, the board has three possible courses of action: (1) approve the application and issue a comprehensive permit, which includes zoning, subdivision and building permit approval; (2) approve the application with certain conditions and requirements; or (3) deny the application. If the application is either denied or "granted with such conditions and requirements as to make the building or operation of such housing uneconomic," ^{7/} the applicant may appeal the decision to a Housing Appeals Committee of the Massachusetts Department of Community Affairs which has the power to either affirm, ^{8/} reverse, or modify the board's decision. Further appeal may be taken through the courts. ^{9/} To assure that quality standards are met for the development in question, the committee cannot issue any order

^{5/} Most municipalities require that all building applications be approved by several boards (e.g. town board of survey, board of health, board of subdivision control, planning board, and building inspector).

^{6/} The hearing must be held within thirty days of the receipt of an application. MASS. GEN. LAWS ANN. ch. 40B, § 21 (Supp. 1970).

^{7/} Id. § 22. "Uneconomic" is defined as "any condition...that makes it impossible for a public agency or nonprofit organization to proceed in building or operating low or moderate income housing without financial loss, or for a limited dividend organization to proceed and still realize a reasonable return...within the limitations set...on the size or character of the development...and without substantially changing the rent levels and unit sizes proposed..." Id. § 20.

^{8/} Id. § 23.

^{9/} Id. § 22.

permitting standards below the applicable building and site plan requirements of the Federal Housing Administration or the Massachusetts Housing Finance Agency, whichever is financially assisting the ^{10/} housing.

B. New York State Urban Development Corporation

Another recent legislative enactment limits exclusionary zoning by allowing one unit of government to preempt another unit's ^{11/} zoning authority. The New York State Urban Development Corporation is specifically given the power to bypass local zoning ordinances, building codes, or subdivision regulations for the purpose of building housing projects for low-and moderate-income families. ^{12/} Although the Corporation is encouraged to work closely with local officials and to give consideration to "local and regional goals and policies as expressed in ...local comprehensive land use plans", ^{13/} it is empowered to override the requirements of local law "when in the discretion of the corporation, such compliance is not fessible or

^{10/} Id. § 23.

^{11/} N.Y. UNCONSOL. LAWS § 6254 (McKinney Supp. 1969).

^{12/} Id. § 6266(2)(f). The Corporation is given the power to acquire property for such housing by condemnation. Id. § 6263.

^{13/} Id. at § 6266(1).

practicable."^{14/} To date, however, the Corporation "has displayed considerable sensitivity to the desires of municipal authorities, acting only by municipal invitation."^{15/}

C. Maryland Community Development Authority

In 1969 the Maryland legislature, responding to the "inadequate supply of safe and sanitary dwelling accommodations for persons and families of low and moderate income",^{16/} passed a law setting up a State housing and community development authority^{17/} with the power to build and assist in financing low-cost housing projects.^{18/} The authority was given the power of condemnation and could operate without local approval of its projects.^{19/} The^{20/} lifespan of the authority was short. A group of Maryland citizens petitioned the law to referendum and the legislature repealed the law in its entirety. In its place, the legislature recently passed

^{14/} Id. § 6266(3). The Corporation, however, must comply with the requirements of the State building code.

^{15/} Reilly & Schulman, The State Urban Development Corporation: New York's Innovation, 1 URBAN LAWYER (A.B.A. NAT'L Q. ON LOCAL GOV'T L.) 129 (1969).

^{16/} MD. CODE ANN. Art. 44C § 2 (Supp. 1969).

^{17/} Id. § 4.

^{18/} Id. § 5.

^{19/} Id. § 8(1). The Authority, though, must comply with local zoning and building ordinances. Id. § 8(2).

^{20/} The organization of the petition-gathering was by a group called the Maryland Lobby. The Baltimore News-American, May 18, 1970, at 3C.

a second law ^{21/} dealing with the same subject, but with the requirement that local government must approve each phase of the project undertaken by the State authority. ^{22/} Although this plan is considerably less controversial, the same citizens group has successfully petitioned the new law to referendum. ^{23/} The voters of Maryland will decide the fate of the law at the November elections.

21/ MD. LAWS ch. 527 (1970).

22/ Id. § 266DD-5(b).

23/ Telephone interview with the Maryland Election Administration, Aug. 3, 1970.

D. Possible Action by Local Governments Without Special State Legislation

Although the creation of economically and racially integrated neighborhoods requires supportive action by the Federal Government-- both in the field of housing and in more general welfare policies-- and on actions by State governments, contributions also can be made by local jurisdictions by means of land use control.

1. The local government can prohibit, with effective enforcement machinery, discrimination in the sale or rental of housing by developers, and by others. As a condition of being allowed to build within the jurisdiction, developers can be required to undertake an affirmative efforts to overcome existing racial barriers and to market their houses and apartments to blacks. This can include pledges of nondiscrimination in all advertising, adequate publicity concerning all new projects in the black community, and promotional activities that convince black ghetto residents that they will be welcome at the development. Racial statistics on sales and rentals can be maintained to permit monitoring of the developer's affirmative program.

2. In order to reduce the cost of residential development and to reduce the disparities between the amenities available to the more and to the less affluent residents of the jurisdiction, the local government can provide at its own expense the local roads, sewers, water supply, parks, recreational facilities, swimming pools, public transportation, and child care facilities required for residential development.

3. Even newer zoning ordinances making relatively liberal reforms may continue to provide low density development and to separate different kinds of residential development. Most zoning readily can be liberalized further without endangering the health, safety, or welfare of the residents of the jurisdiction, at the same time substantially benefiting the residents of the metropolitan area.

In Baltimore County, under the proposed zoning regulations, for example, the maximum gross density allowed, except for elevator apartments, is 16.0 density ^{24/} to the acre. Since a three-bedroom house counts as 1.5 density units, there could be fewer than 11 three-bedroom group houses to the acre. Furthermore, if the development consists of three-story group houses, the basement of which is a two bedroom apartment and the upper two floors of which comprise a three-bedroom dwelling unit, there could be fewer than seven of these group houses to the acre. The foregoing is the greatest density permissible for group houses or garden apartments; the actual average density of such housing will be lower. ^{25/}

24/ County Council of Baltimore County, Maryland, Bill No. 100, Sec. 1B02.2 (Introduced July 6, 1970). Density units are defined infra Section VI, note 53.

25/ Even more severe density restrictions are placed on those parts of a tract adjoining another tract zoned for lower density. See page 48 infra. Higher density is allowed in Unit Developments. See page 49 infra.

4. Local jurisdictions can encourage families to have fewer cars--by such means as reducing parking requirements in new developments or requiring that parking places be rented separately from apartments--in order to make more possible a viable system of public transportation in the area.

5. Planned unit developments, which allow a higher density than is otherwise permitted and some mixing of residential and nonresidential uses, could be permitted on small tracts of land. The proposed Baltimore County Zoning Regulations do not allow for tracts smaller than 250 acres. Allowing unit development on smaller parcels would enable more unit development to occur, would allow the use of unit developments in the nearer suburban areas (where fewer large tracts are available, but where there is more potential for the creation of balanced neighborhoods), and would allow the blending of old and new development.

6. The local government can coordinate its policies in the approval of new developments with its social programs and planning. Agencies not now involved in the review of zoning applications or subdivision and building permit applications, but which are concerned with the social policies of the jurisdiction could be included. In Baltimore County, for example, these agencies might include the department of social services and the human relations commission.

7. Local governments could exercise greater control over residential development. Baltimore County's new zoning regulations increase the amount of control over density developments and elevator

apartments and, to a greater extent, over unit development. This approach could be extended further, with more requirements imposed on the developer. For example, further criteria for the acceptance of development plans could be specified and those plans going furthest to meet the criteria be given preference.

Thus, developments which would provide housing for all income levels (or complement the preexisting housing in the neighborhood) could be preferred. Preference also could be given to developments which provide, or are near, shopping and places of employment; higher density developments; developments convenient to present, proposed, or economically feasible public transportation; developments which provide a mix of housing type, i.e. rental and sale, large and small; developments in which apparent contrasts between the housing for higher- and lower-income groups is minimized; and developments in areas for which the local government has decided it is more feasible to provide public services.

E. Maryland's Planning and Zoning Enabling Legislation

The Maryland Planning and Zoning Enabling Act,^{26/} while it does not make an affirmative statement in favor of racially and economically balanced neighborhoods, does not prevent a county's using its planning and zoning powers for the purpose of creating such neighborhoods. Section 3.06 requires that a master plan be made "with due regard to [the county's] relation to neighboring territory." This means that Baltimore County in its planning should take into account the problems of the city of Baltimore and the impact of county development on these problems. Furthermore, section 3.06 means that values which the plan is to promote -- "health, safety, morals, order, conveniences, prosperity, and general welfare, as well as efficiency and economy in the process of development"^{27/} -- should not be viewed solely in terms of benefits for the residents of the county, but of benefits for the county's neighbors as well.

The zoning power given to the counties is broad. For the purpose of "promoting health, safety, morals or general welfare of the community"^{28/} the counties may regulate the size of buildings, lot size, and density of population. In addition, if appropriate procedures are adopted the county may

impose such additional restrictions, conditions, or limitations as may be deemed appropriate to preserve, improve, or protect the general character and design of the lands and improvements being zoned or rezoned...and may...retain or reserve the power

^{26/} MD. CODE ANN. ART. 66B (1970).

^{27/} Id. at § 4.01(a).

^{28/} Id.

and authority to approve or disapprove the design of buildings, construction, landscaping, or other improvements, alterations, and changes made or to be made on the subject land or lands to assure conformity with the intent and purpose of this article and of the jurisdiction's zoning ordinance. 29/

Thus, if the county decides that the health, safety, morals, or public welfare of its residents require the promotion of racially and economically balanced neighborhoods (which would be a reasonable finding), it can use the powers specified by Section 4.01 to accomplish this purpose.

29/ Id. at § 4.02(b).

VI. Land Use Control in Baltimore County

Baltimore County either is using, or is preparing to make use, of each of the traditional land use guides and controls--a master plan, zoning, subdivision regulation, a building code, and building permit regulation.

While this paper restricts itself to a discussion of such governmental devices as these, it should be recognized that the practices and decisions of various parts of the private sector--including builders, real estate dealers, land speculators, and financial institutions--have a great impact on the pattern of land use, as does the Federal Government through its housing, transportation, education, and other programs and through its policies of taxation.

A. Present Zoning

The Zoning Regulations of Baltimore County establish zones for different kinds of residential, business, and industrial use, and regulate the use of land in these zones in great detail. This section will be concerned almost exclusively with residential zoning.

1. Requirements

The zoning ordinance of Baltimore County provides for six different residential zones--R.40, R.20, R.10, R.6, R.G., and R.A.^{1/}

The R.40 zone allows one-family detached dwellings^{2/} on 40,000 square foot lots^{3/} and a limited number of nonresidential uses.^{4/} Further nonresi-

^{1/} Baltimore County Zoning Regulations, section 100.1A2. [Citations to the Zoning Regulations are to section numbers]. With various restrictions, residents also are allowed in business zones. Secs. 230.1, 230.7, 230.13, 233.1, 233.4 235A.1., 236.4 and 238A.1.

^{2/} Sec. 200.1.

^{3/} Sec. 202.1. There are 43,560 square feet in an acre. If lots larger than 40,000 square feet are provided or if common open space is provided lots as small as 30,000 (Sec. 202.1) or 25,000 square feet (Sec. 202.1.1) are permitted.

^{4/} Secs. 200.3 through 200.14 .

dential uses are allowed by special exception, ^{5/} under a special approval procedure by which conditions can be imposed. ^{6/}

The R.20 zone differs, with minor exception, only in that a lot size of 20,000 square feet is specified; ^{7/} likewise, the R.10 zone calls for 10,000 square foot lots. ^{8/} The R.6 zone, which provides generally for 6,000 square foot lots, ^{9/} allows two-family as well as one-family dwellings. ^{10/} The R.G. zone allows group houses ^{11/} as well as one and two family dwellings. ^{12/} The gross residential density allowed for group houses is 10.5 dwelling units ^{13/} per acre.

While many of the special exceptions allowed in the prior R zones are allowed in an R.G. zone, several are not; these include boat yards, cemeteries, commercial beaches, "community building, swimming pool, or other structural or land use devoted to civic, social, recreational, and educational activities,"

^{5/} Sec. 200.15 .

^{6/} Sec. 502 .

^{7/} Secs. 203-205.

^{8/} Sec. 208.1 .

^{9/} Sec. 211.1 .

^{10/} Sec. 209.2 .

^{11/} Sec. 212.2. A group can consist of no more than 6. (Sec. 101-Definitions, Dwelling, Group House).

^{12/} Sec. 212.1 .

^{13/} Sec. 214.5 .

funeral establishments, outdoor recreation clubs and day camps, marinas, radio and television studios, tourist homes, veterinarians' offices, and volunteer fire companies.^{14/} Thus R.G. zones are much more restricted to residential use than are the prior R zones.

The R.A. zone permits apartment buildings^{15/} with a maximum gross residential density of 16 units to the acre.^{16/} This can be increased for elevator apartment buildings,^{17/} which require a special exception.^{18/} R.A. zones generally allow most of the special exceptions of the other R zones;^{19/} in addition, offices and office buildings are allowed by special exception.^{20/}

2. Procedure for Rezoning

Applications for rezoning are filed with the zoning commissioner,^{21/} who submits them for comments to the director of planning^{22/} and to the members of the joint zoning advisory committee, which includes representatives of 11 different county departments^{23/} --including, inter alia, the office of

^{14/} Sec. 270.

^{15/} Sec. 215.2.

^{16/} Sec. 217.7.

^{17/} Id.

^{18/} Sec. 215.5.

^{19/} Sec. 270.

^{20/} Sec. 215.5.

^{21/} Sec. 500.2a.

^{22/} Sec. 500.2d.

^{23/} Rules of Practice and Procedure of the Zoning Commissioner of Baltimore County, Rule II, 3.

planning and zoning, the department of public works, the fire department, the department of health, the school board, and the industrial development commission, (but not the department of social services or the human relations commission)^{24/} --for review and comment. On the basis of these comments, and after a public hearing,^{25/} the zoning commissioner or deputy zoning commissioner decides to grant or deny the requested rezoning.^{26/} Either the petitioner or any protestant can appeal to the county board of appeals,^{27/} which holds a new hearing^{28/} and makes a new decision.^{29/} The record developed before the appeal board^{30/} is subject to the review of the Circuit Court of Baltimore County and then by the Maryland Court of Appeals^{31/} if either the petitioner or a protestant wishes to secure judicial review.

^{24/} Interview with James D. Dyer, Zoning Supervisor, Baltimore County Office of Planning and Zoning, May 27, 1970.

^{25/} Sec. 500.2b.

^{26/} Sec. 500.3a.

^{27/} Sec. 500.10.

^{28/} Sec. 501.6.

^{29/} Sec. 501.7.

^{30/} Sec. 501.4.

^{31/} Id.

When an application for rezoning is made, a plan is submitted showing generally the use intended for the land.^{32/} For apartment projects the plan shows the location of buildings,^{33/} the proposed density,^{34/} the number of parking places,^{35/} and the location of access roads and drive-ways.^{36/} The plan also shows the location of any other facilities, such as swimming pools, which are proposed.^{37/} Once the rezoning is obtained, however, the builder is under no obligation to follow the plan he has submitted.^{38/} He is required only to meet the zoning requirements.

B. Proposed Changes in Zoning Ordinance

Proposed amendments to the Baltimore County Zoning Regulations will go far to modernize them and to take into account factors not considered in the previous zoning. The principal changes it makes are the creation of a rural holding zone (R.D.P.), the creation of a very low density suburban zone (R.S.C.), the conversion of residential zones to a density standard--providing less control and more flexibility in types of residential development, the creation of elevator apartment building zones, and the authorization

^{32/} Rules of Practice and Procedure of the Zoning Commissioner of Baltimore County, Rule II.

^{33/} Id., Rule II 1.d(13).

^{34/} Id., Rule II 1.d(16).

^{35/} Id., Rule II 1.d(17).

^{36/} Id., Rule II 1.d(8)(10) and (11).

^{37/} Commission Staff review of plans.

^{38/} Dyer interview, supra n. 24.

of unit developments, which permit the creation of new neighborhoods, communities, and towns, with nonresidential uses allowed, and with tight control^{39/} over development exercised by the county.

The zoning amendments are intended to help achieve the goals of the Baltimore County Guideplan.^{40/} (See map on following page.) The principal goals of the Guideplan are to channel more intensive development into several selected areas of the county and "to prevent the surging population from sprawling over the countryside in land-devouring subdivisions."^{41/} Higher density than was previously permissible will be allowed in "town centers"^{42/} and "sector centers." Other developments will be centered around these centers. This plan of development will allow the county to retain undeveloped during the next decade the northern and northeastern rural sectors of the^{43/} county.

The Guideplan makes no mention of providing adequate housing for blacks or lower-income families as a goal.

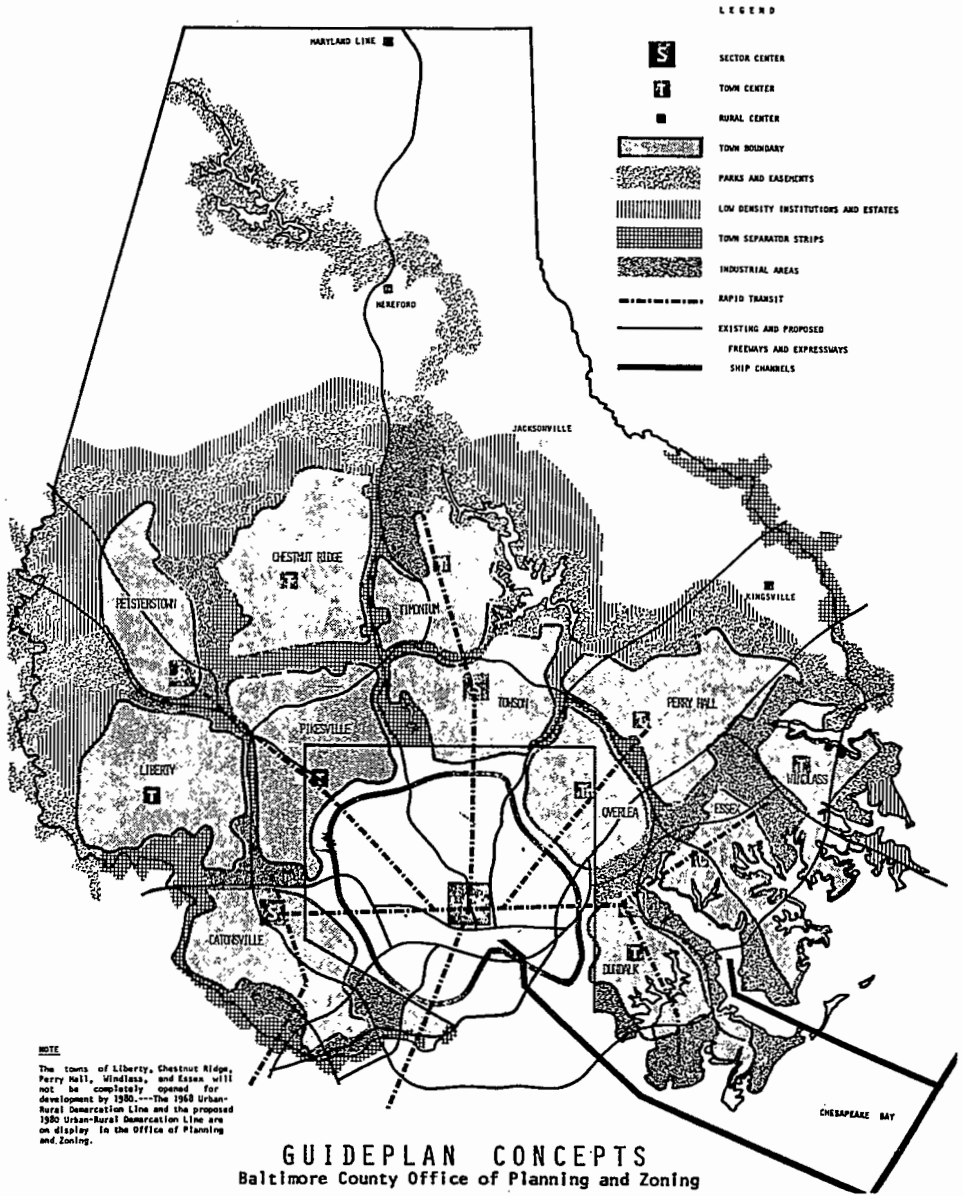
^{39/} See Final Report of the Baltimore County Planning Board, Proposed Zoning Amendments 1969, Introduction (1969).

^{40/} The Guideplan has not been adopted by the County Council.

^{41/} Baltimore County Office of Planning and Zoning, Pointing Baltimore County Toward 1980; Major Guideplan Elements and Policies (1969).

^{42/} Id.

^{43/} Id.



- LEGEND
- SECTOR CENTER
 - TOWN CENTER
 - RURAL CENTER
 - TOWN BOUNDARY
 - PARKS AND CASEMENTS
 - LOW DENSITY INSTITUTIONS AND ESTATES
 - TOWN SEPARATOR STRIPS
 - INDUSTRIAL AREAS
 - RAPID TRANSIT
 - EXISTING AND PROPOSED
FREWAYS AND EXPRESSWAYS
 - SHIP CHANNELS

NOTE
 The towns of Liberty, Chestnut Ridge, Perry Hill, Windlass, and Essex will not be completely opened for development by 1980. ---The 1968 Urban-Rural Demarcation Line and the proposed 1980 Urban-Rural Demarcation Line are on display in the Office of Planning and Zoning.

GUIDEPLAN CONCEPTS
 Baltimore County Office of Planning and Zoning

1. Residential Classifications

The purpose of the R.D.P. (Rural: Deferred Planning) zoning is to channel development during the next 10 years into areas of present development and into selected, limited growth areas.^{44/} Normal rural uses,^{45/} single family dwellings^{46/} with a minimum lot size of 10 acres,^{47/} and some institutional and other uses are allowed.^{48/}

The R.S.C. (Rural-Suburban: Conservation) zone is intended for permanent low density.^{49/} It establishes a minimum average lot size of three acres.^{50/}

It is intended for areas to which the sewer and water systems cannot be economically extended and for public institutions which will provide a large amount of open space.^{51/} One result of this zoning classification may be to set persons who can afford three acre estates away from the rest of the county's residents.

^{44/} Final Report, supra n. 39, at v.

^{45/} County Council of Baltimore County, Maryland, Bill No. 100, sec. 1A00.2A1 (Introduced July 6, 1970) (cited hereafter by section number).

^{46/} Sec. 1A00.2A.2.

^{47/} Sec. 1A00.3B.1.

^{48/} Sec. 1A00.2A&B.

^{49/} Final Report, supra n. 39, at vi.

^{50/} Sec. 1A01.3B.1.

^{51/} Final Report, supra n. 39, at vi.

One of the legislative findings on which this zone is based is "that it is desirable to provide within Baltimore County a permanent green ring."^{51/} Despite this finding, it is unclear what benefit a ring consisting of three-acre lots will provide. Presumably higher density residential development will preserve a significant amount of grass and trees. The private green belt will not satisfy the parkland and recreational needs of county residents.

The zoning amendments referred to above create six density residential zones, D.R.1, 2, 3.5, 5.5, 10.5 and 16.^{52/} The numbers refer to the number of dwelling units per acre^{53/} that are allowed in each zone. Single or

^{51/} Sec. 1A01.1A.7.

^{52/} Sec. 100.1A.2.

^{53/} Id. In Zone D.R.16 the measure of Density Units, rather than Dwelling Units, is used. Density Units are defined by the following table:

Size of Dwelling Unit	Equivalency in Density Units
Efficiency Apartment	0.50
1-bedroom dwelling unit	0.75
2-bedroom dwelling unit	1.00
dwelling unit with 3 or more bedrooms	1.50

Section 101.

double family dwellings, group houses, and garden apartments are all allowed in any zone.^{54/} The special exceptions allowed are generally the same as those allowed for the corresponding zone under the old zoning ordinance.^{55/} Areas near the edge of zones have certain additional restrictions to prevent uses incompatible with adjoining zones.^{56/}

The amendments create elevator apartment zones, replacing the special exception procedure now used. Zone R.A.E. 1 allows a maximum gross density of 40 density units^{57/} to the acre;^{58/} R.A.E. 2 allows 80 density units to the acre.^{59/} An R.A.E. 1 zone can be no further than 1000 feet from a community business center;^{60/} R.A.E. 2 zones must be within a town center,^{61/} of which six have been designated in the county.^{62/} With many limitations and restrictions,^{63/} a variety of commercial uses are allowed in apartment buildings.

2. Unit Developments

The amendments allow "unit developments" of various sizes. These are intended to be "large, coherently planned, diversified developments brought

^{54/} Sec. 1B01.1A.1.

^{55/} Sec. 1B01.1C, 1B02.1.

^{56/} Sec. 1B01.1B.

^{57/} See definition of density unit in note above.

^{58/} Sec. 200.3D.

^{59/} Sec. 201.3D

^{60/} Sec. 200.1B. Over 30 of these have already been designated. Final Report, supra n. 39, at vii.

^{61/} Sec. 201.1B

^{62/} Final Report, supra n. 39, at viii.

^{63/} Secs. 200.2A, 201.2A

about under single ownership or control."^{64/} "Neighborhoods" can range in size from 250 to 600 acres, or smaller if the land is zoned for higher density development. "Communities" can range from 1,000 to 2,500 acres,^{65/} and "towns" must contain at least 5,000 acres.^{67/} With the underlying zoning held constant, towns can have a higher density than communities, and communities a higher density than neighborhoods.^{68/} Neighborhoods can be located in any Density Residential (D.R.) or Business (B.) zone,^{69/} and contain a variety of commercial uses.

Communities can be in any zone in which neighborhoods are permitted and can also be in an R.D.P. zone.^{70/} If beyond the "urban-rural demarcation line", which delineates the part of the county not yet provided with sewer and water services and in which suburban development is not planned at this time,^{71/} the development is "subject to requirements for additional financing of public facilities,"^{72/} beyond those otherwise imposed. Some additional uses

^{64/} Final Report, supra n. 39, at x.

^{65/} Sec. 430.2A. The area must be of sufficient size to accommodate 200 density units under the applicable zoning. Id.

^{66/} Sec. 430.3A. The area can be smaller if it is of sufficient size to accommodate 7500 density units under the applicable zoning. Id.

^{67/} Sec. 430.4A. The area can be smaller if it is of sufficient size to accommodate 25,000 density units under the applicable zoning. Id.

^{68/} Secs. 430.2C.1, 430.3C.1, 430.4C.1. In addition, all land--save industrial--in a Unit Development which is used for nonresidential purposes is included for the purposes of density requirements. Id.

^{69/} Sec. 430.2B.

^{70/} Sec. 430.2D.

^{71/} Sec. 430.3B.

^{72/} Final Report, supra n. 39, at v.

^{73/} Sec. 430.3B.

beyond those allowed in neighborhoods are allowed in communities,^{74/}
including some light industrial uses.^{75/}

Towns may be located in any part of the county, except that not more
than 10 percent of the town may be in a manufacturing zone.^{76/} Twenty per-
cent of the town area may be devoted to light industrial uses.^{77/}

The creation of unit developments will be dependent upon private
landowners^{78/} assembling a large tract of land and obtaining financing for
the development. The difficulty of land assembly leads to the danger that
the site for the unit development will not be ideal. If the county itself
were to plan the development, through the use of zoning powers and through
the provision of municipal services, then better sites probably could be
chosen. Such a role by the county also would lessen the problems of land
assembly and permit the undertaking of more unit development than purely
private initiative might yield. Also, social concerns could be taken more
into account by the county, since its primary motivation would not be profit
maximization.

^{73/} Sec. 430.3D.

^{74/} Not more than 2 percent of the tract may be devoted to high-performance
industrial uses. Sec. 430.3D.12.

^{75/} Sec. 430.4B.2.

^{76/} Sec. 430.4D.11.

^{77/} Final Report, supra n. 39, at x.

Detailed plans for unit developments must be submitted to the County, and approval must be obtained from the planning board and the zoning commissioner.^{78/} In the case of unit developments proposed beyond the urban-rural demarcation line, approval must be by the county council rather than the zoning commissioner.^{79/} The development must be in accord with the plan approved by the county.^{80/}

78/ Sec. 430.1B.

79/ Sec. 430.1C.

80/ Sec. 430.1F.

ADDENDUM

On August 3, 1970, the Baltimore County Council adopted new zoning regulations. ^{a/} One major substantive change was made by the council in the zoning regulations proposed by the county planning board. ^{b/} The county council in effect eliminated the major "holding zones" provided in the proposed ordinance. A "holding zone" is one in which, by means of use restrictions or a large minimum lot size, suburban development is severely inhibited. The function of the holding zone is to protect the area from suburban development, either temporarily or permanently. This use of holding zones is an important tool in shaping the growth patterns of a metropolitan jurisdiction.

The ordinance recommended by the planning board called for a holding zone in the northern part of the county (the R.D.P. zone) with a 10 acre minimum lot size -- designed to postpone suburban development in the area for at least a decade -- and a permanent green belt across the middle of the county (the R.S.C. zone) with a 3 acre minimum lot size. As amended by the county council, the rural holding zone (R.D.P.) and the rural-suburban conservation, or greenbelt, zone (R.S.C.) will ^{c/} both have a minimum lot size of one acre.

a/ The Baltimore Sun Aug. 4, 1970, at A8, col. 4.

b/ Telephone interview with Leslie H. Graef, Deputy Director, Baltimore County Office of Planning and Zoning, Aug. 7, 1970.

c/ Id.

The new zoning regulations therefore fail to reflect the goal of the proposed Guideplan to channel growth into selected areas of the county and to preserve the northern half of the county for future development.

While opening these large areas of the county to one acre development now may help reduce land costs by increasing the supply of land available for development, the county council's action on balance appears to have created a major obstacle to racial and economic integration in Baltimore County. As noted in Section IV, reasonably concentrated development is essential if there is to be an adequate supply of moderately priced housing and of supportive facilities, such as public transportation, near-by-shopping facilities and the like, needed in economically and racially integrated neighborhoods. Large lot development in the northern part of the county will intensify a growth pattern of suburban sprawl, seriously inhibiting higher density, low-income residential development in the county. Moreover, it will facilitate further racial and economic polarization in the metropolitan area, enabling those who can afford them to flee to one-or-more-acre site houses, still further from the city.

C. Subdivision Control in Baltimore County

Municipalities generally regulate the subdivision of tracts of land into lots and the planning of streets. Among the purposes of this regulation are to assure that zoning requirements are met, that the circulation of traffic and the safety of pedestrians are adequately provided for, and that arrangements for utilities are adequate. Regulation of subdivisions also allows the buyer of a lot to know in advance generally how the rest of the tract will be developed.^{81/}

In Baltimore County subdivision plans must be approved by the planning board^{82/} (which uses the staff of the office of planning and zoning).^{83/} Also involved in the approval process are the department of public works,^{84/} the State department of health,^{85/} the roads engineer,^{86/} the county health officer,^{87/} and the metropolitan district.^{88/}

Subdivision regulations often require the subdivider to pay all or part of the cost of streets, sidewalks sewers, and water systems, and to provide or dedicate land for parks or open space and for schools.

^{81/} The Baltimore County subdivision regulations are contained in Article 44 of the Baltimore County Code. ^{82/}Citation to the subdivision regulations are to section numbers.

^{82/} Secs. 44-63 and 44-76.

^{83/} Interview with Charles B. Heyman, Chairman, Baltimore County Planning Board, July 16, 1970.

^{84/} Secs. 44-5, 44-62(b), 44-63, 44-73 and 44-74.

^{85/} Secs. 44-62(b), 44-73, and 44-74.

^{86/} Secs. 44-63, 44-64.

^{87/} Secs. 44-33, 44-63.

^{88/} Sec. 44-33.

Baltimore County requires developers to provide open space,^{89/} to pay for local streets, alleys, and sidewalks,^{90/} and to provide --according to regulation--for water lines,^{91/} storm drainage,^{92/} and sanitary sewerage.^{93/} The exact determination of what improvements are to be provided and the costs that are to be imposed on the developer is made in a contract, between the county and the developer, called a public works agreement.^{94/}

As is generally the case elsewhere, before any construction can begin on a project in Baltimore County, a building permit must be secured. In Baltimore County building permits must be approved by two divisions of the office of planning and zoning, as well as the department of health, the bureau of engineering, the fire department, the buildings department, and the school board.^{95/}

89/ Secs. 44-2, 3, and 4.

90/ Secs. 44-6 through 30.

91/ Sec. 44-31

92/ Sec. 44-32

93/ Sec. 44-33

94/ Interview with A. V. Quimby, Director, Project Planning Division, Baltimore County Office of Planning and Zoning, July 9, 1970.

95/ Interview with James D. Dyer, Zoning Supervisor, Baltimore County Office of Planning and Zoning, May 27, 1970.

Exhibit No. 15

THE EFFECTS OF DEVELOPMENT CONTROL
ON HOUSING OPPORTUNITIES FOR BLACK HOUSEHOLDS
IN BALTIMORE COUNTY, MARYLAND

A Report to the
U.S. Commission on Civil Rights

by
Yale Rabin, AIP
August, 1970

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Introduction

Private decisions regarding the use and development of land are profoundly influenced and often controlled by a broad range of official actions by local government. These development-control activities fall into two categories: improvements and regulations. They range from the construction of roads, utilities, and public facilities to the levying of property taxes, the designation of permitted uses, the establishment of standards for the character and quality of development, and condemnation.

The existence of equal opportunities for housing by low-income and minority groups within a given jurisdiction is largely a function of the exercise of these development controls.

In Baltimore County, Maryland, the authority to carry out these development-control activities is vested in an elected County Executive and County Council consisting of seven members, one from each of seven councilmanic districts. There are no incorporated places or other independent political subdivisions within the county.

The county has no Workable Program or housing authority, and in recent years voters have overwhelmingly rejected proposals to enact public accommodation and fair housing legislation.

*Summary and Conclusions*¹

Development-control activities in Baltimore County over the past ten years have functioned to substantially reduce housing opportunities in the county for low-income, predominantly (but not exclusively) Black households.

The total current population of Baltimore County is estimated at between 647,000 and 657,000.² For the purpose of this paper the average of these, 652,000, will be used. Population growth in the county has slowed considerably as compared to the 1950-1960 decade. Between 1950 and 1960 total county population grew by 225,155 to 492,478,³ for an increase of 82.2%. The estimated growth of 159,500 since 1960 represents an increase of 32.3%. During the period between 1950 and 1960 the Black population declined by almost 1000, to 17,054, and the percentage of Black

¹ This report outlines the findings of an examination of certain development control activities by Baltimore County in recent years, and the effects of those activities on housing opportunities for Black households.

No attempt was made at exhaustive study, either as regards public actions or their geographic distribution. Consideration was limited to the more urbanized portion of the county including and south of Reisterstown and Cockeysville. Within that area attention was focused primarily on zoning and demolitions, and to a lesser extent on improvements and other regulations. These activities were considered in the larger context of major developmental changes which have occurred in the county principally during the past ten years.

Surveys were conducted of existing Black residential areas, and numerous interviews were conducted with residents.

² The first is an estimate by the Baltimore County Office of Planning and Zoning as of 1 January 1970, and the second is a projection made in 1967 by Morton Huffman and Co.

³ This and other data relating to 1960 population are from the U.S. Census.

residents in the county declined from 6.7% to 3.6% of the total.

The 1970 Census will probably reveal that roughly 1100 to 1200 moderate- to middle-income Black households totalling approximately 4200 persons found housing in Baltimore County, mainly just west of the city, during the ten-year period since the 1960 Census.¹ However, the net gain in Black population will probably total no more than 2500, for a new total of approximately 19,500; and the percentage of Black residents in the county will have declined to 3.0% or less. This results from the demolition during that period of over 350 homes occupied by low-income Black families, and the failure to provide relocation assistance.

Except for this changing area west of the city mentioned above, virtually all the rest of Baltimore County's Black residents live in segregated enclaves or neighborhoods.

Non-residential zoning of Black residential areas was a significant factor in many of the demolitions which have taken place, and several other remaining low-income Black residential areas are similarly zoned for industry or business.

The traditional suburban device of totally excluding low-cost housing by preventing *all* high density development is not a factor here. However, over 65% of the land designated for residential use² in the portion of the county under consideration is zoned for two houses to the acre or less; and of the residentially-zoned land yet to be developed, about 90% is zoned for one house to the acre.

¹This is an estimate derived from a comparison of Black school enrollments in the county for 1960 and 1969, and includes the assumption that no significant change in Black population had occurred in the northern portion of the county.

²This includes, of course, all land already residentially developed.

In addition the distribution of high density zones has the effect of concentrating lowest-cost¹ housing in a few existing high density areas of the county and preventing such construction over most of the remainder of the county. This distribution is often functionally unrelated to the locations of growing centers of employment whose development is also influenced by zoning.

A review of applications for rezoning to apartment uses since 1965² serves to reinforce the conclusion that high density housing is most acceptable in or adjacent to existing high density low-income areas.

The expansion and renewal of some Black residential areas is prevented by adjacent non-residential zoning or unreasonably low density residential zoning.

Some Black residential areas are isolated from their surroundings and particularly from adjacent white residential areas by discontinuous street patterns.

Many Black residential areas are characterized by unpaved streets and a generally low level of public improvements, while adjacent white residential areas often have paved streets and are better served by public improvements.

Code Enforcement and subsequent demolitions combined with the absence of available low-cost housing has forced many low-income Black, and some white, families to leave the county. During the first six months of 1970 the City of Baltimore Housing Authority received 29 applications for admission to public housing from families from the county.

In the absence of any affirmative local program to assist in the production of low-cost housing, even the subdivision

¹Although there are several large privately owned moderate-cost apartment developments in the county, standard housing at rates comparable to public housing does not exist.

²See Table I, page 8.

ordinance becomes a significant obstacle. One major builder of moderate-cost apartments in the county estimates that subdivision regulations have added over \$700 to the cost of each apartment unit.

Blacks have not shared proportionately in the benefits of subsidized suburbanization generated in large measure by the construction of highways and reinforced by home mortgage insurance, school subsidies, and public utilities grants.

Zoning and other development-control activities in Baltimore County have served to reinforce local discriminatory attitudes and practices, and have played a major role in significantly altering the income distribution of the Black population in the county through systematic displacement of low-income Black households.

The likely effects of the continuation of present policies and practices by the county are: low-income Blacks (and some whites) will be forced to leave the county (and move to the city) through rezoning, restrictions on growth, and condemnation of older housing; and the county will reduce its share of the costs of providing health, welfare, and educational services to low-income households by imposing those costs on the city.

Recent Growth and Change in the County

In general it can be said that county zoning and development near the city has tended to reflect the character and intensity of adjacent development in the city. Similarly, zoning, and consequently development in and around older areas in the county has tended to continue and extend earlier patterns of development. Thus, high density development has been confined predominantly to the southeast and southwest, which are also, coincidentally, the locations of the principal concentrations of Black population in the county. Most new growth in recent years has occurred around inter-sections of the Beltway or adjacent to certain principal radials such as Eastern Boulevard, York Road, Reisterstown Road, and Liberty Road.

Infrequent attempts to significantly alter the nature or direction of change have been consistently unsuccessful. Perhaps the most notable of these were proposals by the county government in 1964 to carry out urban renewal projects in Towson and Catonsville. Both projects were similar. Each was intended to renew the central business district. Both would have involved the demolition of large numbers of Black-occupied homes, and this action would, of course, have been subject to the relocation requirements of HUD.

Both projects were rejected by the electorate, but in Towson substantial elements of the renewal proposal are being undertaken without HUD assistance. As a consequence, Black residents displaced to date by road improvements or commercial expansion in the town center have received no relocation assistance, and most have been forced to leave the county.

Another indication of attitudes toward change is to be found in the responses to requests for zoning changes. In a review of the requests for changes to group house or

apartment zoning between July 1965 and July 1970, it was found that out of 106 applications 68 were granted, 5 were modified, and 33 were rejected.

Applications were classified and analyzed according to size, location, and year of request. Size yielded no meaningful results, and it was found that the number of requests declined and the rate of rejection increased as time went by. However, the most significant results relate to location.

Table I on the following page clearly indicates that certain areas such as Catonsville and Essex are more readily acceptable locations for high density housing than areas like Cockeysville or even Towson. In general it can be said that the greatest resistance to high density housing appears to be in that portion of the county north of the Beltway between Cromwell Bridge Road and the Reisterstown Road corridor. It is significant to note here that (as will be shown below) this area has experienced a larger growth in employment during the past ten years than any other section of the county.

Employment in the county, and particularly industrial employment, has grown rapidly during the last decade, and at a much more rapid rate than in the city. As has been the experience in many other places, construction of the freeway system in metropolitan Baltimore has resulted in a substantial decentralization of industry. Between 1963 and 1968, 35 industrial firms moved from the city of Baltimore to new locations in Baltimore County, while only one plant moved from the county to the city.¹

A study² completed in 1968 by the Chamber of Commerce indicates that during the five-year period 1963-1967,

¹*Social Impact Analysis of the Baltimore Freeway System*, George W. Grier and Norma M. Robinson, December 1968, p. 48

²*Growth Patterns, Metropolitan Baltimore 1963-1967*, The Chamber of Commerce of Metropolitan Baltimore, February 1968, pp. 7-9.

Table I

REQUESTS FOR CHANGE TO GROUP HOUSE OR APARTMENT ZONING
 BY ELECTION DISTRICT - July 1965-July 1970

District	Area Name	Granted	Modified	Rejected	Total
1	Catonsville	9	-	-	9
2	Liberty Road	14	-	9	23
3	Pikesville	9	1	7	17
4	Reisterstown	14	1	2	17
5	-	-	-	-	-
6	-	-	-	-	-
7	-	-	-	-	-
8	Cockeysville	1	1	6	8
9	Towson	5	1	5	11
10	-	-	-	-	-
11	Northeast	2	-	1	3
12	Dundalk	3	-	-	3
13	Halethorp	2	-	3	3
14	Overlea	3	1	-	4
15	Essex	6	-	2	8
	Total	68	5	33	106

employment in the county grew by almost 40,000 jobs, about 10,000 of them in manufacturing. During the same period employment in the city grew by 26,400, including only 4,300 new jobs in manufacturing.

The principal areas developing new jobs during the five-year period described were: Dundalk, 3,500, mostly in manufacturing; Towson-Cockeysville corridor, 16,000, over half in manufacturing, R&D, and engineering; Reisterstown-Owings Mills corridor, 2,200, almost half in manufacturing; Woodlawn, 6,500, over half of which are jobs in the Social Security complex which now employs approximately 16,000; Catonsville, 2,300, none in manufacturing; and Arbutus, 3,000, over half in manufacturing.¹

With a few significant exceptions, major population increases have occurred in or near areas which experienced increases in employment, although the changes were seldom proportionate. Again referring to the Chamber of Commerce study, the Reisterstown-Owings Mills area, which gained 2,200 jobs, increased in population by 8,700 or about 50%. Pikesville, which gained only 800 jobs, grew by 18,200 or about 50%. The Towson-Cockeysville corridor, with 16,000 new jobs, increased in population by 16,000; and Woodlawn, while gaining 6,500 jobs, grew by 12,700.² As indicated below, however, the population increase in Woodlawn was accompanied by a substantial turnover in the occupancy of existing housing.

The most intensively developed section of the county is the southeast, which contains major industrial areas including the vast Sparrows Point facilities of Bethlehem Steel and the Martin Marietta plant. This section, which lies south of I-95 and includes the areas known as Dundalk and Essex, is

¹*Growth Patterns, op. cit.*, pp. 7-9.

²*Ibid.*, pp. 3,7-9.

characterized in the close-in portions by high density row-house and apartment development. Extensive outlying areas to the south and east which are rural in character are zoned for additional industry and high density residential use.

The population of the southeast section is predominantly blue-collar, and the median household income in 1960 was less than \$6200.¹ The area contains many whites of Polish or German origin, and in 1960 it housed almost half of the county's Black population. Overall population growth has been moderate in this section since 1960, and Black population has probably declined by over 15%.

Further north and radiating from the northeast corner of the city between I-95 and Loch Raven Blvd. is a section whose developed area is almost all residential. This section includes the sub-areas of Overlea, Carney, Parkville, and Loch Raven. Those areas near the eastern boundary of the city south of Joppa Road are characterized by medium density single homes and some garden apartments and row houses. North of Joppa Road this section is predominantly rural in character, and zoning changes to R-10, R-20, and R-40 toward the north. Over 20% of the housing in this area was built during the ~~past ten years~~, including over 2000 garden apartment units.²

Population in this section is almost entirely white, lower middle-income, and the median household income in 1960 was about \$7200.³

Due north of the city between Loch Raven Blvd. on the east and the Jones Falls and Harrisburg Expressways on the west lies one of the most rapidly developing sections of the

¹U.S. Census.

²*Growth Patterns, op. cit.*, p. 14.

³U.S. Census.

county. This section includes the sub-areas of Towson (which is the county seat), Ruxton, Lutherville, Timonium, Texas, and Cockeysville. This area is bisected by York Road, which runs north from the city through Towson, Timonium, Texas, and Cockeysville. The principal generating force in the area has been the creation of a vast industrial development in the area between York Road and the Baltimore-Harrisburg Expressway from Timonium to Cockeysville. In the five-year period between 1963 and 1967, 16 new manufacturing plants, 10 new research or engineering laboratories, and 10 new warehouses were added in this section.¹ Housing is mainly medium density single homes except in the western portion and the east adjoining Loch Raven reservoir, where densities are generally two dwelling units to the acre or less. Most residentially zoned undeveloped land is zoned for low densities, R-10, R-20, and R-40. Although several thousand apartments have been built in this section since 1960, most of them are in the southern part of the section in and around Towson. In addition, some undeveloped areas zoned for apartment development still exist; but in relation to both the total land for housing and the tremendous growth in employment, the amount is unusually small.

With the exception of a shrinking community in Towson and some small enclaves of old housing which all together contain less than 5% of the county's Black population, the area is almost entirely white. Median household income in this area in 1960 was in excess of \$10,000 per year.

Northwest of the city, mainly along Reisterstown Road, is another section which has experienced substantial residential growth in the past ten years. This section, which extends from the Baltimore-Harrisburg Expressway around to Winans Road, includes the sub-areas of Pikesville, Garrison, Owings Mills, and Reisterstown. The vast bulk of this area

¹*Growth Patterns, op. cit.*, pp. 23-26, 29.

lying between the Baltimore-Harrisburg Expressway and the tracks of the Western Maryland Railroad and north of the Beltway is still rural in character and is all zoned R-40. The developed area within the Beltway and east of Reisterstown Road is predominantly low density (R-10, R-20, R-40) single-family housing. Between the developed corridor of Reisterstown Road and Liberty Road there is another wedge of rural land reaching all the way to the Beltway and zoned R-40.

Development along Reisterstown Road has not proceeded continuously out from the Beltway as in the case of York Road, but has skipped most of the area between the Beltway and Owings Mills where new industrial development has created almost 1000 new jobs.¹ The bulk of new residential development has taken place on the north side of Reisterstown Road between Owings Mills and Reisterstown. With the exception of one R-6 development and a few garden apartment zones, all new housing has been low density, mostly R-10.

With the exception of two old Black residential areas in Reisterstown totalling about 80 families, and a small integrated subdivision in Pikesville, this area is also almost all white. The new development has accommodated predominantly higher-income families than lived in the area before 1960. The increase in median household income in the Reisterstown area from \$6580 in 1960 to \$8450 in 1967 (almost 30%) was the largest for any area in Baltimore County.²

West of the city from Winans Road south to Valley Road is a large section which includes the Liberty Road corridor, the Woodlawn-Security area, and Catonsville. Between Liberty Road and Catonsville the area west of the Beltway is largely rural and zoned R-40.

¹*Growth Patterns, op. cit.*, p. 8.

²*Ibid.*, p. 5.

Most new development along the Liberty Road corridor has taken place between the Beltway and Randallstown. This has consisted of medium to low density (R-6 and R-10) single homes with a scattering of garden apartments. The population of the area, except for a small enclave of older Black-occupied housing off Winans Road, is almost entirely white.

Between Liberty Road and Security Blvd. is the area known as Woodlawn-Security, consisting almost entirely of medium density (R-6) single homes and a few garden apartment projects. This area was largely developed before 1960; and according to the Census of 1960, only one Black person lived in the area at that time. Since 1960 the area has been the scene of significant racial change brought about by the influx of perhaps 800-1000 new Black families, most of whom have not previously lived in the county. Little is known about these families at this time other than that most are young, and employment at the nearby Social Security complex was probably a major generator of the change.

South of Woodlawn-Security lies Catonsville, which has also expanded substantially in the last decade. This area is quite old, and most new development has taken place to the west of the town and south of Old Frederic Road. The older sections both east and west of the Beltway consist of medium density (R-6) single homes, and the newer areas to the west are low density (R-10 and R-20).

Just north of the business center of Catonsville is an old Black residential area which until 1960 contained the second largest concentration of Black population. The area has also grown somewhat in the last decade through the construction of a new subdivision.

Outside this Black residential neighborhood, Catonsville is entirely white. Although median household income for the Catonsville area as a whole was \$8100 in 1960, median household income among the Black population there was \$5400 at that time.

South of the city, between Catonsville and the mouth of the Patapsco River, is a section somewhat similar in character to the Dundalk area, and containing the sub-areas of Arbutus, Halethorpe, and Lansdown. Residential development is medium to high density (R-6 and R-G), and there are extensive industrial zones through the center of the section. Rural portions of this section along the southern edge are zoned R-10 and R-20.

The population of the area is predominantly white, but there are two Black residential enclaves, one in Arbutus and one in east Halethorpe. Total population of this area increased by about one-third during the last decade,¹ while Black population probably increased by no more than 10%.

¹*Growth Patterns, op. cit.*, p. 3.

Existing Black Residential Areas

There are at present approximately 20 (depending on how they are grouped) Black residential areas in the urban portion of Baltimore County, ranging in size from enclaves with fewer than a dozen homes to neighborhoods of 1000 homes. With the significant exception¹ of the Woodlawn area and a small isolated subdivision in Pikesville (and it is too early to state with assurance that these areas will remain integrated), and regardless of the area size, Black homes are generally located in all-Black clusters of housing.

Although their locations are widely scattered in an arc around the City of Baltimore, the bulk of the Black population lives in the southeast and southwest sections of the county. In 1960 over half of the county's Black population was in the southeast, with the largest concentration, 6,549, in Turners Station. The second largest Black community totalling 2,567 was in Catonsville. It is likely that the second largest Black population group is now in the Woodlawn area.

Many of the Black communities trace their origins to pre-Civil War days, and most of the smaller ones were once considerably larger than they are today.

Turners Station: This is the largest of the Black communities in Baltimore County. It is located at the southern end of the Patapsco Neck Peninsula in the area known as Dundalk. The 1960 Census showed 1486 Black households in the area with a total population of 6,549. The area is bounded by water on

¹Although not observed during surveys, local residents reported that a few Black families, totalling perhaps ten in all, have purchased homes in recent subdivisions in Middle River Neck, Timonium, and Reisterstown.

the east and south, the tracks of the Pennsylvania Railroad on the west, and Dundalk Ave., a major arterial road, on the north. None of the residential streets in Turners Station connect directly with white residential streets north of Dundalk Ave. Access to the area is only via two intersections with Dundalk Ave.

The zoning in Turners Station is R-6, R-G, and R-4, and the area is completely built-up.

This community was developed largely in response to the need for housing for workers at the Sparrows Point Steel Plant during World War II. Prior to 1940 a small number of Black families lived in the area, but it was predominantly rural in character. Between 1941 and 1945, over 1400 apartment units and several hundred single homes for Black steel workers were built in Turners Station. Of these, 620 apartment units were built with Federal assistance and operated by the Baltimore Housing Authority until 1954. At that time 200 of these units were demolished with no relocation assistance to residents, and the remaining 420 were sold to a private owner. This last group, called Solers Homes, was located west of the Pennsylvania tracks in an area known as Solers Point.

Census figures indicate that by 1960 only 244 units in Solers Homes were occupied. Median household income among the occupants was less than \$4200, and unemployment was almost 16%. According to present residents of Turners Station, many households in Solers Homes were welfare recipients, and the buildings had been permitted to become deteriorated.

Apparently the return to peacetime production levels had reduced labor needs at the steel mill, and many Solers Homes residents had formed part of the subsequent labor surplus. In 1966 Solers Homes were demolished by the owner, and 244 families totalling over 1330 persons were displaced without relocation assistance. The former site of these homes is now being developed for industry.

It is significant to note here that while the site of Solers Homes was zoned industrial as part of an industrial band which included almost all the area west of the tracks, extending to the city boundary, a small white community (51 homes) to the north within the band was zoned residential. It is also significant that both Solers Homes and the white community were in existence at the time the zoning was adopted in 1955. The recently-approved Guide Plan for the county quite reasonably includes the entire area west of the railroad in the industrial area. Nevertheless, the white area remains R-6.

Sparrows Point: Sparrows Point is a company town owned by Bethlehem Steel and located within the Sparrows Point works. Some of the housing was built before the turn of the century and was added to through the period of World War II. According to residents of the town, Black families have lived there since at least 1900. The 1960 Census showed that of the 676 occupied houses, 107 were rented to Black families.

Until 1967 the town was completely segregated, with Black families occupying the oldest housing in the northwest corner of the town. At that time five Black families selected by the company were invited to move to the white side of town. In addition a policy was established that housing vacated in the Black neighborhood would only be rented to white families. Although a few white families have moved into the formerly all-Black area, many houses have simply remained vacant and boarded up. When both sides of a semi-detached structure become vacant, the structure is demolished. Since the entire area is zoned industrial, the company has also been free to demolish housing from time to time in order to provide space for the expansion of plant facilities.

Norris Lane: This is a street running north from North Point Boulevard just southeast of the Baltimore Sewage Treatment Plant on which 36 homes occupied by low-income Black families were demolished several years ago. The origin of the

community is not known. As was the case in Sparrows Point, all families were tenants, many were on welfare, and no relocation assistance was provided. About 40 Black households remain in the general area. The entire area is zoned industrial and is very sparsely populated.

Edgemere: This is an area on the peninsula which lies across Jones Creek east of Sparrows Point. The Black residential area is old, deteriorated, semi-rural in character. It is located between Sparrows Point Blvd. and Lodge Farm Road. Public improvements in the area are poor. Black population in 1960 consisted of 132 households totalling 518 persons, and median income was about \$4500.

The Black community here is very old. School records indicate that a "colored school" was established in this area in August 1874. The present population of the area is about equally divided between owners and tenants. The southern portion of the community between Sparrows Point Blvd. and Oak Ave. is zoned for business, and the northern portion is zoned R-6.

Back River Neck: In the area east of Patapsco Neck there are two Black communities. One is in the northern section of the area on Hopewell Ave., and the other is in the south on Goodwood, Maple, and Hyde Park Aves. The Hopewell community is the older and smaller of the two. Estimates of the age of the community range from 60 to 100 years. There are approximately 30 homes lining both sides of the street, and population in 1960 was 128. The area has not grown. Hopewell Ave. is not paved, but most homes are well kept in spite of their age. Zoning is R-6.

The Hyde Park community to the south is larger and of more recent origin than Hopewell. Major development of this area is believed to have begun about 50 years ago. The quality of the homes is somewhat better than on Hopewell Ave. There are presently 50 to 60 homes in this area, and signs of recent construction combined with a 1960 census count of 129

would indicate that there has been considerable growth¹ in this community. Present population is probably close to 200.

Streets in the area are unpaved, but a federally assisted water and sewer project is currently under way in the community. Zoning in this community is R-6, and extensive undeveloped areas to the north are zoned for row housing and apartments.

Benjies: This is an area in the Middle River Neck Peninsula which centers around the intersection of Eastern Ave. Ext. and Carroll Island Road. The area is semi-rural in character, and the present Black community lives principally in three enclaves. The first is located on both sides of Eastern Ave. Ext. between Carroll Island Road and the Chase Consolidated School; it contains about 15 homes. The second enclave is also along Eastern Ave. Ext. but is about a mile further east; it contains about 50 homes. Total population of these two areas in 1960 was 315.² Part of this second area is located on an unpaved street which runs south for a short way from Eastern Ave. Ext. The last enclave is north of Eastern Ave. on Benjies Road about 1/4 mile east of the intersection with Wampler Road; it had a population in 1960 of 176. Occupants of the three areas are about equally divided between owners and tenants.

According to local residents, the two enclaves on Eastern Ave. Ext. are somewhat older than the Benjies Road one and date back to Civil War times. An 1877 Atlas of the county shows a "Colored School House" about midway between the two present Eastern Ave. clusters, and the land for the Black church near the same site was acquired in 1869.

¹The low figure may also be due to an undercount in the area.

²The figure also includes a few isolated Black-occupied homes located on farmland further to the southeast.

The first enclave near Carroll Island Road is zoned for industry on the north side of Eastern Ave. Ext. and for business on the south side. The second enclave to the east is zoned R-6. The enclave to north around Benjies Road is also zoned for industry.

Again it is interesting to note that while the Benjies Road community is located in a broad belt of land zoned for industry, a white subdivision just to the west and equally within the industrial belt is zoned R-40.

Residents claim the Black community is dwindling in size here because the children of older residents have been unable to obtain land for housing and have therefore been forced to leave the area. It was also reported that several (three or four) young Black families have purchased housing in a recently developed subdivision in the area south of Eastern Ave. Ext. and east of Carroll Island Road.

Loreley:¹ This community is located in the northeast section of the county within the major transportation corridor including I-95, Rt. 40, Rt. 1, and the B&O Railroad lines. There are three enclaves, two just south of Big Gunpowder Falls and one just to the north. The two enclaves to the south are located on both sides of Rt. 40 on Redline Road and Loreley Road. The Census indicates there were 48 Black-occupied homes in these two areas in 1960, with a total population of 212. About 3/4 of the homes were owner occupied.

The enclave north of Big Gunpowder Falls contained 38 homes with a total population of 111. About 2/3 of these were owner-occupied.

These communities are said to have originated in the early part of this century² and to have been at their peak

¹The community was not surveyed. Information was obtained primarily from a local resident.

²However, school records indicate an all-Black school here in 1880.

population between 1930 and 1955. As was the case in the Benjies area, young Black families have been unable to purchase land in this area.

The two enclaves south of Big Gunpowder Falls are both zoned for industry, and the enclave to the north is in an area zoned R-20.

Towson: The Black community in Towson is one of the oldest in the county and is presently located just east of the town center. The 1960 Census showed 167 households with a total population of 610. About 56% are tenants. Median income in 1960 was \$2642. The community has been steadily reduced in size by the encroachment of public improvements and the expansion of other areas.

In 1968 on the occasion of the Towson Bicentennial a booklet was published which included a brief history of the town's Black population, and which notes that, "Negroes have lived in the Towson area since its earliest settlement."¹ Blacks have owned property in Towson since 1853, and Black population reached its peak around 1950. At that time there were about 700 Black residents in two neighborhoods, the present area known as East Towson and an area several blocks to the northwest along York Road which was called Sandy Bottom.

Almost all occupants of the Sandy Bottom area were tenants, and all the housing which they occupied has been eliminated since 1950 by a combination of public and private actions. A total of about 50 homes were demolished to make way for expansion of Towson Junior High School,² the construction of County Police and Fire stations, the construction of a new road, and commercial expansion.

¹*Then...Now, Towson, Baltimore County, Maryland*, Towson Business Assoc., Inc., 1968, p. 40.

²This was formerly Carver High School, an all-Black school.

The East Towson community which was included in the 1964 Urban Renewal proposal has been steadily eroded since that time by road construction, power station expansion, and the condemnation of deteriorated housing. It is estimated that the 1960 population of 610 has been reduced by about 1/3 to a present population of approximately 400. To date there has been no relocation assistance.

At present plans to continue the ring road development around the downtown and through the center of the East Towson Black community are apparently being delayed by demands for relocation housing. However, the threat to the continued existence of the East Towson community is not limited to the road proposal. Most of this community which lies within the proposed ring road is zoned for business, and part of the community outside the ring road is zoned for industry.

Lutherville: This area lies just northwest of Towson across the Beltway and between York Road and the Baltimore-Harrisburg Expressway. There are two small enclaves of Black-occupied housing in Lutherville, one at the intersection of Bellona and Lincoln Aves., and the other on School Lane and Railroad Ave. The first is the newer and better maintained of the two, but both are very old. School records indicate that in 1881 the county rented the "Colored Odd Fellows Home" in Lutherville for use as a school.

Total population of the two enclaves in 1960 was 99 people in 23 households. Two-thirds were tenants. The Bellona Ave. area is zoned R-10, and the Railroad Ave.-School Lane area is zoned R-6.

Cockeysville: The Black community in Cockeysville is located northeast of the town on Powers Ave. around the intersection with Sherwood Road. The homes are very old and the area is semi-rural in character. There are about 20 homes in the area.

In addition it was said that several Black families lived in the town on Hillside Ave., but this could not be confirmed by survey. Also, until several years ago, seven Black

families lived in a tenement dwelling just south of Cockeysville in Texas. That building was condemned and demolished. According to the 1960 Census the Black population of the Cockeysville-Texas area consisted of 35 households totalling 160 persons. The present total is probably between 100 and 120 persons.¹ Zoning in the remaining area on Powers Ave. is R-40.

Bare Hills: On the west side of Falls Road about 1/2 mile north of the Baltimore City line is a recently developed middle-class Black community. This community consists of 30 to 40 homes and was developed during the past twenty years around the nucleus of a small older Black community. Most of the land was purchased from two Black farmers in the area and then subdivided during the 1950's. Population in 1960 was 117, and the area has apparently not grown appreciably since.

Zoning is R-10 although the development borders an industrial zone to the northwest.

Pikesville: Just southeast of Pikesville off Greenwood Road is a recent subdivision of ranch homes which is integrated, although it appears predominantly Black. The subdivision is small, totalling perhaps fifty houses, and is relatively isolated from surrounding areas by a railroad line and a major traffic artery, Naylor's Lane. Zoning is R-6.

Winans: West of Pikesville off Winans there is an old Black community located on two adjacent streets, Oakland Park Road and Valley Forge Road. Both streets are unpaved and dead-ended. Houses are mostly rundown. The origin of the community is not known.

The area is surrounded by new white-occupied subdivisions and parkland. Population in 1960 consisted of 47 households

¹It was also reported by a local resident, but not confirmed by survey, that a few (two or three) Black families have purchased housing in a new subdivision in Timonium.

totalling 168 persons. There were 27 owners and 20 tenants. Zoning is R-6.

Reisterstown: The Black community in Reisterstown is located in two primary groups located on Bond Ave. and Sacred Heart Lane and a small enclave of six houses located at the end of an unnamed alley on the east side of Reisterstown Road just south of Westminster Road. The total Black population in 1960 consisted of 76 households totalling 319 persons.

The housing on Sacred Heart Lane is newest and in best condition, while some of the Bond Ave. housing is deteriorating. Housing in the alley appears very old but reasonably well maintained.

The first Black church in Reisterstown was established in 1834, and an all-Black school was established in 1872. It is believed that the Black settlement along Bond Ave. occurred following World War I when Black families who lived in the outlying rural areas near Reisterstown moved into the town. All three existing Black areas are zoned R-10.

There is no sign of recent growth in the Black community, but it was reported, but not confirmed, that a few (two or three) Black families have purchased housing in a subdivision in Reisterstown between Bond Ave. and Sacred Heart Lane.

Chattolane: East of Reisterstown Road and south of the Green Spring Valley Hunt Club and fronting on an abandoned railway line is a small Black community of seven homes which in 1960 had a total population of 40 persons.

This enclave is the remains of a formerly larger Black community. The once all-Black Chattolane Elementary School which adjoins the area was built for the community in 1931. The houses are very old, and the surrounding area is a sparsely developed upper middle-class white area. The Black community is zoned R-20, and the surrounding area is zoned R-40.

Granite: This is a rural community in the western part of the county about four miles from the county line on Old Court Road. There are about 18 Black families living on two unpaved dead-end streets, Bunker Hill Road and Melrose Ave. Total population in 1960 was 106.

The houses are very old, and many are dilapidated. Adjoining white-occupied streets are paved. The area is zoned R-20.

Woodlawn: This area has been described earlier.

Oella: This is a textile mill town just across the county line from Ellicott City. A small Black community of 15 to 18 houses is located on Oella Road about one mile east of the river. Population in 1960 was 87. About 2/3 are owners. The homes in the area are old and deteriorating. The area is zoned for business.

Catonsville: The Black community in Catonsville is the only one of the older Black communities which has experienced substantial growth in recent years. This community, which is centered along the axis of Winters Lane between Frederic Road and Rt. 40, has expanded during the last twenty years to the east and the northwest. Population in 1960 consisted of 533 households totalling 2567 persons.

There is a great variety of housing in terms of age, type, and quality. The southern part of the area along Winters Lane contains the oldest housing, much of which is seriously deteriorated. Just east of Winters Lane on Wesley Ave. and Bobby Road is a recent subdivision of duplex rental houses and single homes. To the north and west of Winters Lane is a moderate-cost duplex rental development of 260 units which was built during the 1950's. Adjacent to these to the west is a new subdivision of 51 single homes built in 1967.

Total growth of the Black population of Catonsville in the past ten years has probably been 8-10%. All of the area described is zoned R-6 with the exception of a strip on the south side of Rt. 40 which is zoned R-A.

In the northeast part of the community near the Bannaker School there are several unpaved streets. However, the most remarkable feature of the street system in this Black community is that except for Winters Lane which runs through from Frederick Road to I-40, none of the other streets connect through to adjacent white neighborhoods. All dead-end or loop within the area, even though they are shown on county zoning maps as continuous.

Arbutus: South of the city and west of Halethorp there is a small enclave of Black-occupied housing near the fork of Sulphur Spring Road and Shelbourne Road. The houses are located on Circle Terrace, Garrett Ave., and Brown Terrace. Population of the area in 1960 consisted of 26 households totalling 100 persons.

Circle Terrace and Garrett Ave. are the only two unpaved streets in the area. Houses on these two streets are old and deteriorating. The houses on Brown Terrace are newer and appear to have been built as part of a subdivision. The area is zoned R-6 and is completely enclosed by Arbutus Junior High School, University of Maryland, Arbutus Cemetery, and adjacent housing development.

Halethorpe: The community is in a narrow triangle of land just south of the city and enclosed by the Beltway on the north, Washington Blvd. on the west, and the B&O Railroad and industrial development on the east. This isolated pocket of land contains a white residential area and an adjacent Black residential area which are not connected to each other except by going out onto Washington Blvd.

The Black residential area which is in the southern part of this triangle consists of 80-100 homes with a population which in 1960 totalled 284 persons.

The Black community is largely lower middle-class in composition, and the houses are in good condition. Development

of the community dates back to the early 1920's, when a 13-acre parcel of land was purchased by the Patapsco Negro Business League, and subdivided.

The residential area is zoned R-6, but it is surrounded by business and industrial zoning.

Effects and Remedies

As a result of restrictions on growth imposed in large measure by county development-control activities, at least 13 of the existing Black communities, containing over 15% of the total Black population in Baltimore County, have been steadily dwindling in size. Unless affirmative steps are taken, these communities, with a population of over 3000 predominantly low-income persons, are likely to be entirely eliminated.

In addition, access by Blacks to rapidly growing employment opportunities in the county, and in particular in the Cockeysville area, is seriously inhibited by the absence of housing opportunities. The distribution of residential density zones in the Cockeysville area is quite inappropriate to the level of industrial development taking place.

In order to offset past inequities and remove official obstacles to equal opportunity in the county, the following remedial steps should be taken by the county:

1. *Adopt fair housing and fair employment practices ordinances.*
2. *Establish a housing authority.*
3. *Rezone, where necessary, existing Black residential areas and their surroundings to permit continued residential uses at densities which reflect both the economic character of the community and its potentials for growth.*
4. *Create substantially greater areas of high-density residential zoning in the Cockeysville area.*
5. *Pave presently unimproved streets in Black residential areas and equalize the provision of other public*

- improvements such as sewers and street lighting.*
- 6. End the isolation of some Black communities by opening and improving dedicated rights-of-way.*
 - 7. Seek and apply federal subsidies for streets, utilities, and open spaces in areas where low-income groups live or might live, in order to reduce development costs.*
 - 8. Encourage the production of low-cost housing by exempting developers of low-cost housing from the cost of site improvements.*

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Exhibit No. 16

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

HUD PROGRAMS AND ACTIVITY IN
BALTIMORE CITY AND COUNTY

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INTRODUCTION

The Department of Housing and Urban Development's programs of financial assistance have played a major role in the physical development of the Baltimore area. A variety of Federal laws require that these programs be administered so as to assure nondiscrimination and to promote equal opportunity. A study of HUD structure and functioning, focusing on its operations in greater Baltimore, suggests that HUD does not give adequate priority to its equal opportunity obligations and that Federal assistance is awarded with inadequate attention to equal opportunity considerations.

I. HUD PROGRAMS

The Department of Housing and Urban Development (HUD) administers a wide range of Federal programs^{2/} which shape patterns of urban and suburban development. While the best known of these are housing programs, HUD also provides financial assistance for such diverse activities as community planning, construction of water and sewer facilities, and the

^{1/} Executive Order No. 11063, 3 C.F.R. 652, 1959-1963 Comp., (1962); Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000d to d4 (1964); Title VIII of the Civil Rights Act of 1968, 42 U.S.C. §§ 8081-19 (Supp. V, 1965-1969).

^{2/} U.S. Department of Housing and Urban Development, Catalog of HUD Programs, SP/MP 78 (June 1969) (hereinafter cited as HUD catalog) lists 73 HUD programs; Office of Economic Opportunity, Catalog of Federal Domestic Assistance (April 1970) (hereinafter cited as OEO Catalog) lists 88 programs administered by HUD.

development of parks. There follows a brief description of the major HUD programs and those which have been used in the Baltimore area.

A. THE PLANNING PROCESS

1. Comprehensive Planning Assistance

Under Section 701 of the Housing Act of 1954, as amended,^{3/} HUD awards grants for comprehensive planning for community development. The planning may include matters such as land development patterns, facility needs such as water and sewer, housing, transportation, recreation and community facilities, the development of human resources, and the development and protection of natural resources. Regional, metropolitan, and nonmetropolitan planning agencies, State agencies, counties, and cities are among the applicants eligible for a Section 701 grant.^{4/} The amount of the HUD grant is usually two-thirds of the cost of the planning project, but in some cases it may be for three-fourths of the cost.^{5/} Grants are awarded for a ^{6/}1-year period.

^{3/} 40 U.S.C. §461 (1964), as amended (Supp. V, 1965-1969).

^{4/} 40 U.S.C. §461(a)(1964), as amended (Supp. V, 1965-69).

^{5/} 40 U.S.C. §461 (b) (1964), as amended (Supp. V, 1965-1969).

^{6/} OEO Catalog, supra n. 2, at 444.

Baltimore City and County. In 1968, Baltimore County applied for a 701 grant of \$33,000 to help finance the writing of a water and sewer master plan. (The provision of adequate water and sewer facilities is essential for adequate residential development of the county.)^{7/} The Housing and Urban Development Act of 1968 had amended § 701 to require that each application for a planning grant contain a "housing element"-- primarily an appraisal of current housing problems and a program to deal with them. One of the problems which must be dealt with by the housing element is low-income and minority needs.^{8/} Upon learning of this amendment, the county withdrew its application.^{9/}

^{7/} Interview with George E. Gavrelis, Director, Baltimore County Office of Planning and Zoning, July 30, 1970.

^{8/} U.S. Department of Housing and Urban Development, Comprehensive Planning Assistance Handbook 1, Guidelines Leading To A Grant, Bull. No. MD 6041.1, ch. 1 at 6 and App. 2-A at 12-13 (1969).

^{9/} Baltimore Sun, November 1968.

The Regional Planning Council (RPC),^{10/} the regional planning organization for the Baltimore metropolitan area, received \$510,000 in fiscal 1969. The State planning agency received \$492,116,^{11/} some of which it channeled into Baltimore City. The county has not received \$701 funds.

2. Workable Program for Community Planning

Until recently, a community was required to have an official plan-- a "workable program"-- committing public and private funds to deal with its housing and urban renewal problems, in order to be eligible for a number of HUD assistance programs. The Housing and Urban Development Act of 1969 reduced the number of programs with such a workable program

^{10/} The Regional Planning Council's membership consists of three representatives from the city of Baltimore, three representatives from each of the counties of Anne Arundel, Baltimore, Carroll, Harford, and Howard, the director of the State department of planning, the chairman-director of the State roads commission, the chairman of the Metropolitan Transit Authority, the chairman of the Maryland Port Authority and four representatives to be appointed by the Governor, one from the State senate, one from the house of delegates and two citizens of Maryland. The Regional Planning Council's responsibility is to propose a comprehensive plan for the development of the regional planning area based upon studies of land use, transportation, public utilities, and natural resources and take into account relevant social and economic factors. Since the council itself is only an advisory body, this is only a suggested development plan which may be adopted or rejected by any unit of government within the regional planning area. Other functions of the council are (1) to conduct research for planning in an area, (2) to advise local government within the area and (3) to provide an annual report as to the activities of the council. Md. Ann. Code, Art. 78D, §§ 4, 16, (1969 Re-Placement Vol. 7 and Cum. Supp).

^{11/} Office of Economic Opportunity, Federal Outlays in Maryland, 11 (Fiscal Year 1969).

12/ prerequisite. A workable program must be certified by HUD.

Although no Federal financial assistance is available for the drafting of a program, HUD will give technical information and advice. 13/

Four elements are required in a workable program: planning and programming, housing and relocation, citizen participation, and code enforcement. For each of these, the workable program must list goals, programs, and a schedule for accomplishment of goals.

Certification of a workable program, as well as all subsequent recertifications, are made for a 2-year period. 14/

12/ Section 217, Housing and Urban Development Act of 1969, 42 U.S.C. §§1451(c), 1410(e), 1421b(f) (1964), as amended (Supp. V, 1965-1969.) Prior to passage of this act, a workable program was required for §221(d) (3) MR and BMIR [12 U.S.C. §17151(d) (3) (1964), as amended (Supp. V, 1965-1969)], (see pp. 10-12, infra) for low rent public housing programs, and urban renewal programs. Presently, a workable program is required only for urban renewal programs.

13/ OEO Catalog, supra n. 2, at 453.

14/ Id.

Baltimore City and County. Baltimore City's workable program was recertified on June 3, 1970 for another 2- year period.^{15/}

Baltimore County had a workable program which it allowed to lapse in April 1965. The county subsequently has not submitted a workable program to HUD for approval.

B. SUBSIDIZED RENTAL HOUSING

1. Public Housing

The public housing program, created by the Housing Act of 1937,^{16/} has been the major form of federally subsidized rental housing for low-income persons.

The initiative for developing a public housing program rests with local governmental bodies. Public housing assistance is given to local housing authorities established by such governmental bodies. A State-enabling law empowering the locality to establish a local housing authority (LHA)^{17/} is necessary.

^{15/} Baltimore Sun, July 21, 1970 .

^{16/} 42 U.S.C. § §1401-35 (1964), as amended (Supp. V, 1965-1969).

^{17/} 42 U.S.C. §1402(11) (1964), as amended (Supp. V, 1965-1969). In 1967, all states except Utah and Wyoming had such a law. /Ledbetter, Public Housing - A Social Experiment Seeks Acceptance, 32 Law & Contemp. Prob. 490, 494 n. 27 (1967)/.

Approval of the local governing body is necessary for all public housing programs proposed to HUD by the LHA.^{18/}

Until recently, the governing body had to have a certified workable program in order to be eligible for public housing assistance.^{19/}

HUD public housing assistance takes three main forms: (1) The LHA may receive a preliminary loan for the planning of public housing;^{20/} (2) the LHA may receive loans for the construction or acquisition of housing;^{21/} (3) the LHA may receive annual contributions (i) to cover the debt service on local bonds sold to finance the construction or acquisition of assistance housing or (ii) to assure maintenance of low rentals.^{22/} The maximum period of such payments is 40 years.^{23/}

There are four methods by which an LHA may acquire public housing:

^{18/} 42 U.S.C. §1415(7) (1964), as amended (Supp. V, 1965-1969).

^{19/} §217 of the Housing and Urban Development Act of 1969, deleted the workable program requirement of all public housing programs. (See footnote 12, *supra*).

^{20/} 42 U.S.C. §1409 (1964), as amended (Supp. V, 1965-1969).

^{21/} 42 U.S.C. §1409 (1964), as amended (Supp. V, 1965-1969).

^{22/} 42 U.S.C. §1410(a) (1964), as amended (Supp. V, 1965-1969).

^{23/} 42 U.S.C. §1410(c) (1964), as amended (Supp. V, 1965-1969).

(a) Construction by the LHA. This is known as conventional public housing.

(b) Purchase by the LHA of privately constructed housing, built under contract for the LHA. This is known as turnkey public housing.^{24/}

(c) Purchase and rehabilitation of existing housing by the LHA, which then rents these units to public housing tenants.^{25/}

(d) Leasing of existing units by the LHA. The LHA then rents these units to public housing tenants at public housing rental rates.^{26/}

All types of public housing can be sold by the LHA to public housing tenants under a variety of homeownership programs established by the Housing Act of 1937, as amended.^{27/}

^{24/} See 24 CFR § 1520.6 (1970).

^{25/} 42 U.S.C. § 1410(c) (1964), as amended (Supp. V, 1965-1969).

^{26/} Sections 10. (c) and 23 of the Housing Act of 1937, 42 U.S.C. §§ 1410(c) and 1421(b) (1964, as amended (Supp. V, 1965-1969)).

^{27/} See 42 U.S.C. §§ 1415(9), 1421 b, (g), (1964) as amended (Supp. V, 1965-1969).

The median income of tenants in public housing in 1967 was \$2,800.^{28/}

Baltimore City

The department of housing and community development (DHCD) is the local housing authority for the city of Baltimore. As of the end of fiscal year 1969, 20 public housing projects were occupied, housing 38,895 persons in 10,280 units.^{29/} The city also had a leased housing program comprised of 145 homes, and was utilizing 77 rehabilitated houses as low-income public housing.^{30/}

Baltimore County.

There is no public housing in Baltimore County. The county does not have a workable program, nor does it have a local housing authority (LHA).

The question of the need for low-income housing in Baltimore County is a controversial issue which has received much attention and publicity. The Community Action Agency and the League of Women Voters in the county have criticized the county for its lack of low-income housing.^{31/} According to newspaper accounts, the County Executive, Dale Anderson, has publicly announced his opposition to subsidized low-income housing in the county.^{32/} In 1964, a county urban renewal bond issue was put to a referendum vote on the November ballot. It was defeated by approximately

^{28/} C. Schultze, Setting National Priorities - The 1971 Budget 87 (1970). /Hereinafter cited as Schultze/.

^{29/} Dept. of Housing and Community Development, City of Baltimore, Annual Report 14 (1969). /Hereinafter cited as HCD Annual Report/.

^{30/} Id.

^{31/} Evening Sun, Oct. 3, 1968.

^{32/} Evening Sun, Sept. 24, 1968; Evening Sun, Oct. 3, 1968.

^{33/} 94,000 votes. This defeat has been interpreted by many as a reflection of opposition to low-income housing.

2. Other Rental Housing Programs for Low-and Moderate-Income Families

a. Section 221(d)(3) Market Interest Rate (MR)

The §221(d)(3) program, created by the Housing Act of 1961 is one of the many mortgage insurance programs administered by the Federal Housing Administration (FHA).^{34/} It is intended to provide rental housing for persons of low-and moderate-income. This program is being phased out by §236 (see below at pp. 12-14).

The program insures mortgages for the construction or rehabilitation of multifamily dwellings; and it is open to public agencies, nonprofit sponsors, and limited dividend corporations. Until recently, the housing had to be located in a community with a workable program.^{35/} Most existing rent supplement units (see below at pp. 1155-1157) have been built under 221(d) (3) MR.^{36/} A statutory limit is placed by HUD on construction costs and on the amount of the insured mortgage.

^{33/} The Jeffersonian, Sept. 7, 1967.

^{34/} §221(d) (3) National Housing Act, 12 U.S.C. §17151(d) (3); (1964), as amended (Supp. V, 1965-1969).

^{35/} Pub. L. No. 91-152, §217(a)(2). See n. 12 supra.

^{36/} OEO Catalog supra n. 2, at 427.

In fiscal 1969, the total market rate mortgages on new units insured under the § 221(d)(3) MR program nationally was \$286,722,700.^{37/}

Baltimore City

No new mortgage insurance was issued for Baltimore City in fiscal 1969, although in the past the city has financed the construction of a great many multifamily housing units through the § 221(d)(3) MR program.

Baltimore County

There is no § 221(d)(3) MR housing in Baltimore County. Until the requirement recently was removed, the lack of a workable program made the county ineligible for § 221(d)(3) MR assistance.

b. Section 221(d)(3) BMIR

The below market interest rate (BMIR) program of § 221(d)(3) is essentially like the market rate program except that under BMIR the housing sponsor obtains a 3 percent FHA-insured mortgage for housing construction or rehabilitation. A HUD subsidy is given to the mortgagee, who then receives a market return on his loan. As with the market rate § 221(d)(3) program, construction costs and the size of the mortgage are limited by HUD. In addition, there are income limitations for tenants in § 221(d)(3) BMIR projects. BMIR housing is intended for low-and moderate-income persons whose income is above the limits for public housing. A family whose income increases above the HUD-imposed ceiling while living in BMIR housing is not permitted to remain in the project.^{38/}

In fiscal 1969, \$569,579,600 of new mortgages were insured nationally under this program.^{39/}

^{37/} Id. at 428.

^{38/} 12 U.S.C. § 1715 1 (d)(3) (1964), as amended (Supp. V, 1965-1969).

^{39/} OEO Catalog, supra n. 2, at 427.

Baltimore City

Three projects in the city received BMIR mortgage insurance totaling \$3,342,200 in fiscal 1969. In the first half of fiscal 1970, one mortgage was insured for \$965,000. ^{40/}

Baltimore County

There has been no BMIR activity in the county, which was not eligible for the BMIR program until the recent abolition of the workable program requirement.

c. Section 221(d)(4)

This program is designed to provide rental housing for low-and moderate-income persons. ^{41/} It is a market rate program with priority given to people displaced by governmental action. The most significant difference between it and the § 221(d)(3) MR program is that profit-making corporations are eligible sponsors. There are no income limits for eligibility. There has never been a workable program requirement for § 221(d)(4).

A separate breakdown of national activity and activity in Baltimore City and County under § 221(d)(4) was not available. ^{42/}

d. Section 236

This program, established by the Housing and Urban Development Act of 1968, is the most recent of HUD's programs designed to provide low-and moderate-income rental housing. ^{43/} It is expected to phase out the § 221(d)(3) MR and BMIR programs, for which funds are no longer being appropriated.

^{40/} Memorandum from Wayne F. Daugherty, HUD, to David Hunter, Staff Attorney, USCCR, June 16, 1970. [Hereinafter cited as Daugherty memo].

^{41/} 12 U.S.C. § 1715 1 (d)(4) (1964), as amended (Supp. V, 1965-1969).

^{42/} OEO Catalog, supra n. 2.;

^{43/} 12 U.S.C. § 1715 z-1 (1964), as amended (Supp. V, 1965-1969).

Under § 236, a limited profit, nonprofit, or cooperative sponsor can receive an FHA-insured mortgage, with a maximum of 40 years maturity, at an interest rate as low as 1 percent. A commercial mortgagee makes a market rate loan insured by FHA to the sponsor. FHA makes interest reduction payments to the mortgagee once the project is occupied, for the term of the mortgage. The mortgage is for the construction or rehabilitation of rental or cooperative housing and has a ceiling set by FHA.

A tenant of § 236 housing is required to pay either a basic rental (computed on the basis of operating the project and paying principal and interest on a 1 percent mortgage), or 25 percent of his income, whichever is greater. The rental charged for a unit cannot exceed the fair market rental.^{44/} HUD's interest reduction payments are comprised of the difference between the fair market rental and the rental which each tenant must pay.

Comparison of Section 236 and 221(d)(3) BMIR. Both programs have income eligibility limits. However, if a tenant's income increases above the eligibility level,^{44a/} he may still remain in a § 236 project, paying the fair market rental. At the same time, since § 236 provides a 1 percent mortgage, as compared to a 3 percent mortgage for § 221(d)(3) BMIR, the HUD subsidy for § 236 projects is naturally greater and § 236 is intended to benefit families with a lower income than § 221(d)(3) BMIR.^{45/} Another difference between these programs is that under § 236 HUD pays interest subsidies over the life of the project, whereas § 221(d)(3) requires HUD to pay the full amount of the subsidy to the sponsor upon completion of the project.

^{44/} 12 U.S.C. § 1715 z-1 (1964), as amended (Supp. V, 1965-1969).

^{44a/} For a family of four, the eligibility ceiling in Baltimore City and County is an annual income of \$6,210. FHA Baltimore Insuring Office, Circular Letter No. 70-4 (July 14, 1970).

^{45/} Dept. of Housing and Urban Development, Rental Housing for Lower Income Families (Section 236), A HUD Handbook, Bull.No. FHA 4442.1 at 1 (1968).

In fiscal 1969, there was little activity nationally under § 236, because the program was recently instituted. No rental assistance payments were made, although mortgages totalling \$17,901,200 for new units and \$879,800 for existing units were insured. ^{46/} 1,213 new units and 72 existing units were covered by insured mortgages.

Baltimore City and County. There was no Federal outlay under § 236 in Baltimore City or County in fiscal 1969. ^{47/} In fiscal 1970, however, there has been limited activity in both localities. ^{48/} (There is no workable program requirement for § 236 insurance and supplements.)

e. Rental housing for the elderly and handicapped

There are two programs intended to help provide housing for the elderly and handicapped.

Section 202 of the Housing Act of 1959 ^{49/} is a direct loan program, under which HUD makes 3 percent-50 year loans to nonprofit, cooperative, and limited profit sponsors for the development costs of housing. (It is expected that this program will be replaced by § 236. ^{50/})

^{46/} OEO Catalog, supra n. 2, §14.103 at 395.

^{47/} Daugherty memo, supra n. 40.

^{48/} HUD Locality Status Report, Maryland Region 3, May 27, 1970.

^{49/} Pub. L. No.86-372, 73 Stat. 654, 667, 12 U.S.C. §1701 q (1964), as amended (Supp. V, 1965-1969).

^{50/} OEO Catalog, supra n. 2, §14.102 at 394.

In addition, § 231 of the National Housing Act ^{51/} allows FHA to insure mortgages to finance the construction or rehabilitation of housing for the elderly or handicapped.

Baltimore City and County. In fiscal 1969, FHA insured mortgages covering 652 new and 76 existing units under section 231. ^{52/} Section 202 national activity in the period consisted of loans valuing \$82,014. ^{53/} There has been some construction of housing for the elderly in Baltimore City under § 202 but none in the county. ^{54/}

f. Rent supplements

Title I of the Housing and Urban Development Act of 1965 established the rent supplement program. ^{55/} Administered by FHA, this program authorized payment to owners of approved multifamily projects of the difference between fair market rental of each unit and 25 percent of the tenant's income. ^{56/}

The rent supplement program was originally intended to develop new moderate income housing in dispersed locations in cities and suburbs, helping to develop neighborhoods of mixed social and economic groups. ^{57/}

^{51/} Pub. L. No. 86-372; 72 U.S.C. § 654 (1964).

^{52/} OEO Catalog, supra n. 2, at 428.

^{53/} Id. § 14.102 at 394.

^{54/} Daugherty memo, supra n. 40.

^{55/} Pub. L. No. 89-117, 12 U.S.C. § 1701s (1964).

^{56/} HUD Catalog, supra n. 2, at 37.

^{57/} Fielding, How Useful Are Rent Supplements In Meeting Low-Income Housing Needs, The Journal of Housing (January, 1969).

However, a statutory provision dictates that rent supplements must be used primarily in newly constructed § 221(d)(3) projects, and in approved State and local housing projects.^{58/} Although the workable program requirement for § 221(d)(3) housing was waived for these projects constructed for rent supplement use,^{59/} a major barrier to the use of rent supplements in the suburbs is presented by the HUD regulatory requirement that if rent supplements are to be used in a project for which a workable program is not required, the local jurisdiction must give official approval for participation in the rent supplement program.^{60/}

The rent supplement program may be used on a very limited basis to assist tenants in § 221(d)(3) BMR, § 231, § 202, and § 236 housing.^{61/} By supplementing the rentals of persons who are already benefiting from a HUD subsidized program, this phase of the rent supplement program reaches persons whose income approximates that of persons eligible for public housing.^{62/}

Under the rent supplement program, there are income eligibility limits. As in the case of § 236, and unlike public housing, tenants are not required to leave rent supplement units when their income climbs to the level where they can afford to pay the fair market rental.

^{58/} 12 U.S.C. § 1701s(b) (1964), as amended (Supp. V, 1965-1969).

^{59/} 42 U.S.C. § 1451(c), as amended (Supp. III, 1965-1967).

^{60/} 24 C.F.R. § 5.15(c)(2) (1970).

^{61/} 12 U.S.C. § 1701s(h) (1964), as amended (Supp. V, 1965-1969).

^{62/} Fielding, supra n. 57, at 13.

Nationally, in fiscal 1969 tenants in 12,299 units were receiving rent supplement assistance, and FHA's obligations under the program totalled \$5,708,000. ^{63/} The median income of tenants in rent supplement units was \$2,400. ^{64/}

Baltimore City. Five projects in Baltimore City were given rent supplement assistance totalling \$106,000 in fiscal 1969. Three were \$ 221 (d)(3) MR projects, the others were 202 housing. ^{65/}

Baltimore County has had no projects eligible for rent supplements; thus there has been no rent supplement activity in Baltimore County.

C. HOME OWNERSHIP PROGRAMS

1. Section 235 Interest Supplements for Low-Income Families

Section 235 ^{66/} provides for assistance in the purchase of new or substantially rehabilitated houses and, to a limited extent, of the existing houses without rehabilitation. The program provides for supplements to the interest payments made by the purchaser. These supplementary payments, made directly to the mortgagee, can reduce the amount of interest paid by the purchaser to as little as 1 percent. The size of the payment varies with the income of the family; a qualifying family must devote at least 20 percent of its income to the payment of principal, interest and property taxes. ^{67/} To qualify, a family's income cannot exceed

^{63/} OEO Catalog, supra n. 2, § 14.149 at 438.

^{64/} Schultze, supra n. 28 at 87.

^{65/} Daugherty memo, supra n. 40.

^{66/} § 235, National Housing Act, Pub. L. No. 90-448, 12 U.S.C. § 1715z (1964), as amended (Supp. V, 1965-1969).

^{67/} OEO Catalog, supra n. 2, at 397.

135 percent of the income limit set for the same size family for public housing. The \$ 235 income limit for a family of four in Baltimore City is \$6,210. ^{68/}

In fiscal 1969, total mortgages insured under § 235 programs nationally totalled \$29,242,250 for 1,998 new units and \$43,383,740 for 3,239 existing units. The average interest reduction payment per month per unit was \$55. ^{69/} The average income of section 235 homeowners in 1969 was \$5,346. ^{70/}

The § 235 program has a potential for wide use since it is not limited to nonprofit or limited dividend sponsors and may be used in areas which do not have a "workable program". Also, § 235 purchasers may acquire homes in neighborhoods where higher-income families reside.

Baltimore City. In fiscal 1969 in Baltimore City, one home mortgage for \$11,000 was insured under § 235; in the first half of fiscal 1970, 10 mortgages averaging \$10,000 per unit, were insured. ^{71/}

Baltimore County. In fiscal 1969, five mortgages averaging \$15,000 per unit were insured; in the first half of fiscal 1970, 14 mortgages, averaging \$20,700 per unit were insured. ^{72/}

^{68/} See n. 44A. supra.

^{69/} OEO Catalog, supra n. 2, § 14.105 at 397.

^{70/} Schultze, supra n. 28 at 88.

^{71/} Daugherty memo, supra n. 40.

^{72/} Id.

2. Section 237 Special Mortgage Assistance

Section 237 enables low-or moderate-income families with relatively poor credit to secure mortgage guarantees. ^{73/} Applicants who would qualify under other FHA programs of mortgage insurance but for the fact that they are marginal credit risks, may qualify for a § 237 guarantee if through the "incentive of homeownership and counseling assistance in budget debt management [they] appear to be able to achieve homeownership". ^{74/} The program applies to the purchase of new or existing homes and to the rehabilitation of existing homes.

In fiscal 1969, total mortgages insured under § 237 nationally totalled \$74,400 for six new units, and \$1,025,000 for 82 existing units. ^{75/} No information is available for Baltimore City or Baltimore County.

D. SECTION 203--HOME MORTGAGE INSURANCE

Section 203(b) of the National Housing Act ^{76/} established the well known FHA program of mortgage insurance for financing the purchase of one-to-four family housing, either new or existing.

^{73/} § 237, National Housing Act, as amended; Pub. L. No. 9-448, 12 U.S.C. § 1715z-2 (1964).

^{74/} 12 U.S.C. § 1715z(2) (a) (1964), as amended (Supp. V, 1965-1969).

^{75/} OEO Catalog, supra n. 2, § 14.140 at 430.

^{76/} Pub. L. No. 73-479; 12 U.S.C. 1709 (1964), as amended (Supp. V, 1965-1969).

An individual applies for an FHA insured mortgage through an approved lender. Approval of the insurance is made by FHA, following review of the applicant's credit and appraisal of the property.

The ceiling on FHA insurance as a general rule is 97 percent of the first \$15,000, 90 percent of the next \$5,000, and 80 percent of the amount over \$20,000. ^{77/} The down payment normally is the difference between FHA's maximum loan amount and the purchase price. The purchaser is responsible for items of prepaid expense. ^{78/} A major benefit of the FHA insured loan is the low down payment. The maximum period of the mortgage is 30 years (or 35 years in certain cases), and the maximum loan for a one-family dwelling is \$33,000. ^{79/} There is no minimum loan amount.

The FHA § 203(b) mortgage insurance program is widely used for the purchase of new homes. In fiscal 1969, the face value of all § 203 mortgages outstanding was \$1,360,442,585 for new homes and \$4,336,406,316 ^{80/} for existing homes.

^{77/} 24 CFR § 203.18 (1970).

^{78/} OEO Catalog, supra n. 2, § 14.117 at 409.

^{79/} Id.

^{80/} Id.

Baltimore City. In Baltimore City, 1,243 home mortgages were insured by FHA in fiscal 1969, for a value of \$13,006,000.

Baltimore County. In Baltimore County, 855 mortgages were insured in fiscal 1969 for a value of \$11,315,000. ^{81/}

E. URBAN RENEWAL ^{82/}

The purpose of urban renewal grants and loans is to help finance the elimination of blight through planning, land acquisition and clearance, rehabilitation, and new construction. ^{83/} A variety of programs, such as community renewal, code enforcement, demolition grants, rehabilitation, and relocation, are subsumed under the general term "urban renewal". ^{84/}

A certified workable program is required for eligibility for urban renewal. ^{85/} The local governing body also must have passed a resolution approving the urban renewal project. ^{86/}

Baltimore City has 20 urban renewal projects, 10 of which have been completed. ^{87/} The largest of these is Charles Center, the new downtown area of the city.

^{81/} Daugherty memo, supra n. 40.

^{82/} Title I, Housing Act of 1949, as amended, Pub. L. No. 81-171, 42 U.S.C. §§1450-1468 (1964).

^{83/} HUD Catalog, supra n. 2, at 19.

^{84/} OEO Catalog, supra n. 2, §§14.600-14.609 at 461-469.

^{85/} 42 U.S.C. § 1451(e) (1964), as amended (Supp. V. 1965-1969).

^{86/} HUD Catalog, supra n. 2, at 19.

^{87/} HCD Annual Report, supra n. 29, at 23-25.

Baltimore County took steps to begin two urban renewal projects in 1964, one in Towson and the other in Catonsville. However, a supporting bond issue was defeated in referendum and no further attempts at urban renewal have been made.^{88/}

F. RELOCATION

Relocation assistance and payments are given to persons and businesses displaced by HUD-assisted programs.^{89/} Displacement offices are set up to provide information about adequate housing to those persons being displaced. In addition, an individual or family can receive \$200 (or \$500 in the case of low income persons unable to find public or rent supplement housing). Larger payments are made to businesses, nonprofit organizations, and owner-occupants of one to four family dwellings.^{90/}

In fiscal 1969, HUD spent over \$78 million for relocation assistance.^{91/}

Baltimore County. There has been no HUD-assisted relocation activity in Baltimore County.

Baltimore City. For the 2 -year period ending December 1969 in the city, a total of 885 families were displaced and re-located.^{92/} Of the 220

^{88/} Interview with John F. Bacon, June 26, 1970.

^{89/} 42 U.S.C. §§ 1465(c), 3074(a), 3301 (1964).

^{90/} 44 CFR § 710.16 (1970).

^{91/} OEO Catalog, supra n. 2, § 14.608 at 467-68.

^{92/} Baltimore, Maryland "Application for Workable Program Certification or Recertification", (April 15, 1970) at 57.

businesses displaced by HUD-assisted programs, 143 were relocated.^{93/}

The Department of Housing and Community Development administers the relocation program for the city.

To acquire approval for any HUD-assisted program in which people might be displaced, the locality must show that there is an adequate housing supply for those displaced within its boundaries. Once this approval is obtained, the locality is free to assist such persons to relocate in a neighboring jurisdiction by providing information about available housing there.

G. REHABILITATION

There are a variety of rehabilitation programs sponsored by HUD. The public housing and § 221(d)(3) programs, which include rehabilitation, are discussed supra. Section 221(h) of the National Housing Act^{94/} is a mortgage insurance and subsidy program for the purchase and rehabilitation of dilapidated dwellings. Nonprofit sponsors initially receive insurance on a market interest rate mortgage; the interest rate is reduced to 3 percent after rehabilitation is completed. The units in the project are then released for sale under HUD assistance programs to low income families.^{95/}

^{93/} Id.

^{94/} Pub. L. No. 89-754; 12 U.S.C. §1715 1 (h) (1964), as amended (Supp. V, 1965-1969)

^{95/} Other rehabilitation programs include § 203(h) and 220(h) of the National Housing Act (Pub. L. No. 73-479, 12 U.S.C. §§ 1709, 1715K (1964)), which provide assistance for major home improvements or rehabilitation. Both provide FHA-insured loans. Section 203(h) loans are for one-to-four family homes within or outside an urban renewal area; §220(h) loans are for one-to-eleven family dwellings in urban renewal areas. Section 106(a) of the Housing and Urban Development Act of 1965 also provides grants and loans to homeowners for rehabilitation in code enforcement and urban renewal areas.

Baltimore County has had no rehabilitation projects.

Baltimore City has used rehabilitation in several of its urban renewal projects.^{96/} It is also attempting to use rehabilitation for public housing, in its Vacant House Program, under which it will rehabilitate vacant dwellings for use as public housing.^{97/}

H. FHA COUNSELING SERVICE

In order to bring the benefits of Federal assistance programs (particularly those which are complex or unfamiliar) to the persons to be served by them, it is important to take steps to make the programs known and to give detailed guidance and assistance in their use.

In 1967, FHA instituted a test program in selected insuring offices (including the Baltimore Office) to give counseling service to low income persons to find suitable housing for rent or sale within their means. The types of services contemplated include FHA assistance in making appointments for families to inspect homes or apartments, providing the names of real estate brokers, and providing assistance to the family if it encounters any difficulty in inspecting the housing or making a contract for the sale or rental of property. It is specifically provided that the housing counselor in the FHA office is to make available all listings which he has and make referrals to all locations on a nondiscriminatory basis.^{97a/}

The FHA Insuring Office in Baltimore operates a counseling service, but has received no appropriations for this function. The Office has

96/ HCD Annual Report, supra n. 29, at 24-25

97/ Interview with Mark Joseph, Assistant Commissioner, DRCD (July 28, 1970).

97a/ Letter from P. N. Brownstein, Assistant Secretary-Commissioner, Federal Housing Administration to Thomas Gallagher, Director, Federal Housing Administration, July 20, 1967.

attempted to maintain the service by rotating staff members into the position of Housing Counselor. However, according to the Director of the Baltimore Insuring Office, Civil Service regulations limit the length of time a staff person can act in this function to 4 months, and, as a result, the FHA Office has not been able to place a properly trained person in the position. The Office advertised the service in the newspaper, but found itself unable to deal adequately with the demand for housing advice. 97b/

97b/ Interview with Allen T. Clapp, Director, FHA Insuring Office, Baltimore, Md., July 30, 1970.

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I. WATER AND SEWER AND OPEN SPACE PROGRAMS

Of the various HUD programs not previously discussed, these two non-housing programs are of special significance to a developing suburban area.

1. Water and Sewer^{98/}

This program awards grants to finance community water and sewer facilities. The maximum grant in most cases is 50 percent of the land and construction costs.^{99/} There has never been a workable program requirement. Since November 1968, Baltimore County has had threewater and sewer grants approved, totalling about \$2 million.^{100/} These three grants are applicable to numerous sites around the county, most of which are in the eastern area.

Under new guidelines now in effect, in approving water and sewer grants HUD will take into consideration the amount of low-and moderate-income housing in the area, and give priority to applicants with this type of housing.^{101/}

2. Open Space^{102/}

Open space grants^{102/} are used to assist communities to maintain land as open space. The grants cover a maximum of 50 percent of the cost of acquiring the land and of some development expenses. There is no workable program requirement. In fiscal 1969, HUD obligations for this program nationally were \$49,424,000.^{103/}

^{98/} § 702 of the Housing and Urban Development Act of 1965, Pub. L. No. 89-117, 42 U.S.C. § 3101 (1964), as amended (Supp. V, 1965-1969).

^{99/} OEO Catalog *supra* n. 2, §14.200 at 441.

^{100/} HUD Status Report, *supra* n. 48.

^{101/} HUD Circular MPD 6220.2 (1970).

^{102/} § 702 Housing Act of 1961, Pub. L. No. 87-70 42 U.S.C. § 1500a (1964) as amended (Supp. V, 1965-1969).

^{103/} OEO Catalog, *supra* n. 2, §14.209 at 449.

The funding criteria used by HUD for open space grants ^{104/} give priority to the encouragement of orderly urban development; and to the provision of needed open space to low-income neighborhoods. ^{105/}

Baltimore County has received numerous open space grants most of which are for small recreational zones located next to schools. Recently, a large eastern area park application was delayed for some time by HUD, due to concern that it would not adequately serve low-income persons; the application was tentatively approved, conditional upon the submission of a plan to assure adequate low-income access to the area. Funds will not be appropriated until this condition is satisfied. ^{106/} As of May 1970, there were seven active open space projects in Baltimore County. The total amount of HUD grants to these projects was expected to be approximately \$587,000. ^{107/}

II. HUD ORGANIZATION AND RESPONSIBILITIES

A. GENERAL

The appended chart, (Attachment A), shows the present organization of HUD at the national level. Within the Washington Office, there are five Assistant Secretaries with program responsibilities: 1) the Assistant Secretary for Renewal and Housing Assistance directs urban renewal and public housing programs. His responsibilities include administration of relocation programs and certification of workable programs; 2) the Assistant Secretary for Metropolitan Development is in charge of a variety of programs, among which are water and sewer grants, open space grants, and planning grants;

~ ^{104/} HUD Letter No. OS-17, Apr. 8, 1968.

~ ^{105/} Id. at 5.

^{106/} Telephone interview with Lynn Henson, Staff Planner, HUD Regional Office, July 29, 1970.

^{107/} HUD Status Report, supra n. 48.

3) Assistant Secretary for Model Cities and Government Relations administers the Model Cities program; 4) the Assistant Secretary for Equal Opportunity is responsible for the enforcement of Executive Orders 11063, 11246, 11375 as well as Title VI of the Civil Rights Act of 1964 as it applies to HUD programs and Title VIII of the Civil Rights Act of 1968.^{108/} He is responsible for administering these equal opportunity requirements with respect to all HUD programs; 5) the Assistant Secretary for Mortgage Credit and Federal Housing Commissioner directs the FHA, advises the Secretary on programs involving the private mortgage market, and coordinates FHA activities with the operations of the Government National Mortgage Association.^{109/}

At present, the programs administered by these five offices are administered through the seven Regional HUD Offices. (FHA programs are administered primarily through its 54 insuring and service offices.)^{110/} HUD programs in Baltimore are administered from the Region II Office, located in Philadelphia. The FHA Insuring Office in Baltimore is responsible for FHA activities in the Baltimore Standard Metropolitan Statistical Area (SMSA).

The organization of the Philadelphia Regional Office roughly parallels that of HUD in Washington. The Office is directed by a Regional Administrator, Mr. Warren Phelan. There are nine Assistant Regional Administrators (ARA) with program responsibilities under Mr. Phelan. The Offices of Housing Assistance and Renewal Assistance administer public housing and urban renewal

^{108/} See section III A below.

^{109/} U.S. Government Organization Manual 359-372 (1970).

^{110/} Id.

programs, respectively. The Planning Coordination and Services Office is in charge of all planning activities, relocation, economic and market analysis, and workable program certification. The Metropolitan Development Office administers programs not within the ambit of urban renewal or public housing, such as water and sewer, community facilities, and open space. ^{111/} The Regional Equal Opportunity Office which has the same responsibilities as the EO Office in Washington, is discussed in greater detail below.

The FHA Insuring Office in Baltimore is directed by Allen T. Clapp. The office administers all FHA-insured loan programs, both single- and multifamily. It handles all stages of program administration, from approval of applications to foreclosure of mortgages.

Under a pending reorganization plan, most HUD functions will be decentralized, as are FHA ones at present. The regional offices will be assigned supervisory and monitoring functions, and the bulk of the work will be done in area offices. Each area office will be headed by a Director. It is anticipated that in many cases the present Directors of FHA Offices will be given this responsibility. Some decentralization will take effect in September 1970; it appears uncertain when the reorganization will be completed. In Region II, there will be area offices in Pittsburgh, Baltimore, Philadelphia, and perhaps other cities. ^{112/}

Under the reorganization, the Planning Coordination and Services Office will be abolished, and its functions distributed to other divisions.

^{111/} Interviews with HUD Region II officials, June 9, 1970.

^{112/} Interview with Wagner Jackson, Assistant Regional Administrator for Equal Opportunity, Region II, May 13, 1970. [Hereinafter cited as Jackson Interview].

B. EQUAL OPPORTUNITY

The appended charts, (Attachments B and C) show the present organization of the Washington and Regional Equal Opportunity Offices. The Assistant Secretary for Equal Opportunity is Samuel J. Simmons. The Assistant Regional Administrator for Equal Opportunity in Region II is Wagner Jackson.

As with other HUD functions, most equal opportunity work is done in the regional offices. There are three principal divisions in the Equal Opportunity Office: Contract Compliance, Assisted Programs, and Title VIII.

The Contract Compliance Division has three professionals. Its function is the enforcement of Executive Orders 11246 and 11375,^{113/} nondiscrimination by Federal contractors.

The Assisted Programs Division is responsible for the review of HUD programs covered by Executive Order 11063 and Title VI of the 1964 Civil Rights Act and Title VIII of the Civil Rights Act of 1968.^{114/} It has the duty of assuring that these programs are administered in a nondiscriminatory manner by the responsible HUD office or the local government or housing authority in question. There are eight professionals and one secretary assigned to this division. One professional is responsible for all programs in one of the States within the Region. Mrs. Martha Smudski currently is the Assisted Programs Officer for Maryland.^{115/}

The Title VIII Division, with six professionals including the Director, Edward Daly, investigates and conciliates fair housing complaints filed

^{113/} Id. 3 CFR 1964-65 Comp., p. 339; 3 CFR 1967 Comp., p. 320.

^{114/} See section III A below.

^{115/} Jackson interview, supra n. 112.

under Title VIII of the Civil Rights Act of 1968. The complaint function of HUD is presently handled exclusively at the regional level, except that Washington must give approval to conciliation agreements. The five staff persons, who investigate and conciliate complaints, are assigned on a geographic basis within the region. ^{116/}

III. EQUAL OPPORTUNITY

A. LEGAL AUTHORITY

The Equal Opportunity Office is the office designated to carry out HUD's civil rights responsibilities. These responsibilities include implementation of Executive Order 11063 (equal opportunity in housing), Title VI of the Civil Rights Act of 1964, and Title VIII of the Civil Rights Act of 1968.

Executive Order 11063 ^{117/} requires all Federal departments and agencies to take all action necessary to prevent discrimination because of race, color, creed, or national origin in the sale or rental of residential properties owned by the Federal Government or provided with Federal assistance. ^{118/} This order covers housing owned by the Federal Government as well as housing financed through FHA mortgage insurance programs, federally assisted low-rent public housing, and housing provided in federally assisted urban renewal programs. Since a great deal of housing is financed without HUD guarantees or assistance, the limitations of this order are substantial.

^{116/} Interview with Edward Daly, Title VIII office, HUD Regional Office in Philadelphia, June 9, 1970. /Hereinafter cited as Daly Interview/

^{117/} Exec. Order No. 11063, supra n. 1.

^{118/} Exec. Order No. 11063, supra n. 1, § 101.

Title VI of the Civil Rights Act of 1964^{119/} requires Federal agencies to assure nondiscrimination in the enjoyment of the benefits of federally assisted programs. While Title VI does not apply to programs receiving Federal financial assistance in the form of contracts of insurance or guarantee,^{120/} it does apply to most of the programs administered by HUD such as urban renewal, model cities, low-rent public housing, senior citizens housing, public facility loans, and planning grants.^{121/}

Title VIII of the Civil Rights Act of 1968^{122/} prohibits discrimination in the sale or rental of housing. In its first phase, which extended to the end of 1968, it was identical in coverage to Section 101 of Executive Order 11063, covering housing provided under Federal aid agreements entered into after November 20, 1962.^{123/} In its second phase, ending December 31, 1969, the act extended coverage also to private, nonfederally assisted housing, except single family housing and buildings containing no more than four housing units, one of which is occupied by the owner.^{124/} The third phase, effective January 1, 1970, extends coverage to all single family housing sold or rented with the use of a real estate broker.^{125/}

^{119/} Title VI of the Civil Rights Act of 1964, *supra* n. 1.

^{120/} Title VI of the Civil Rights Act of 1964, § 602; 42 U.S.C. § 2000d-1 (1964).

^{121/} 24 CFR Subtitle A. pt.1, app. A at 23, 24 (1970).

^{122/} Title VIII of the Civil Rights Act of 1968, *supra* n. 1.

^{123/} 42 U.S.C. § 3603(a)(1) (Supp. V, 1965-1969).

^{124/} 42 U.S.C. § 3603(b) (Supp. V, 1965-1969).

^{125/} *Id.*

Title VIII does more than prohibit discrimination in the sale or rental of housing. ^{126/} Another most significant provision of the act, Section 808(e)(5) provides "The Secretary of Housing and Urban Development shall administer the programs and activities relating to housing and urban development in a manner affirmatively to further the policy of this title." ^{127/} Title VIII thus requires a positive HUD effort to achieve an open housing market, and to insure equal access to the benefits of all HUD programs.

B. STRUCTURE AND FUNCTIONING OF THE PHILADELPHIA EQUAL OPPORTUNITY OFFICE

The Equal Opportunity Office in Philadelphia has three basic components, discussed above. The Assisted Programs Division is responsible for reviewing all urban renewal, public housing, water and sewer, and open space applications to determine whether equal opportunity requirements are being met. The Assisted Programs Division does not review applications for FHA programs such as § 235 or rent supplement assistance. ^{128/}

In Philadelphia, the Assisted Programs Division also makes no routine review of Section 701 Planning Grant applications. Practice varies in this respect from region to region. ^{129/}

After an application from the Baltimore area has been forwarded to the Equal Opportunity Section, it is assigned to the Maryland representative in the Assisted Programs Division. A report of the representative's review

^{126/} 42 U.S.C. § 3604 (Supp. V, 1965-1969).

^{127/} 42 U.S.C. § 3608(d)(5) (Supp. V, 1965-1969).

^{128/} Jackson interview, supra n. 112.

^{129/} Id.

is made to the Assistant Regional Administrator (ARA) for Equal Opportunity. The ARA for Equal Opportunity then makes a recommendation to the Regional Administrator. The ARA for Equal Opportunity does not have authority to veto any application, although he can delay project applications when more information is necessary. ^{130/} There is no regular procedure by which the ARA for Equal Opportunity is informed as to whether his recommendation has ^{131/} been confirmed or overridden by the Regional Administrator.

C. CRITERIA USED TO REVIEW HUD PROGRAMS

As stated previously, the Assisted Programs Division has the responsibility of reviewing applications for assistance and on the basis of certain specific criteria determining whether Title VI and Executive Order 11063, are being complied with.

One of the basic elements of this review is a review of site selection, to determine whether the site will be tentatively approved. Site selection, especially with respect to housing of low-income families, is of crucial importance in determining whether racial and economic isolation of low-income families will be perpetuated. The review is limited to the jurisdiction making the application. Thus, in the review of an application from Baltimore City for low-income housing for example, consideration is not given to possible preferable sites in Baltimore County. ^{132/}

^{130/} Interview with Martha Smudski, Maryland representative, Office of Assisted Programs, June 9, 1970. [Hereinafter cited as Smudski Interview].

^{131/} Id.

^{132/} Id.

There is a very general site selection provision in HUD's Title VI regulations. ^{133/} However, the Regional Offices have not received more specific written guidelines on site selection from the Washington Office. Furthermore, there are no instructions for equal opportunity site selection criteria in programs, such as those administered by FHA, which are covered by Executive Order 11063 or Title VIII, but not by Title VI.

HUD's recognition of the effect of site selection upon racial discrimination in Federal programs is reflected in its policy for approving the location of public housing. To avoid racial concentration and to provide a greater choice of housing to those eligible for public housing, HUD uses a "balancing site" method in its site selection determination. If an application for public housing contains a potential site which is located in a predominantly minority area, an additional site must be proposed (a ^{134/} "balancing site") which is outside the area of minority concentration.

A major equal opportunity aspect of HUD programs is assurance of participation by minority group persons. For some programs, such as open space, the location of the assisted project determines who will benefit from it. For others, such as FHA insured loans and subsidies, and public housing, site selection review is insufficient to determine who actually will live in the housing in question. Applicants for HUD programs sign nondiscrimination undertakings, but the Equal Opportunity Office in Region II does not have any reviewing role to assure integrated use of HUD assisted projects. EO does not have written guidelines for tenant selection or assignment in public and other federally subsidized low income housing.

^{133/} 24 CFR § 1.4(b)(2)(i) (1970).

^{134/} Smudski Interview, supra n. 130.

The methods pursued by HUD to assure compliance with fair housing requirements vary according to the type of program involved.^{135/} In some programs, such as those providing loans for installation of water and sewer facilities, EO review and compliance functions are undertaken in the initial stages of the processing of the application. The location of the facilities and the people being served are the factors determining whether equal opportunity is being provided. In a case such as this, the Assisted Programs Division requires the applicant to submit a map of the locality indicating population distribution by race in order to determine whether there is any discrimination against minority groups as a result of the site selection and whether there will be adequate minority participation in the benefits of the assistance applied for.

D. TITLE VIII

Title VIII of the Civil Rights Act of 1968 gives HUD the authority to receive, investigate and conciliate complaints.^{136/} These complaints are received either by the central office or the HUD Regional Office, and directed to the Housing Opportunity Division (Title VIII office), which is under the supervision of the Assistant Regional Administrator for Equal Opportunity.^{137/} The Title VIII office investigates the complaint and, if warranted, conciliates it, using specific conciliation procedures outlined in the Title VIII Field Operation Handbook.^{138/} If the effort at conciliation is successful, and a

^{135/} See HUD from 41903 (9-69), Attachment D.

^{136/} 42 U.S.C. §3610(a) (Supp. V, 1965-1969).

^{137/} Daly interview, supra n. 116.

^{138/} Dep't of Housing and Urban Development, Title VIII Field Operations Handbook, Bull. No. B1/33 (Nov. 1969).

settlement is reached which is satisfactory to HUD, the complainant, and the respondent, a contract is drawn up which must be signed by the complainant, respondent, and the Secretary of HUD or his representative (usually the Assistant Secretary for Equal Opportunity). ^{139/} If the effort at conciliation is unsuccessful, ^{140/} then the Title VIII office forwards the complaint to the HUD General Counsel's Office in Washington for further consideration. The General Counsel makes the decision whether a particular complaint should be referred to the Attorney General for action. The Attorney General is empowered to bring suit if he decides that litigation is warranted. ^{141/} HUD has no authority to issue cease and desist orders or to institute litigation against respondents who have violated Title VIII. ^{142/}

Where a State or local fair housing law exists and its provisions are substantially the same as those of Title VIII, HUD must refer complaints

^{139/} Daly Interview, *supra* n. 116..

^{140/} Neither the Civil Rights Act of 1968 nor the Title VIII Field Operations Handbook provides a maximum time period for the conciliation process. The Title VIII officer makes the decision as to when the effort at conciliation has failed and when to forward the complaint to the General Counsel's Office in Washington.

^{141/} 42 U.S.C. § 3613 (Supp. V, 1965-1969).

^{142/} 42 U.S.C. § 3610(a) (Supp. V, 1965-1969).

which originate in that jurisdiction to that State or local agency responsible for enforcing that law. ^{143/} If the State or local agency commences action within 30 days, HUD will suspend further action. However, if no action is taken within 30 days, HUD may proceed on its own. Since Maryland does not have a fair housing law, no such referral is made on complaints from Maryland.

In addition, Title VIII empowers the complainant to bring a private action in Federal district court against the respondent if within 30 days after the complaint is filed, or within 30 days after the complaint has been referred to the State or local agency, the respondent has not voluntarily complied with the requirements of Title VIII. ^{144/}

The Housing Opportunity Division in the HUD Region II Office concerns itself exclusively with the handling of complaints. The investigators work on a geographic basis, each one handling a particular area of the assigned region. The conciliation agreements may attempt to achieve three basic types of relief: housing for the complainant, monetary compensation, and affirmative action by the respondent to prevent future violations. The conciliation agreement, signed by the complainant, the respondent, and a HUD official binds all parties; it also applies to all the respondent's facilities, not merely those specified in the complaint. ^{145/}

Most of the complaints received by HUD from the Baltimore area have come from Baltimore County and involve alleged discrimination through refusal

^{143/} 42 U.S.C. § 3610(c) (Supp.V, 1965-1969).

^{144/} 42 U.S.C. § 3610(d) (Supp. V, 1965-1969).

^{145/} Daly Interview, supra n. 116.

to rent an apartment. Of the 17 complaints filed in the Baltimore area, four conciliation agreements have been reached. Since July 1969, all complaints from Baltimore have been dismissed for lack of merit after an investigation ^{146/} was conducted.

Once the conciliation agreement has been signed, there is no prescribed procedure for Followup to determine whether the respondent has taken the required affirmative action. Lack of staff is stated to be the primary reason for this. ^{147/} If the complaint also involves a violation of Title VI, such as alleged discrimination in tenant selection, or assignment to low-income housing, the Title VIII office investigates the complaint and then ^{148/} forwards it to the Assisted Programs Division.

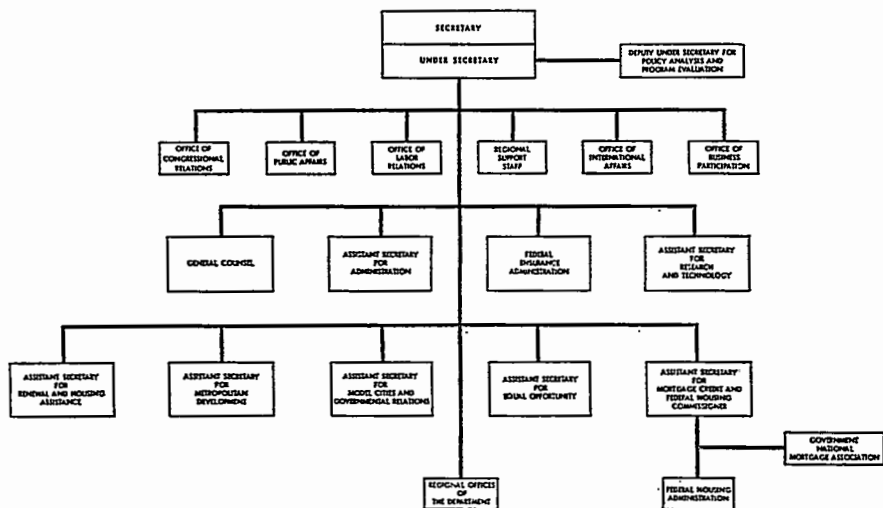
146/ Id.

147/ Id.

148/ Id.

ATTACHMENT A

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

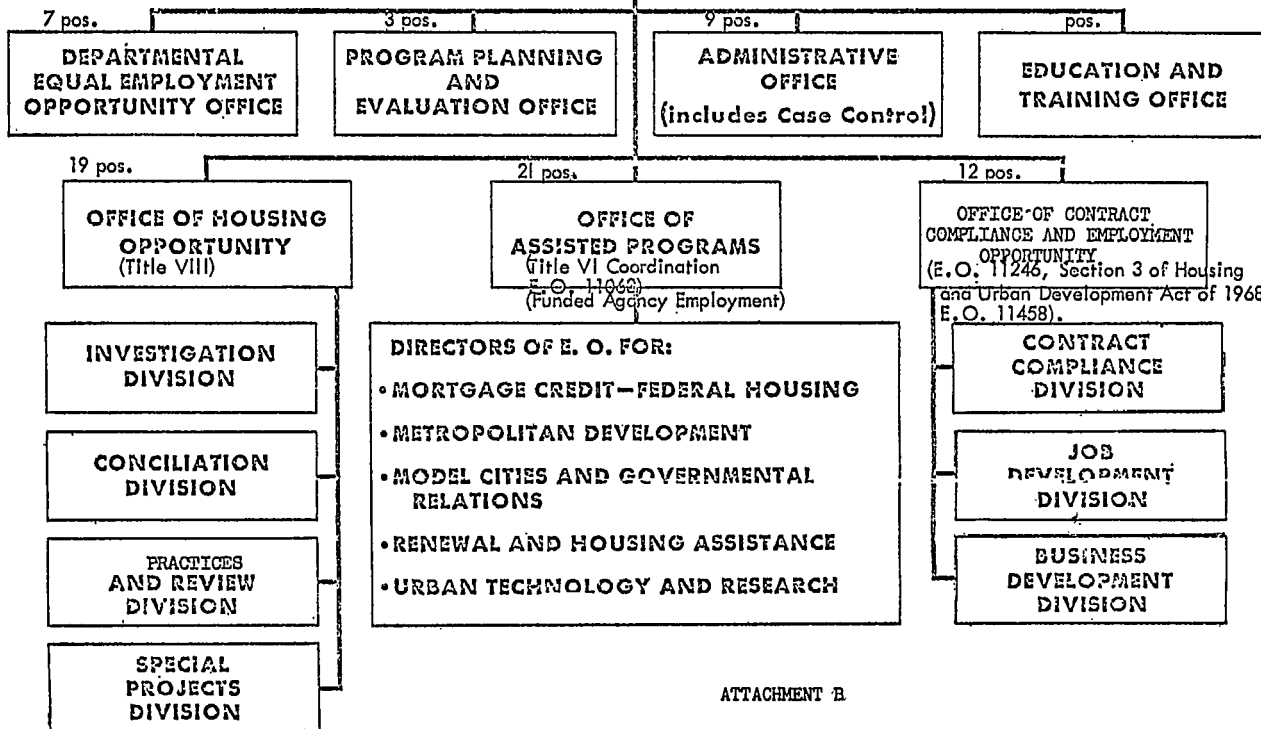


ASSISTANT SECRETARY FOR EQUAL OPPORTUNITY

10 positions

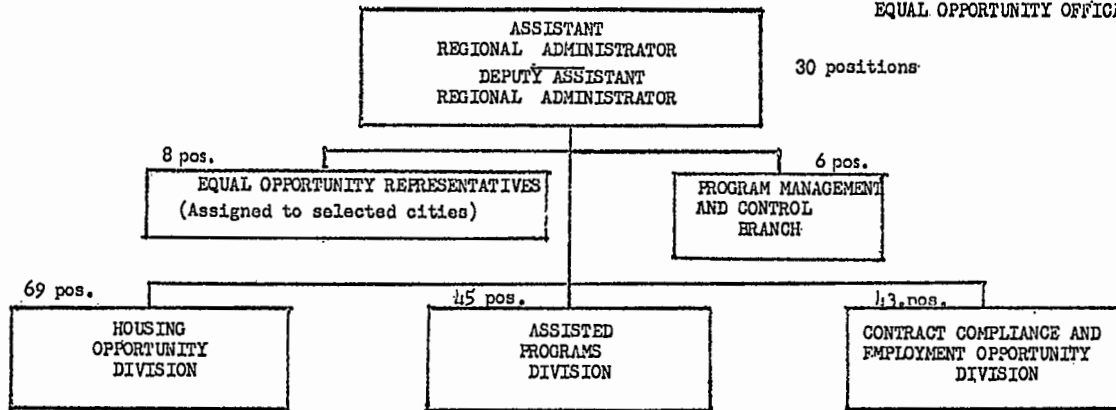
ASSISTANT SECRETARY
DEPUTY ASSISTANT SECRETARY

88 positions authorized as of 6/30/69, for Central Office



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

REGIONAL OFFICE
EQUAL OPPORTUNITY OFFICE



Total of 201 positions for six regional offices authorized as of 6/30/69.

Functional responsibility mirrors that of similar elements as shown on the central office organizational chart.

August 1969

ATTACHMENT C

ATTACHMENT D

Form Approved
Budget Bureau No. 63-R1115

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

INSTRUCTIONS FOR COMPLIANCE WITH TITLE VI
OF THE CIVIL RIGHTS ACT OF 1964

Title VI of the Civil Rights Act of 1964 states:

"No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Section 1.4 (2) of the regulations of the Department of Housing and Urban Development issued pursuant to Title VI requires that:

"A recipient, in determining the location or types of housing, accommodations, facilities, services, financial aid, or other benefits which will be provided under any such program or activity, or the class of persons to whom, or the situations in which, such housing, accommodations, facilities, services, financial aid, or other benefits will be provided under any such program or activity, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity as respect persons of a particular race, color, or national origin."

The phrase "minority group," as used herein, refers to Negroes; Spanish-Americans (Puerto Ricans, Mexican- and Latin-Americans); Orientals; American Indians; and other groups commonly identified by race, color, or national origin.

As evidence of compliance with the above:

A. Public Facility Loans, Public Works Planning Advances and Water and Sewer Facilities Grant Programs.

- (1) Submit a map showing the total geographical area which the applicant is authorized to service; mark areas of concentration of minority group population and give total number of inhabitants therein and percentage of minority group inhabitants (indicate source of such statistics. Such information is available from the Census data of the United States Census Bureau).
- (2) On same map, mark boundaries of project.
- (3) If any portion of the minority group population in the geographical area which Applicant is legally authorized to serve is not serviced by this project, please explain. Include in explanation:
 - (a) whether the minority group population not serviced by the project already receives service. If so, define the extent of these existing services including the extent of lateral line hookup to the water and sewer service; or
 - (b) whether minority group population not serviced by the project is scheduled for future service and, if so, the approximate time such services are planned and the time relation of such construction in comparison to other areas scheduled for future construction; or
 - (c) in the event no service is planned for the areas in question, furnish statement of reasons why.

B. Open Space

- (1) Give percentage of minority group population in area under applicant's jurisdiction.
- (2) On map showing existing open space under applicant's jurisdiction, mark areas of concentration of minority group population and give total number of inhabitants therein and percentage of minority group inhabitants (indicate source of such statistics).

- (3) Describe the extent of applicant's existing open space land (as shown on map) which serves the minority population. If any of this land is outside of the areas of minority population concentration, discuss its accessibility to residents of these areas, and the extent of use by minority groups.
- (4) For any such areas not served by existing facilities, explain plans for provision of service to these areas, including approximate schedule for provision of such service. If service to such areas is not planned, explain why.

C. Advance Acquisition of Land

- (1) Provide a map showing existing facilities under the jurisdiction of the applicant of the same type which will be situated on land applied for in the application. Provide figures or, if figures do not exist, estimates by percent to show use of such existing facilities by racial groups, if the facilities are schools, hospitals, clinics, libraries, parks, or the like.
- (2) On the same map, mark areas of concentration of minority group population, indicate the total number of inhabitants therein, and the percentage of minority group inhabitants.
- (3) If areas of minority group population are not served by existing facilities of the type to be situated on the land to be purchased, explain plans for provision of service to these areas. If such service is not planned, explain why.

If the above information has been submitted within a year of the date of this application it need not be duplicated.

Exhibit No. 17
department of housing and community development

COMMISSIONER Robert C. Embry, Jr.

MAYOR Thomas J. D'Alesandro, III

AUG 3 1970


Mr. David Hunter
 U. S. Commission on
 Civil Rights
 Washington, D. C. 20425

Dear Mr. Hunter:

Enclosed is the last published report that we discussed in my telephone conversation of this date. As you can see, it is not truly a quarterly publication at this time. Mr. Paul Callan, Director of Research of this Department, informs me that FHA has not made this information available to his Division since August 1969. Prior to that time his staff received this information on an as requested basis from our local FHA office. Our current understanding is that we can have answers supplied by FHA upon submittal of such questions upon written request.

You may find it advisable to speak directly to Mr. Callan who can be reached at 727-3400 - Extension 120.

Sincerely,


 WARREN W. WEAVER
 Director

Enclosure



MODERATE INCOME HOUSING PROJECTS

August 1968

Baltimore, Maryland

FHA INSURED PROGRAMS

Completed Projects

Name & Location of Project (part of city if no commitment yet)	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DUs by BR Size & Rent					Utilities in Rent						
			Pre-application	Application	Commitment	Begin construction	Completion	No. Eff.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All	Heat	Elec-tric	Gas	Al Cc
(to be completed upon issuance of commitment)			(Actual Date)					(Est./Actual Date)					(check whatever appli)						
Forest Heights Clifton Ave. off Forest Park Ave. Baltimore, Md.	Relocation Housing Corp. Melvin T. Pugatch 301 N. Charles St. 539 - 0757	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	/	/	1962	-	\$67	\$77	\$87	-	-	320	(N	O	N
Cherrydale Cherry Hill & Giles Rds. Baltimore, Md.	Howard Johnson 1229 W. Mt. Royal Ave. 727 - 4586	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	/	/	1964	\$54	\$72	\$82	\$92	-	-	186	(Hot	Water	Only
Bruce Manor Lots 1-4-7-8 Madison- Park URA Baltimore, Md.	Bruce Manor, Inc. Fred Goodman 523 - 2341	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	/	/	1968	-	\$91	\$107	\$23	\$138	-	207	X			
Frederick Heights Apts. 4112 - 4126 Potter St. Baltimore, Md.	Peter G. Angelos 10 N. Calvert St. 727 - 0830	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	/	/	1968	-	\$91	\$107	-	-	-	71	X			
Patapsco Park Apts. 700 - 714 Reedbird St. Baltimore, Md.	Maurice Freedlander 712 Court Square Bldg. Baltimore, Md.	MIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	/	/	1/69	-	\$105	\$120	\$140	-	-	120	X			
Warwick Arms Apts. 2400 - 2500 Winchester St. Baltimore, Md.	Voelkel and Riehl	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	4/68	4/69	-	\$91	\$107	-	-	-	164	X				
Warwick Arms Sec. II 2400 - 2410 Winchester St. Baltimore, Md.	Voelkel and Riehl	EMIR	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		NC	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
		LD	/	/	/	10/68	6/69	-	-	\$82	\$86	\$91	-	-	64	X			

*Abbreviations used:

EMIR - Below Market Interest Rate - 221 (d) (3)

MIR - Market Interest Rate - 221 (d) (3)

NC - New Construction

R - Rehabilitation

LD - Limited Divident Corporation

LDP - Limited Divident Partnership

NP - Non-Profit

MODERATE INCOME HOUSING PROJECTS

Baltimore, Maryland

Completed Projects

Name & Location of Project or part of city if no com- mitment yet	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DUs by BR Size & Rent						Utilities In Rent							
			Pre- appli- cation	Appli- cation	Commit- ment	Begin con- struct	% Com- ple- tion	No. No. No. No. No. No.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All	Heat	Elec- tric	Gas	Air Cond.		
			(Actual Date)	(Actual Date)	(Est./Actual Date)			\$	\$	\$	\$	\$	\$								
Mosher Court Apartments 3000 W. Mosher St. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	MIR NC LD	/	/	/	7/68	/	8/69	-	13	4	47	-	-	-	64	X				
Bentalou Court Apts. 2306-2328 Riggs Ave. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	MIR NC LD	/	/	/	9/68	/	8/69	-	-	41	-	-	-	-	41	X				
			/	/	/		/														
			/	/	/		/														
			/	/	/		/														
			/	/	/		/														
			/	/	/		/														
			/	/	/		/														

*Abbreviations used:

MIR - Below Market Interest Rate - 221 (d) (3)

MIR - Market Interest Rate - 221 (d) (3)

C - New Construction

R - Rehabilitation

LD - Limited Divident Corporation

LDP - Limited Divident Partnership

NP - Non-Profit

MODERATE INCOME HOUSING PROJECTS

Baltimore, Maryland

221 (a) (3) Below Market Interest Rate Program

Name & Location of Project OR part of city if no com- mitment yet	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DU's by BR Size & Rent					Utilities In Rent							
			Pro- appli- cation	Appli- cation	Commit- ment	Begin con- struc- tion	Com- ple- tion	No. No. Eff.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All	Heat	Elec- tric	Gas	Li. Cor.	
(to be completed upon issuance of commitment)			(Actual Date)					(Est./Actual Date)					(check whatever apply)							
Edmondson Gardens Edmonson & Fulton Ave. Baltimore, Md.	Harlem Park Apts., Inc. Gilbert Bassin	NC	/	/	/	4%	12/69	-	-	26	6	-	-	-	-	32	X			
		LD	/	/	/	3/69	/	-	-	\$107	\$123	-	-	-	-	-				
Woodington Apartments Athol Ave. & Frederick Rd. Baltimore, Md.	Ames-Ennis 2224 N. Charles St.	NC	/	/	/	16%	9/70	-	50	118	30	-	-	-	198	X				
		LD	/	/	/	3/69	/	-	\$98	\$115	\$132	-	-	-	-	-				
Arbuta Arms Apartments 2400 Bl. Harbourne Ave. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md.	NC	/	/	/	90%	7/70	-	74	115	-	-	-	-	189	X				
		LD	/	/	/	9/68	/	-	\$97	\$115	-	-	-	-	-	-				
Stuart Hill Apartments 2566-72-74 Hollins Street Baltimore, Md.	Beatrice & Benjamin Brottman 1517 Park Ave.	NC	6/69	/	/	/	/	-	4	24	-	-	-	-	28	X				
		LD	/	/	/	/	/	-	\$80	\$110	-	-	-	-	-	-				
Shipley Hill Apartments Franklintown Rd. & McHenry St. Baltimore, Md.	Greater Baltimore Housing Devel. Corp. 1 Charles Center	NC	/	/	/	7/69	/	-	6	10	6	-	-	-	22	X				
		NP	/	/	/	/	/	-	\$98	\$115	\$133	-	-	-	-	-				
Eutaw Gardens Lots 13 & 14, Madison Park North URA Baltimore, Md.	AME Church Prince Hall Masons 1301 - 07 Eutaw Place Baltimore, Md. 21217	NC	/	/	/	9/69	/	14	100	100	40	14	-	-	268	X				
		NP	/	/	/	/	/	\$82	\$99	\$117	\$134	\$152	-	-	-	-				
Druid Lake Apartments 735-745-747-757-827-845- 901 Druid Park Lake Dr. Baltimore, Md.	Urban Develop. Co. & Assoc. 1228 - 30 W. North Ave Baltimore, Md. 21217	R	9/69	/	/	/	/	-	63	59	2	36	-	-	160	X				
		LD	/	/	/	/	/	-	\$95	\$115	\$130	\$145	-	-	-	-				

*Abbreviations used:

NC - New Construction
LD - Limited Divident Corporation

R - Rehabilitation
LDP - Limited Divident Partnership

NP - Non-Profit

MODERATE INCOME HOUSING PROJECTS

Baltimore, Maryland

221 (d) (3) Below Market Interest Rate Program

Name & Location of Project or part of city if no com- mitment yet	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DU's by DR Size & Rent						Utilities in Rent					
			Pre- appli- cation	Appli- cation	Commit- ment	Begin con- struct	% Com- ple- tion	No. Eff.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All	Heat	Elec- tric	Gas	Li- Cor.
			(Actual Date)	(Actual Date)	(Actual Date)	(Est./Actual Date)	(Est./Actual Date)	\$	\$	\$	\$	\$	\$						
Beechfield Apartments 101-109-201-205 Beech- field Ave. Baltimore, Md.		R	/	/	9/69	/	/	/	/	/	/	/	/	128					
		LDP	/	/	/	/	/	/	/	/	/	/	/						
Madesco Manor Lots 2-6-7 Madison-Park North URA Baltimore, Md.	MDS Development Co.	NC	/	9/69	/	/	/	/	/	/	/	/	/	56					
		LD	/	/	/	/	/	/	/	/	/	/	/						
			/	/	/	/	/	/	/	/	/	/	/						
			/	/	/	/	/	/	/	/	/	/	/						
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			/	/	/	/	/	/	/	/	/	/	/						
			/	/	/	/	/	/	/	/	/	/	/						

*Abbreviations used:

- NC - New Construction
- LD - Limited Divident Corporation
- R - Rehabilitation
- LDP - Limited Divident Partnership
- NP - Non-Profit

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M O D E R A T E I N C O M E H O U S I N G P R O J E C T S

Baltimore, Maryland

Rent Supplement Program - 221 (d) (3) - Market Interest Rate

Name & Location of Project or part of city if no com- mitment yet	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DUA by BR Size					Rent Ttl. DU's	Utilities In. Rent						
			Pro- appli- cation	Appli- cation	Commit- ment	Begin con- struct.	% Com- ple- tion	No. No. Eff. \$	No. No. 2BR \$	No. No. 3BR \$	No. No. 4BR \$	No. No. 5BR \$		All	Heat	Elec- tric	Gas	Air Cond.		
(to be completed upon issuance of commitment)			(Actual Date)					(Est. Actual Date)					(check whatever applies)							
Woodland Apartments 3507 - 3509 Woodland Ave. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	NC	/	/	/	/	91%	9/69	-	8	16	-	-	-	24	X				
		LD	/	/	/	3/69	/	-	\$120	\$135	-	-	-	-						
Woodland Apts. II 3503 - 3505 Woodland Ave. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	NC	/	/	/	/	76%	9/69	-	5	18	-	-	-	23	X				
		LDP	/	/	/	3/69	/	-	\$125	\$140	-	-	-	-						
Beaufort Crest Apts. 3324 Woodland Ave. Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	NC	/	/	/	/	61%	10/69	-	-	40	-	-	-	40	X				
		LD	/	/	/	12/68	/	-	-	\$135	-	-	-	-						
Garrison Apartments 4718 Garrison Boulevard Baltimore, Md.	Carl & Ed Julio 3024 Spaulding Ave. Baltimore, Md. 21215 666 - 0040	NC	/	/	/	/	9%	12/69	-	-	5	-	-	-	5	X				
		LDP	/	/	/	7/69	/	-	-	\$140	-	-	-	-						
Highland Park Village Park Drive & Louise Ave. Baltimore, Md.	Henry J. Knott Rental Office Highland Park Village Belmont-5-6321	NC	/	/	/	/	72%	8/70	-	-	241	-	-	-	241	(N	O	N	E)
		LDP	/	/	/	4/69	/	-	-	685	-	-	-	-						
Willow Crest Apartments 4708 Old York Road 512-514-516 Willow Ave. Baltimore, Md.		NC	7/69	/	/	/	/	/	/	/	/	/	/	/	47					
		LDP	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		
Fall Mall Apartments 4410 Fall Mall Road 4309-4311 Pimlico Road Baltimore, Md.		NC	/	/	/	/	/	9/69	/	/	/	/	/	/	46					
		LDP	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		

*Abbreviations used:

NC - New Construction
LD - Limited Divident Corporation

R - Rehabilitation
LDP - Limited Divident Partnership

NP - Non-Profit

MODERATE INCOME HOUSING PROJECTS

Baltimore, Maryland

Rent Supplement Program - 221 (d) (5) - Market Interest Rate

Name & Location of Project or Part of city if no commitment yet (to be completed upon issuance of commitment)	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)			Number DUs by DR, Size & Rent					Utilities in Proj.							
			Pre-application	Application	Commitment	Begin construction	% Completion	No. Eff.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All Heat	Electric	Gas	CU
			(Actual Date)		(Est./Actual Date)									(check whatever apply)				
Lorolly Apartments 4800 Lareilly Avenue Baltimore, Md.		NC	7/69	/	/	/	/	/	/	/	/	/	/	78				
		LDP																
Pimlico 4300 Pimlico Road Baltimore, Md.		NC	8/69	/	/	/	/	/	/	/	/	/	/	13				
		LDP																

*Abbreviations used:

- NC - New Construction
- LD - Limited Divident Corporation
- R - Rehabilitation
- LDP - Limited Divident Partnership
- NP - Non-Profit

MODERATE INCOME HOUSING PROJECTS

Baltimore, Maryland

Section 236 Program

Name & Location of Project or part of city if no com- mitment yet	Developer or Sponsor Principal, address & telephone no.	*	Planning and Development Phases (dates)					Number DU's by BR Size & Rent						Utilities In. Rep.					
			Pre- appli- cation	Appli- cation	Commit- ment	Begin con- struct	% Com- ple- tion	No. Eff.	No. 1BR	No. 2BR	No. 3BR	No. 4BR	No. 5BR	Ttl. DU's	All	Heat	Elec- tric	Gas	Conc.
(to be completed upon issuance of commitment)			(Actual Date)		(Est./Actual Date)			\$	\$	\$	\$	\$	\$	(check whatever apply)					
Morrell Park Harmon, Whistler & Parksley St.		NC	1/69	/	/	/	/	/	/	/	/	/	/	276					
		LDP																	
St. Stephens Court 2400 North Avenue		NC		9/69	/	/	/	/	/	/	/	/	/	81					
		LD																	
Madison Square Eden, Eager & Caroline Sts.		NC			9/69	/	/	/	/	/	/	/	/	63					
		NP																	
Chippendale Helena Ave. & Virginia Ave.		NC	3/69	/	/	/	/	/	/	/	/	/	/	86					
		LD																	
Woodington Gardens Frederick & Woodington Baltimore, Md.		NC	4/69	/	/	/	/	/	/	/	/	/	/	84					
		LDP																	
Lot #12 Madison Park-North URA		NC	8/69	/	/	/	/	/	/	/	/	/	/	200					
		LD																	

*Abbreviations used:

NC - New Construction

R - Rehabilitation

Exhibit No. 18

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

NOV 14 1967

Honorable John A. Mannah
 Chairman
 United States Commission
 on Civil Rights
 Washington, D. C. 20425

Dear Mr. Chairman:

I am replying further to your letter of October 2, 1967, in which you requested my comments concerning the memorandum of July 21, 1967, prepared by Mr. Howard A. Glickstein, the General Counsel of the Commission.

As a preface, let me say that all elements of the Department of Housing and Urban Development are firmly committed to a policy of equal opportunity in housing. And we have been vigorously following positive programs and procedures to demonstrate our commitment to this policy. Whenever possible, we have improved and strengthened these programs and procedures to increase the Departmental thrust toward the goal of equal opportunity. As the Department becomes fully staffed, both here in Washington and in the field offices, we look forward to even further improvements in this area.

Concerning the question of requiring builders and realtors to advertise equal opportunity in FHA-financed housing, this has been under consideration ever since Executive Order 11053 was issued. But until we have broad coverage under a fair housing law, there is reason to believe that such mandatory advertising would cause FHA-financed housing developments to become minority group developments since competing non-assisted builders would not be compelled to advertise similarly. And, as you may know, FHA's share of the new-house market is only about 15% of the total.

The following comments are addressed to the eight statements and recommendations that appear in the July 21 memorandum.

1. The July 21 memorandum states that the testimony before the Commission in San Francisco "suggested that FHA subordinates the Equal Opportunity Order" to other considerations, and refers to the testimony of Mr. Jack Tuggle, Deputy Director of the San Francisco insuring office. Your letter of October 2 identifies, in addition to Mr. Tuggle, Mr. Robert Pitts, HUD Regional Director in San Francisco, with testimony that FHA's commitment to equal opportunity is secondary to its interest in insuring as many mortgages in new housing construction as possible."

- 2 -

I believe the foregoing conclusions are not warranted. Mr. Pitts and Mr. Tuggle were making the point that FEA is eager to maintain its participation in the market so that there would be some production of open occupancy housing. The FEA definitely does not consider equal opportunity requirements to be subordinate or secondary to other considerations.

2. The July 21 memorandum states that "At present, nothing is required of a builder who is found to have discriminated other than offering the house or apartment to the complainant, together with a written statement to FEA that the builder understands and intends to comply with the Executive Order."

In this connection, the Assistant Secretary-Commissioner on February 7, 1967, issued his Letter No. 58 to all insuring office directors on the subject "Equal Opportunity in HUD Operations and Programs." The letter included the following:

"Discrimination Complaints and Sanctions

Effective sanctions will be imposed against those persons found in violation of Executive Order 11063 and equal opportunity regulations. For example, if it is found that an act of discrimination was committed, the violator must show that he has developed and implemented an affirmative program of equal opportunity before he is reinstated. In addition to a sale to the complainant at a price no higher than existed at the time of the discrimination, or rental to the complainant in the case of rental housing, there must be an affirmative program that will give assurance to the director that discrimination will not be practiced in the future. This affirmative program may include evidence of a number of sales or rentals to minority group members, of advertising on an open occupancy basis, of intensive instruction of their sales force on the policy of nondiscrimination, or of other appropriate actions. The essential requirement is that there be affirmative evidence of a program that will assure nondiscriminatory sale and rental practices in the future.

When there is an admission or a finding of discrimination and a subsequent reinstatement, the action will be carefully recorded so that the future activities of the violator will be closely observed.

- 3 -

There shall be strict adherence to the two-day, ten-day, and other time schedules set forth in FHA Manual Paragraph 51601 and succeeding paragraphs for the handling and resolution of discrimination complaints. The Office of the Regional Administrator, as well as the Washington central office, will maintain close surveillance over the adherence to these schedules."

The July 21 memorandum suggests that cases could be referred to the Department of Justice for litigation.

This has been done from time to time, beginning with the case of H and S Builders, Inc. The complaint was filed on September 30, 1963.

We have given our attention to the "good offices" and "litigation" provisions in Section 102 (as well as the Section 303 reference to the authority of the Attorney General) since the time Executive Order 11063 was issued in 1962. We have conferred periodically with representatives of the Department of Justice and the President's Committee, as suggested. We will again explore these matters with the Department, as well as with the President's Committee. I am sure you appreciate that there is no easy solution to the problems involved. The recent increase in civil rights capacity, both in our Department and the Department of Justice, makes the outlook brighter.

3. The July 21 memorandum states that the FHA does not collect information on racial occupancy.

The FHA recently completed a survey of all subdivisions developed under FHA programs since the issuance of Executive Order 11063 to determine racial occupancy patterns, and the results are now being analyzed. The agency's annual occupancy survey of rental housing will this year include a question on racial occupancy. In addition, the directors of all insuring offices are required to make quarterly reports on the progress of integration in their jurisdictions.

4. The July 21 memorandum states that no effort is made to involve FHA personnel in tests of the builder's compliance.

Compliance activities in HUD are organized on a department wide basis. The responsibility for field investigations lies with the Civil Rights Inspection Branch of the Inspection

- 4 -

Division. As the staffing of this division is brought up to projected levels, field investigations for compliance with the Department's requirements on equal opportunity in housing will be made as a matter of routine.

5. The July 21 memorandum suggests that FHA should undertake more vigorous action to assist members of minority groups in obtaining housing.

The FHA has been moving in the suggested direction. Its most recent effort is the housing counseling service. This innovation was launched in 5 insuring offices and soon expanded to 15 cities. Further expansion is contemplated. This program provides an excellent tool for assuring that all prospective buyers or renters are given equal treatment.

The problem of making information concerning equal opportunity available to minority groups is under continuous study as we search for new and more effective means of communication.

Each of our insuring offices maintains and mails to those interested lists of sales and rental housing available under the provisions of the Executive Order. In addition, a brochure for distribution primarily to members of minority groups is being prepared to make better known the availability of FHA acquired properties on an equal opportunity basis.

We also believe that our equal opportunity staff should be closely involved in our efforts to assure equal opportunity in housing. There is close cooperation with this staff in all matters in this area throughout the Department. And we are constantly working to improve this cooperative effort whenever possible. The training of the appropriate field staff in equal opportunity matters has been a continuing operation in HUD. Further training programs in this field are under development at the present time.

6. The July 21 memorandum suggests that there is a need for establishing the identity of the real parties in interest holding FHA commitments and that nondiscrimination should be required of all sales personnel, even if hired by a separate sales firm.

- 5 -

In this connection, the FHA requires all developers and builders constructing housing covered by Executive Order 11363 to certify that they will observe the equal opportunity requirements. The sales force used for marketing such housing -- regardless of whether hired directly or by a separate sales firm -- is covered by those requirements. And Section 200.345 of the FHA regulations provides that "Failure or refusal to eliminate a discriminatory practice or to give satisfactory assurances of future compliance with the requirements of this subpart shall be proper basis for applying sanctions. In the case of discrimination involving lending practices, the sanction may include the withdrawal of the lender's approval as a mortgagee. In other cases the sanctions may take the form of placing the offender's name on an ineligible list. Applications for mortgage insurance shall be rejected as ineligible if any person, firm or other entity included on the ineligible list is identified in any manner with the proposed transaction." (Underscoring added.)

7. The July 21 memorandum suggests that the lack of verbatim transcripts of hearings makes appeals of decisions difficult.

51610.1 of the FHA manual provides that, in case of an appeal, the insuring office director must "assemble, within 15 days from the date of the request, a complete file which will include the complaint, the summary of the proceedings and summary of the evidence and all exhibits and memoranda filed by either party. A complete list of the filed material shall be prepared, including a statement by the Director that the items contained on the list constitute all of the records in the case. As soon as the record is complete, the Director by registered or certified mail, shall notify the party seeking a review that the original record will be available for his inspection at the FHA office for a period of 10 days from the date of the notification and that promptly thereafter the record will be transmitted to the office of the FHA Commissioner. The Director will provide the party seeking the review with a copy of the list of items contained in the record, the summary of the proceedings, and summary of the testimony and copies of any evidentiary memoranda filed or submitted in the case."¹¹

The FHA recognizes that the presence of a court reporter or tape recorder would add an element of formality to a complaint hearing but has avoided adopting such a requirement because of the deterrent effect it would have on the possibility of bringing about an elimination of the discriminatory practice through informal discussion.

We have, however, the entire complaint procedure under revision and review at the present time.

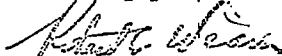
3. The July 21 memorandum suggests that brokers selling acquired properties be required to refrain from discrimination in all operations and that consideration be given to the possibility of marketing such properties without the use of brokers. (The first item numbered 3 in the memorandum is discussed under item 2, above.)

FHA currently requires contract management brokers to certify every six months that they and each of their employees fully understand and follow FHA's requirements on equal opportunity in the management and disposition of acquired properties. Just as the brokers follow our requirements on these properties, in the absence of state or local fair housing laws or ordinances the brokers consider themselves the agents of the sellers of other real estate and believe that they must respect the wishes of their principals and conduct the sales on their terms. As noted above, the Civil Rights Inspection Branch of the HUD Inspection Division, when it reaches projected staffing levels will handle broker reviews routinely.

The possibility of marketing acquired properties without the use of brokers has been considered. The conversion to such a procedure would involve substantial budget and organizational problems.

I sincerely share your interest in broadening equal opportunity in housing, and I assure you that the Department of Housing and Urban Development has a vigorous and affirmative program designed to help achieve this goal. Whenever and wherever we find that we can improve this program and carry out our Departmental mission, we shall not hesitate to do so.

Sincerely yours,



Robert C. Weaver

Exhibit No. 19

PROJECTS COMMITTED - BALTIMORE FHA OFFICE
UP TO AUGUST 10, 1970
BALTIMORE COUNTY

<u>NAME</u>	<u>LOCATION</u>	<u>NUMBER OF LIVING UNITS</u>
<u>SECTION 221-d-4</u>		
Rockdale Apartments	Rolling Road	231
Liberty Garden Apartments	3400 Bex Hill Road	253
Highland Village	Park Drive and Louise Avenue	<u>241</u>
TOTAL		725
<u>SECTION 236</u>		
Fairbrook Park	Fairbrook Road and Security Blvd.	161
Fox Ridge	Fox Ridge Lane, Middleborough Road	111
Franklin Park Apartments	Windlass Road, Middle River	299
Reisterstown Townhouses	High Falcon Road, Reisterstown	<u>122</u>
		693
<u>SECTION 221-d-3</u>		
None		TOTAL
		<u>1418</u>

792

PROJECTS IN PROCESS - COMMITMENT STAGE NOT REACHED

Section 221-d-4	2395	Living Units
Section 221-d-3	168	Living Units
Section 236	2498	Living Units

PROJECTS REJECTED - BALTIMORE FHA OFFICE
 UP TO AUGUST 10, 1970
 BALTIMORE COUNTY

<u>NAME</u>	<u>LOCATION</u>	<u>NO. OF UNITS</u>	<u>REASON FOR REJECT</u>
<u>SECTION 221-d-4</u>			
Tabco Towers	Joppa and Putty Hill Roads	456	Hi-Rise - Not Feasible
Park East Apartments	Flintshire Road-Kenwood	<u>82</u>	Withdrawn by Sponsor
	TOTAL	538	
<u>SECTION 236</u>			
Security Towers	Security Boulevard at Colonial Drive	176	Withdrawn by Sponsor
Belmont Apartments	8300 Belair Road	201	Financial Statement Unacceptable
Chippendale	Helena and Virginia Avenues	86	Motel Court Design Unacceptable
Perry Hall Apartments	Joppa Road-Belair Avenue	396	Withdrawn by Sponsor
Queens Purchase Apartments	Hartland and Middleborough	318	Sponsor allowed feasibility to lapse
Tabco Towers	Joppa and Putty Hill Roads	<u>456</u>	High Rise cost too high
	TOTAL	1643	
		1187	
	TOTAL	1725	

Exhibit No. 20

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

INSTRUCTIONS FOR COMPLIANCE WITH TITLE VI
OF THE CIVIL RIGHTS ACT OF 1964

Title VI of the Civil Rights Act of 1964 states:

"No person in the United States shall, on the ground of race, color or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."

Section 1.4 (2) of the regulations of the Department of Housing and Urban Development issued pursuant to Title VI requires that:

"A recipient, in determining the location or types of housing, accommodations, facilities, services, financial aid, or other benefits which will be provided under any such program or activity, or the class of persons to whom, or the situations in which, such housing, accommodations, facilities, services, financial aid, or other benefits will be provided under any such program or activity, may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity as respect persons of a particular race, color, or national origin."

The phrase "minority group," as used herein, refers to Negroes; Spanish-Americans (Puerto Ricans, Mexican- and Latin-Americans); Orientals; American Indians; and other groups commonly identified by race, color, or national origin:

As evidence of compliance with the above:

A. Public Facility Loans, Public Works Planning Advances and Water and Sewer Facilities Grant Programs.

- (1) Submit a map showing the total geographical area which the applicant is authorized to service; mark areas of concentration of minority group population and give total number of inhabitants therein and percentage of minority group inhabitants (indicate source of such statistics. Such information is available from the Census data of the United States Census Bureau).
- (2) On same map, mark boundaries of project.
- (3) If any portion of the minority group population in the geographical area which Applicant is legally authorized to serve is not serviced by this project, please explain. Include in explanation:
 - (a) whether the minority group population not serviced by the project already receives service. If so, define the extent of these existing services including the extent of lateral line hookup to the water and sewer service; or
 - (b) whether minority group population not serviced by the project is scheduled for future service and, if so, the approximate time such services are planned and the time relation of such construction in comparison to other areas scheduled for future construction; or
 - (c) in the event no service is planned for the areas in question, furnish statement of reasons why.

B. Open Space

- (1) Give percentage of minority group population in area under applicant's jurisdiction.
- (2) On map showing existing open space under applicant's jurisdiction, mark areas of concentration of minority group population and give total number of inhabitants therein and percentage of minority group inhabitants (indicate source of such statistics).

43

- (3) Describe the extent of applicant's existing open space land (as shown on map) which serves the minority population. If any of this land is outside of the areas of minority population concentration, discuss its accessibility to residents of these areas, and the extent of use by minority groups.
- (4) For any such areas not served by existing facilities, explain plans for provision of service to these areas, including approximate schedule for provision of such service. If service to such areas is not planned, explain why.

C. Advance Acquisition of Land

- (1) Provide a map showing existing facilities under the jurisdiction of the applicant of the same type which will be situated on land applied for in the application. Provide figures or, if figures do not exist, estimates by percent to show use of such existing facilities by racial groups, if the facilities are schools, hospitals, clinics, libraries, parks, or the like.
- (2) On the same map, mark areas of concentration of minority group population, indicate the total number of inhabitants therein, and the percentage of minority group inhabitants.
- (3) If areas of minority group population are not served by existing facilities of the type to be situated on the land to be purchased, explain plans for provision of service to these areas. If such service is not planned, explain why.

If the above information has been submitted within a year of the date of this application it need not be duplicated.

Exhibit No. 21

LOW-RENT HOUSING
PRECONSTRUCTION HANDBOOK

RHA 7410.1

CHAPTER 1, SECTION 1

- (5) No site displaying undesirable physical characteristics (see paragraph 2c) which will cause increased development cost should be selected where more suitable alternative sites are available.
- (6) Attention is directed to the provisions of Section 515 in Terms and Conditions, Part II of the Annual Contributions Contract, concerning conflict of interest.
- f. Feasibility of Relocation. No site which will involve displacement will be approved unless relocation feasibility has been demonstrated. (See RHA 7412.1.)
- g. Nondiscrimination in Housing. Section 1.4(b)(2) of the regulations of the Department of Housing and Urban Development issued under Title VI of the Civil Rights Act of 1964 provides in pertinent part that:

"A recipient Local Authority, in determining the location or types of housing, accommodations, facilities, services, financial aid, or other benefits which will be provided *** may not, directly or through contractual or other arrangements, utilize criteria or methods of administration which have the effect of subjecting persons to discrimination because of their race, color, or national origin, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity as respect persons of a particular race, color, or national origin."

The housing on the site to be selected must be operated in accordance with all applicable requirements of Title VI of the Civil Rights Act of 1964 and of Executive Order 11063, and Department regulations and requirements issued pursuant thereto. The aim of a Local Authority in carrying out its responsibility for site selection should be to select from among sites which are acceptable under the other criteria of this Section those which will afford the greatest opportunity for inclusion of eligible applicants of all groups regardless of race, color, creed, or national origin, thereby affording members of minority groups an opportunity to locate outside of areas of concentration of their own minority group. Any proposal to locate housing only in areas of racial concentration will be prima facie unacceptable and will be returned to the Local Authority for further consideration and submission of either (1) alternative or additional sites in other areas so as to provide more balanced distribution of the proposed housing or (2) a clear showing, factually substantiated, that no acceptable sites are available outside the areas of racial concentration. Such submissions by Local Authorities may be made to the HAO Production Representative and Realty Officer for inclusion in their report. (See paragraph 6b below.)

The words "acceptable sites are available" in clause (2) above shall be interpreted as referring to sites which meet HUD criteria for low-

LOW-RENT HOUSING
PRECONSTRUCTION HANDBOOK

RHA 7410.1

CHAPTER 1, SECTION 1

rent housing and which can be acquired by the Local Authority for low-rent housing use by negotiation or condemnation, at prices within economically feasible cost limitations. Where a Local Authority proposes to locate housing only in areas of racial concentration, alleging that certain otherwise acceptable sites outside the areas of racial concentration are not available because of denial by city officials of necessary rezoning or other site approval, the Local Authority shall submit a statement of the specific efforts it has made to induce the appropriate officials to grant the necessary approval, the specific responses to such efforts, and all other facts pertinent to a finding of the underlying reasons for denial of the approval. The statement will be considered by HUD in determining whether the facts substantiate that the necessary rezoning or other city approval cannot be obtained and that the reasons are consistent with the nondiscrimination requirements of Title VI. Local Authorities will be expected to utilize available means for resolving any zoning or other city impediments to compliance with Title VI site selection requirements.

The advice and assistance of the Regional Office are available to Local Authorities in respect to the selection of sites under the special conditions and considerations pertaining to any particular case.

Exhibit No. 22

William T. Stansbury
ARA for Federal Housing Adm.

Jan. 29, 1970

Wagner D. Jackson

Request for Removal of Sanctions under Executive
Order 11063 by FHA Concerning Edward A. Myerberg & Co.

Attached is a letter of confirmation from Mr. Alvin J. Myerberg, representing the subject firm, dated January 20, 1970, indicating his agreement to implement, immediately, the affirmative action program as outlined in ARA (EO) letter of January 15, 1970 (see attached) in the operation of those businesses which he owns, operates or controls.

Concurrent with the immediate implementation of this program by subject firm, the Edward A. Myerberg & Co., this office recommends that current sanctions by FHA pursuant to Executive Order No. 11063 be terminated. However, please note that this agreement provides for our review of its implementation on a quarterly basis.

ARA for Equal Opportunity

Attachments

cc:

Reg. File

Allen T. Clapp, Dir. Baltimore
Insuring Office

E:S.Simmons (L. Pearl) 5100

2E:W.Jackson _____

EO File

2E:CGraham:rbc:l-29-70 (2667)

EDWARD A. MYERBERG & CO. *Builders and Developers of Fine Suburban Communities for over 40 years*

335 N. CHARLES STREET
BALTIMORE, MD. 21201
V E R N O N 7-2900

January 20, 1970

Mr. Wagner D. Jackson
Asst. Regional Administrator for Equal Opportunity
Department of Housing and Urban Development
Equal Opportunity Division
Curtis Building
6th and Walnut Streets
Philadelphia, Pennsylvania, 10906

Dear Mr. Jackson:

This letter will serve to confirm our agreement with the points outlined in your letter of January 15, 1970, copy of which is attached hereto. We will implement this affirmative action program promptly.

We informed Mr. Graham today that we have already sent a copy of the new application to the printer, and Mr. Graham confirmed that he has received our rough draft and the policy changes mentioned in your letter.

Thank you for your prompt attention
to this matter.

Sincerely yours,

EDWARD A. MYERBERG & COMPANY



By

Alvin J. Myerberg

AJM/dar

Enclosure

cc: Mr. J. Carroll Graham



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 CURTIS BUILDING, 6TH AND WALNUT STREETS
 PHILADELPHIA, PENNSYLVANIA 19106

REGION II

January 15, 1970

IN REPLY REFER TO:

Mr. Alvin J. Myerberg
 c/o Edward A. Myerberg & Co.
 335 N. Charles Street
 Baltimore, Maryland 21201

Dear Mr. Myerberg:

Pursuant to your discussion with Mr. J. Carroll Graham of my staff on 1-13-70, this letter is to confirm the following points of an affirmative action program which you have agreed to promptly implement in the operation of your real estate business, as indicated by your letters of 12-26-69 and 1-6-70 respectively:

1. Revise your application forms so as to advise each applicant of those qualifying factors and criteria which are uniformly applied and which will constitute the basis for final acceptance or rejection of the application.
2. Advise all applicants that all apartments which you own, manage or control are available for rent on a monthly or weekly basis.
3. Revise your Policy Manual and operations to establish a uniformly applicable security deposit for all weekly and monthly rentals.
4. Advertise all properties which you own, manage or control in such manner as to inform the minority as well as the majority community of the availability of such properties; and to include in such publication or advertisement a statement denoting an open occupancy policy.
5. Post all vacancies in your central office and in all apartment buildings and rental and sales offices which you own, manage or control.
6. Display a fair housing poster in your central office and

2.

in all apartment buildings, rental and sales offices which you own, manage or control.

7. Submit, quarterly, to this office copies of applications received indicating the date, name of applicant, address, telephone number; the location and type of unit applied for; and the date and final action taken on the application. If apparent, the race of each applicant should also be noted.
8. Include a statement on your revised application form advising all applicants that the basis for rejection of any application may be discussed with your staff at your central office.
9. Revise your Policy Manual to indicate that the discussion of rejections noted in 8 above is the policy of your company.
10. Promptly effectuate those policy and operational changes noted herein so as to submit, under them, your first quarterly report to this office on or about March 1, 1970.

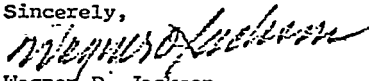
Your prompt concurrence in, and implementation of, this affirmative action program will be greatly appreciated.

We will also appreciate draft copies of your new advertisements, revised application forms and Policy Manual revisions. We are sending you, under separate cover, a supply of HUD Fair Housing posters for your use as indicated herein.

At all times, we will be pleased to discuss with you any problems which may arise in your implementation of this program.

Thank you again for your cooperation in this important matter.

Sincerely,



Wagner D. Jackson
Assistant Regional Administrator
for Equal Opportunity

March 25, 1970

Mr. Alvin J. Myerberg
c/o Edward A. Myerberg & Company
335 N. Charles Street
Baltimore, Maryland 21201

Dear Mr. Myerberg:

This will acknowledge our receipt of your letter of 2-23-70 with copies of applications to lease which your office received from 1-1-70 to 2-23-70. This will also acknowledge receipt of your 3-11-70 letter with a sample copy of your revised application form.

We were not able to satisfactorily review the 104 applications noted above largely because of the inadequacies of the old application form. The revised application form will greatly facilitate our review of your next submissions.

We did note, however, that three (3) applications which were rejected bore notations which were not consonant with the new processing criteria, i.e., salary and employment verification, credit rating and character references. With your current use of the revised application form which sets forth these new uniform processing criteria, we would expect any future rejections to be solely on these bases.

Our major concerns with respect to the prompt implementation of your Affirmative Action Program are as follows:

1. You have not advised us of what action you have taken regarding Item 4, i.e., "Advertise all properties which you own, manage or control in such manner as to inform the minority as well as the majority community of the availability of such properties; and to include in such publication or advertisement a statement denoting an open occupancy policy."
2. You have not advised us of what action you have taken regarding Item 5, i.e., "Post all vacancies in your central office and in all apartment buildings and rental and sales offices which you own, manage or control."

3. You have not advised us of what action you have taken on Item 6, i.e., "Display a fair housing poster in your central office and in all apartment buildings, rental and sales offices which you own, manage or control."

Each of these is a simple action which is easily taken.

Please advise us promptly when this has been done.

We will expect your next quarterly report on or about June 1, 1970.

Thank you for your continuing cooperation in the effectuation of your Affirmative Action Program.

Sincerely,



Wagner D. Jackson
Assistant Regional Administrator
for Equal Opportunity

cc:

Reg. File

E:S. Simmons (L. Pearl)

2E:W. Stansbury (A. Clapp)

2E:W. Jackson

EO Case File _____

2E:WJackson:rbc:3-25-70 (2667)

DALY ~~has~~ 4/2
 GRAHAM J.C. 4/2/70

EDWARD A. MYERBERG & CO. *Builders and Developers of Fine Suburban Communities for over 40 years*

335 N. CHARLES STREET
 BALTIMORE, MD. 21201
 V E R N O N 7-2900

April 1, 1970

Mr. Wagner D. Jackson
 Asst. Regional Administrator
 for Equal Opportunity
 Department of Housing & Urban Development
 Curtis Building
 6th & Walnut Streets
 Philadelphia, Pennsylvania 19106

Dear Mr. Jackson:

Thank you for your letter of March 25, 1970 concerning our affirmative action program. Please be advised that we have been following the program for the last two months with minor exceptions. In reference to your major concerns, please note the following.

1. We have been advertising in the Afro-American putting in the body of the ad the wording, "Fair Housing".
2. We have posted all vacancies in our central office and in our apartment buildings at various intervals.
3. We have been displaying fair housing posters in our central office, our apartment buildings, halls, sales and rental offices.

The Sun has not been published since the early part of January due to a recently settled strike. We are now instructing our advertising agent to note "fair housing" in all advertisements which will appear in the Sun papers for any properties that we have for sale or rent.

-2-

We have instructed all of our personnel concerned with rentals to strictly adhere to the policy of processing criteria for rejection or acceptance of an application as outlined in our previous correspondence.

Sincerely yours,

EDWARD A. MYERBERG & CO.

A handwritten signature in cursive script, appearing to read "Alvin J. Myerberg", written in dark ink.

By: Alvin J. Myerberg

AM:jw

Exhibit No. 23

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

**THE CIVIL RIGHTS IMPLICATIONS OF
SUBURBAN FREEWAY CONSTRUCTION**

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I. Introduction

A large part of the population growth that has occurred in the United States in recent decades has been in the suburban parts of large metropolitan areas. Some of the important aspects of this growth are that the new development is of lower density -- more scattered -- than the old, ^{1/} that the new development is more dependent on private means of transportation than the old, and that black people have by and large been excluded from this new development. ^{2/}

In looking at this pattern of growth, one must keep in mind that it was not inevitable, that alternative models of growth are possible, and that it is possible to determine why one pattern emerged and not another. For example, new growth to some extent could have been channeled into new cities, either in rural areas or in the further regions of existing metropolitan area. The vast migration of population from rural areas and small towns to large metropolitan areas could have been avoided. ^{3/} Suburban growth could

1/ See J. Kain, Postwar Changes in Land Use in the American City, in Toward a National Urban Policy 74 (D. Moynihan ed. 1970).

2/ Id.; P.L. Hodge, P.M. Hauser, The Challenge of American's Metropolitan Outlook-1960 to 1985 (1968).

3/ See, e.g., Report of the President's Task Force on Rural Development, A New Life for the Country (1970); Advisory Commission on Intergovernmental Relations, Urban and Rural America: Policies for Future Growth (1968); Report of the National Goals Research Staff, Toward Balanced Growth: Quantity with Quality, ch. 2, Population Growth and Distribution (1970).

have been limited by a policy of reuse of urban land and by controlled, high density suburban development. The provision of highways, which has allowed suburbia to be automobile oriented, has had a great impact on the nature of suburban development. Use of the automobile has encouraged low density and scattered development, limiting opportunity for those not having automobile transportation and making difficult an economically viable public transportation system. ^{4/}

The primary users of the suburban highways are suburbanites. This is particularly true for suburban beltways, which ring many central cities. The principal function of these beltways is to link together points in the suburban ring. An origin and destination survey of the Boston beltway, for example, disclosed that most trips on the beltway were between points located in the suburbs. ^{5/}

Because of the important role highways play in the life of suburbia, because many suburban areas have relatively few residents who are black or of low-income, because of the heavy financial involvement of the Federal Government in the construction of suburban highways, and, finally, because of Federal laws and policies against discrimination in programs assisted by the Federal Government and in favor of residential integration, it is important to examine Federal highway policy from a civil rights point of view.

^{4/} See K. Moskowitz, Living and Travel Patterns in Automobile-Oriented Cities in Readings in Urban Transportation 149-162 (G. M. Smerk ed. 1968).

^{5/} MIT, Massachusetts Dept. of Public Works, U.S. Bureau of Public Roads, Route 128 Study ii (1959).

Such consideration in the past has been restricted to two matters --the employment of blacks in the construction of highways and the displacement and relocation of blacks living in proposed highway right-of-ways.^{6/} While these issues are important, they should be preceded by an examination of a more basic question, which is the effect and propriety of the Federal Government's financing of suburban highway construction.

II. The Federally Financed Highway System

The Federal-aid highway program includes Federal, primary, and secondary highway systems as well as the Interstate System.

The Federal-aid primary system "consists of an adequate system of connected main highways, selected...by each state through its State Highway Department, subject to the approval of the Secretary...." The mileage is limited to approximately 7 percent of the total highway mileage of the State.^{7/} The Federal-aid secondary system also is selected by the State highway departments subject to approval by the Secretary.

In 1944, Federal funds were first made available on a regular basis for the construction of rural primary highways (A), rural secondary highways (B), and urban primary and secondary highways (C).^{8/} The ABC system, as it was known, called for the matching of State funds with Federal monies on a 50 percent basis.^{9/}

6/ But see Charles Abrams, The Role and Responsibilities of the Federal Highway System in Baltimore, A Memorandum to the Baltimore Urban Design Concept Team (1967); and George W. Grief and Norma Robinson, Final Report -- Social Impact Analysis of the Baltimore Freeway System (1968).

7/ 23 U.S.C. § 103(b) (1966).

8/ Federal-Aid Highway Act of 1944, 58 Stat. 838 now 23 U.S.C. § 104(b).

9/ 23 U.S.C. § 120(a) (1966).

The National System of Interstate and Defense Highways (Interstate System) was created by the Highway Act of 1956, for purposes of "local and interstate commerce and national and civil defense."^{10/} Congress authorized the expenditure of \$25 billion over a period of 18 years for the construction of 41,000 miles of Federal interstate highway. These funds were to provide 90 percent of the projected \$27 billion costs of the system.^{11/} The authorization ceilings have been raised to the extent that Federal participation is now authorized to the sum of \$50.6 billion^{12/} for the construction of 42,500 miles.^{13/}

The 1956 act calls for equal attention to local as well as to interstate needs, while the Interstate System as initially proposed in 1944 was to be for intercity, long-haul purposes.^{14/} The Interstate System currently calls for 7,500 miles of highway in urban areas by 1974.^{15/}

^{10/} 23 U.S.C. § 103(d)(1) (1966).

^{11/} Id.

^{12/} 1970 Highway Trust Fund--Fourteenth Annual Report 9.

^{13/} 23 U.S.C. § 103(d) (3) (1966).

^{14/} Helen Leavitt, Superhighway--Superhoax 2 (1970)

^{15/} "Urban area" means an "area including and adjacent to a municipality or other urban place having a population of five thousand or more. . . ." 23 U.S.C. § 101(a)(1966).

III. The Highway Trust Fund and the Federal Highway Administration

Construction of Federal-aid highways (both Interstate and ABC Systems) is financed by a special Highway Trust Fund established under the Highway Revenue Act of 1956.^{16/} The fund is administered by the Secretary of the Treasury. He is required to make an annual report to Congress on the financial condition of the fund, the results of the operations of the fund during the preceding fiscal year, and the expected conditions and operations during each fiscal year thereafter.^{17/}

This method of financing differs significantly from ordinary financing of other Federal projects. Monies collected in the trust fund (approximately \$5 billion in fiscal 1969) from motor fuel taxes, taxes on commercial vehicles and auto accessories may be used only for the construction of highways and the administration of the highway program.

Annual disbursements from the trust fund are made in accordance with an authorization schedule in the Highway Act of 1956, as amended.^{18/} In contrast to normal Federal financing, therefore, highway funds are spent without annual Congressional authorizations.

The trust fund approach to financing highway construction has some initial economic attraction. It seems to impose the cost of the construction on those who will use the highways. It should be noted, however,

^{16/} § 209, Highway Revenue Act of 1956. 70 Stat. 397, 23 U.S.C. § 120, note (1964).

^{17/} Id. § 209(e)(1).

^{18/} Federal-Aid Highway Act of 1956 § 108 (b) 70 Stat. 374, as amended.

that the trust fund financing does not make an accurate allocation of costs.^{19/} The contribution in taxes to the trust fund by highway users bears no necessary relation to their actual use of federally financed highways. For example, most trust fund monies are spent on the Interstate System, yet most highway use is of roads other than the Interstate System.

Moreover, it is supposed that highway users pay an amount of highway taxes based on a freely chosen amount of highway use; it should be borne in mind that the predominance of highways itself has meant that in most cases alternative modes of transportation have not come into being. In addition, there appears to be a serious question whether, given the ready availability of highway funds, adequate care is taken to determine that particular proposed highways actually are needed.^{20/}

This in turn leads to the question of choosing between expenditures for highways and for other needs. Under ordinary circumstances, allocation of public resources for a given program is fully reviewed each year, and the amount to be allocated is determined on the basis of return and of competing needs. This is not the case, however, with respect to Federal highway funds. The decision made 14 years ago that billions of dollars were to be set aside for the construction of highways has forestalled periodic review of the utility of these expenditures and of their worth relative to competing social needs.

19/ See T. E. Kuhn, Public Enterprise Economics and Transport Problems 146-47 (1962); J. R. Meyer et al., The Economics of Competition in the Transportation Industries, ch. IV, The Cost Structure of Highway Transportation (1960). See generally, J. R. Meyer, J. F. Kain, and M. Wohl, The Urban Transportation Problem 60-74, Patterns in Highway Finance (1965) and Helen Leavitt, Superhighway-Superhoax 229-37 (1970).

20/ See Helen Leavitt, Superhighway-Superhoax, Ch. 3 (1970).

The Department of Transportation is divided into different operating agencies which administer the various transportation programs. The Federal Highway Administration administers the highway programs.

The Federal Highway Administration is divided into three organizational layers: 1) The Washington Office of the FHWA; 2) the Regional Office (the Region II Office is located in Baltimore); and 3) the Bureau of Public Roads Division office.

State highway departments to which Federal highway funds are channeled are responsible for constructing the projects. They are primarily responsible for drawing up the specific plans for the interstate highways within their boundaries. However, each project must be submitted to the Department of Transportation for approval before funds are granted. ^{21/}

Highway money is allocated to the States according to a formula established by the Highway act. ^{22/} Because a State is assured of this money, and because the Federal Government will pay 90 percent of the cost of a highway that is part of the Interstate System, a State has little incentive not to build as many miles of highway as the available funds will finance. The State highway department therefore may start

^{21/} 23 U.S.C. §106 (1966) .

^{22/} For ABC system highways the allocation is a function of the population, total land area and existing highway mileage in the State. For the Interstate System the allocation is a function of the estimated cost of completing the whole system. 23 U.S.C. § 104 (b).

with the question not whether, but where, to build. ^{23/}

Because the Trust Fund provides highway money automatically, without the need for appropriations by Congress, the Federal Highway Administration has similarly little incentive to limit the amount of highway construction that takes place. ^{24/}

IV. Social Policy and the Planning and Location of Interstate Highways

There is a serious question whether the social effects of highways, for example their impact on the future patterns of employment and residence in a metropolitan area, are given meaningful consideration in the planning and location of a Federal highway project. The primary concern of the 1956 Federal Aid Highway Act is the construction of an Interstate System "that shall be located as to connect by routes as direct as practicable, the principal metropolitan areas, cities, and industrial centers to serve the national defense" ^{25/} This section further directs that "the routes of the system . . . shall be selected by joint action of the State highway departments of each State and the adjoining States, subject to the approval of the Secretary. . . ." ^{26/}

^{23/} See Helen Leavitt, Superhighway--Superhoax, ch. 3 (1970).

^{24/} Id.

^{25/} 23 U.S.C. §103(d) (1966).

^{26/} Id.

The Federal Highway Act of 1962 provides that all Federal-aid projects in urban areas of more than 50,000 population may be approved by the Secretary only if they are based on a continuing, comprehensive transportation planning process carried on cooperatively by States and local communities. ^{27/}

The thrust of the statute is that interstate highways are to be built in accordance with data relating to traffic patterns, projected traffic statistics, and other transportation needs.

Social impact is incorporated into the planning and location process through the statutory requirement of public hearings, (or holding out the opportunity for a hearing and holding a public hearing if written requests are received). ^{28/} The hearings consider the economic, social, and environmental effects of the location of the project. Recent Department regulations further direct that the State highway department shall consider "social, economic and environmental effects, whether or not a hearing is held before submitting the plan to the Secretary!" ^{29/}

"Public hearings" mean both a "corridor" public hearing and highway design public hearing. ^{30/} "Social, economic and environmental

^{27/} 23 U.S.C. §134. (1966).

^{28/} 23.U.S.C. §128. (1966).

^{29/} Department of Transportation, Policy and Procedure Memorandum, 34 Fed. Reg. 728. (1969). [Commonly known as PPM 20-8]

^{30/} Id. at para., 4a & b.

effects" mean the direct and indirect benefits or losses to the community and to highway users; they include such considerations as national defense, economic activity, employment, public health and safety, residential and neighborhood character and location, replacement housing, and displacement of families and business. ^{31/} The regulations note that the list of considerations is not intended to be exclusive.

The State highway department is directed to solicit views from persons on the project. If no hearing is held, information regarding social effects in the form of written statements is received from interested persons and groups. ^{32/}

It is unclear how much weight State highway departments give to issues raised at the hearings, or issues raised by interested parties in the decisionmaking process. It should be pointed out that social concerns are one of many factors considered and that the review of applications seems to be made principally with an eye to transportation-related issues, i.e., review by Division engineers in the Planning and Program Office and officials in the Fiscal Office. "Civil rights"

31/ Id., at para., 4(c).

32/ Id., at para., 5.

concerns in the appraisal process are limited to employment of minorities on the construction projects and adequate provision for relocation of persons displaced by the project. 33/

33/ Interview with August Schofer, Regional Federal Highway Administrator, July 30, 1970.

V. Application of Civil Rights Requirements

Title VI of the Civil Rights Act of 1964 directs that "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance."^{34/}

Regulations recently published by the Department of Transportation offer examples of the application of Title VI to DoT projects. The apparent effect of the regulations is that a State would be in violation of Title VI if it were to locate or design a highway in such a manner as to require the relocation of any persons on the basis of race, color, or national origin; or "to locate, design, or construct a highway in such a manner as to deny reasonable access to, and use thereof, to any persons on the basis of race, color, or national origin."^{35/} Varying interpretations of this provision are possible. The regulations offer no explanation, criteria, or guidelines to help a State determine whether a particular project will be in compliance.

³⁴ / 42 U.S.C. § 2000d (1964).

³⁵ / Dept. of Trans. Reg., Appendix C, 35 Fed. Reg. 10084 (1970).

The regulations set out an elaborate procedure for effecting compliance with Title VI. They provide for assurances from the State highway departments that the highway construction programs will be conducted in compliance with all requirements imposed by the regulations, and will be administered in such a manner as to guarantee that contractors receiving funds under the program will comply with the applicable regulations. ^{36/} Recipients are required to submit periodic compliance reports and to submit to periodic compliance reviews. Compliance is effected through "informal procedures," or if informal methods fail, through suspension or termination of funds. The Department of Justice may also be asked to enforce contractual undertakings pursuant to the regulations. ^{37/}

Title VIII of the Civil Rights Act of 1968, ^{38/} the fair housing title, includes a section (808(d)) which provides that "all executive departments and agencies shall administer their programs and activities relating to housing and urban development in a manner affirmatively to further purposes of the subchapter and shall cooperate with the Secretary of the Department of Housing and Urban Development to further such purposes." ^{39/} Because the Federal highway program relates to housing and urban development, the Federal Highway Administration is under an obligation to take affirmative action to administer the highway program in a way that will promote open housing. The recently

^{36/} Id. §21.7 (b).

^{37/} Id. §21.13.

^{38/} 42 U.S.C. §§3601-3619 (Supp. V (1969)).

^{39/} Id. §3608 (c).

announced policy of the Department of Transportation with respect to Title VIII is to require that all replacement housing which is provided for displaced persons be "fair housing--open to all persons regardless of race, color, religion, sex, or national origin." ^{40/}

VI. Highway Construction in Baltimore County

During the past few years millions of dollars of Federal highway money have been used for highway construction in Baltimore County, mostly for parts of the Interstate System. ^{41/} The amounts are shown in Table 1.

TABLE 1

Federal Highway Expenditures in Baltimore County ^{42/}

<u>Fiscal Year</u>	<u>Amount</u>
1968	\$8,662,139
1969	\$17,456,313
1970	\$12,071,442
1971(estimate)	\$13,040,524

^{40/} Dept. of Trans. Press Release No. 4570 (February 16, 1970); See also, Dept. of Trans. Order No. 5620.1 (June 24, 1970).

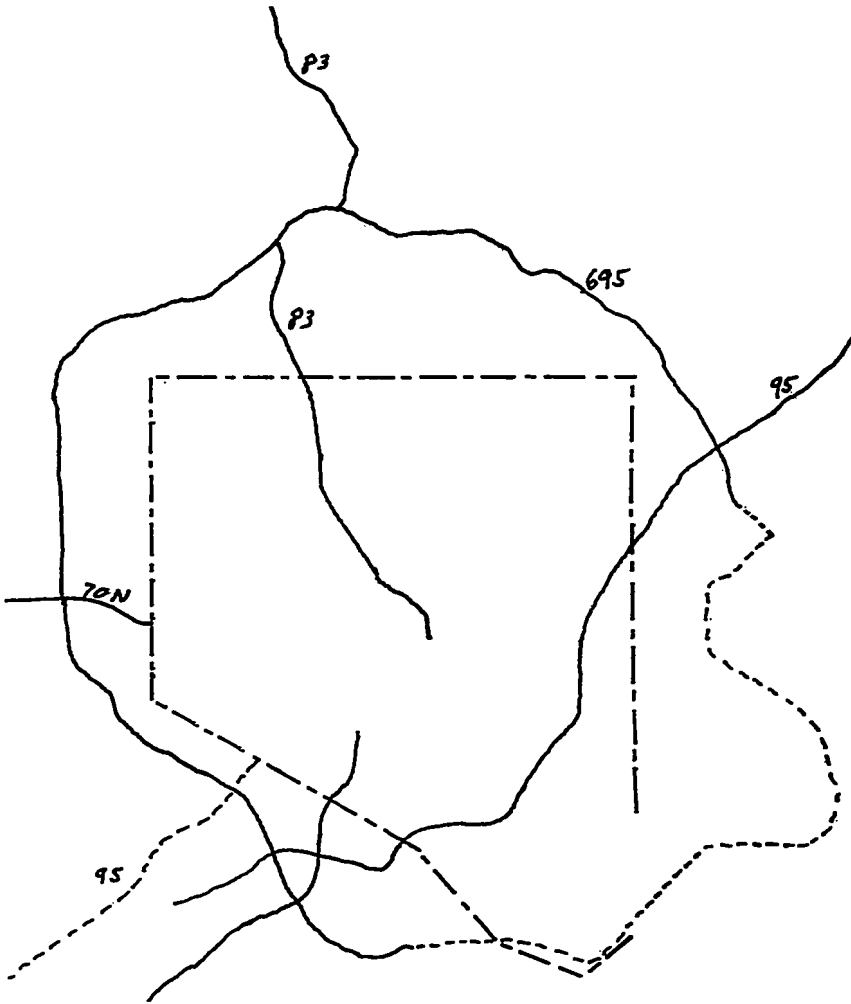
^{41/} Letter from August Schofer, Regional Federal Highway Administrator, to Peter W. Gross, Assistant General Counsel, U. S. Commission on Civil Rights, July 22, 1970.

^{42/} Id.

This money has financed I-70 N, which goes west from the beltway into Howard County, and is planned to go east from the beltway to downtown Baltimore; I-83, which goes from downtown Baltimore through Baltimore County to Pennsylvania; I-95, which goes from the city of Baltimore through the northeastern part of Baltimore County toward Philadelphia, and which is under construction in Baltimore County southeast of the city; and I-695, the Baltimore Beltway, which goes almost all the way around the city of Baltimore, mostly in Baltimore County. There are plans to complete the beltway which include a new Outer Harbor Tunnel. (This project, which will probably cost over \$50,000,000,^{43/} will be financed almost entirely by the State of Maryland through revenue bonds and tolls).^{44/}

43/ Wash. Post, July 25, 1970 at B-2, Col 2.

44/ Schofer interview, supra note 33.



BALTIMORE COUNTY
MAJOR HIGHWAY SYSTEM

Exhibit No. 24

Before the

UNITED STATES COMMISSION ON CIVIL RIGHTS

Clarification and Rebuttal

of

STAFF REPORT

THE CIVIL RIGHTS IMPLICATIONS OF

SUBURBAN FREEWAY CONSTRUCTION

Presented by

August Schofer
Regional Federal Highway Administrator
Region 2
Baltimore, Maryland

Preliminary Statement

The United States Commission on Civil Rights through Mr. David Hunter, Staff Counsel, presented to the Regional Federal Highway Administrator, Mr. August Schofer, a copy of its Staff Report on the Civil Rights Implications of Suburban Freeway Construction.

It is the understanding of the Regional Federal Highway Administrator that the purpose of the Staff Report was to brief the Civil Rights Commissioners preliminary to the hearing. Consistent with this purpose, the document would normally be considered an internal document and not released to the press. Also, such a document should be unbiased and factual in nature. Above all, it should not draw conclusions, it being the function of the Commissioners to hear the evidence and then draw conclusions therefrom.

The primary purpose of the Commission is to collect and accumulate data so that a more intelligent study of civil rights problems may be made. ^{1/} The Commission has the duty of studying and collecting information concerning legal developments constituting a denial of equal protection. ^{2/} It also has the duties of appraising the laws and policies of the Federal Government with respect to equal protection of the laws under the Constitution of the United States. ^{3/} The

^{1/} House Report No. 291, April 1, 1957.

^{2/} 42 U.S.C.A. 1975c(a)(2).

^{3/} 42 U.S.C.A. 1975c(a)(3).

statute says all Federal agencies shall fully cooperate with the Commission to the end that it may effectively carry out its functions and duties.^{4/} The Regional Federal Highway Administrator most strongly endorses the goals of the United States Commission on Civil Rights and pledges his cooperation in the achievement of its goals of providing the necessary information to enable the Federal Government to eliminate racial discrimination in any manner or form.

To achieve that end, it is essential that the information presented to the Commission be accurate. A careful review of the Staff Report reveals that it makes many inaccurate statements and fails to furnish essential information on the civil rights implications of suburban freeway construction. Therefore, the Regional Federal Highway Administrator submits the following critique of the Staff Report with the purpose in mind of furnishing the Commission as much information as possible in the brief time permitted. The critique refers to the section, paragraph and page of the Staff Report and, in some portions the Staff Report statements are repeated and shown by underscoring.

^{4/} 42 U.S.C.A. 1975d(e)

I. Introduction

The projections of population by color have a less adequate basis than those for total metropolitan population. This paragraph alleges that by and large black people have been excluded from the lower density suburban development. While it is true that a large part of the population growth in the United States has been in the suburban parts of large metropolitan areas and that it is of lower density and hence more dependent on private transportation, it is not at all clear that "black people have by and large been excluded from this new development." The authors cite Hodge and Houser's The Challenge of America's Metropolitan Population Outlook.

While we recognize that urban white and non-white population is not uniformly distributed over metropolitan areas, the Staff Report is on shaky grounds in its allegation of exclusion. According to Hodge and Houser, the Negro is increasing his income at a rate about 21.5 percent of all non-whites residing in SMSA's in 1960. This is considerably less than the percentage of that of the white population (30.0) in 1950. While this is certainly not insignificant. Also, by 1960 only about 1,300 miles of interstate had been constructed; hence, differences in population patterns must be attributed to other factors.

The historic movement of Negro Americans to central city areas by Hodge and Houser go on to extrapolate population trends through 1985. This extrapolation shows the percentage of urban non-whites in the suburbs to grow to 25.3 percent with 69.9 percent of the urban white population dwelling in the suburbs. Such a projection shows an increasing divergence of the black and white populations, and is of concern. However, the authors of the Staff Report either did not do their homework or chose to disregard the caveat in Appendix E (page 88). Here the authors admit

5/ SMSA means Standard Metropolitan Statistical Area. See pamphlet entitled Standard Metropolitan Statistical Areas prepared by the Bureau of the Budget (1967) for criteria and definitions.

Introduction I
"The projections of population by color have a less adequate base than
Section 1 - 1st part 3 (1) (c)

do those for total metropolitan population..." They go on to say that
since there were no post-1960 estimates of metropolitan population by
color on which to tie the estimates of recent trends, it was necessary to
extrapolate the 1940 to 1960 experience. Of course, this experience only
includes a few years of recent awareness of civil rights problems and it
includes none of the impact of the 1964 and succeeding Civil Rights Acts.

A statement that "black people have by and large been excluded from
[suburban development]" has not been conclusively shown. To the extent

that poor is a surrogate for black, there may be a certain bias in
suburban development since its reliance on private transportation means
that the suburbanite usually must own a car, and poor people own fewer
cars. However, the Negro is increasing his income at a rate about double
that of the white rate (Fortune, July 1970). This increased affluence
would seemingly allow more black people to benefit from the lower density
suburban development.

Moynihan in "Toward a National Urban Policy (The Engineer and the
City) even goes so far as to say, "There are increasing indications that

the dramatic movement of Negro Americans to central city areas may be
slackening and that a countermovement to surrounding suburban areas may
have begun. This process is to be encouraged in every way."

(emphasis added).
of the...
author of...
disc...

2) See...
Bureau of the...
prepared by...

Section I - 2nd paragraph (pp. 1-2)(S. 9) H. R. 7, 1962 - I 10102

In this paragraph, the authors allege that the provision of highways is responsible for suburbanization. This would seem to imply that had there not been a highway program, there would not be a trend toward suburbanization. Such is not the case. In fact, the percentage of persons living in SMSA's outside the central city has been increasing since 1920 with the acceleration occurring in the post-war decade (ACIR Report Fiscal Balance in the American Federal System). The substantial Federal expenditures on highways did not begin until 1957. While there are spectacular instances of new highway construction generating suburbs, most typically highway improvements and new highway construction serve existing demands. The present highway needs of the Nation are already great enough; there is no need for road building to serve currently non-existent travel demands.

Our comments on the first paragraph deal with the last portion of this paragraph. It is in this last sentence that the authors of the Staff Report reveal that this is not a Civil Rights question per se, but a question of poverty versus affluence. Insofar that poverty means black, then it becomes a civil rights question. But as we said before, the income gap between whites and Negroes is narrowing. Moynihan points out in the article previously cited, "The earnings of young married [Negro] couples are approaching parity with whites." If then the problem is not black versus white but poverty versus affluence, the civil rights aspects of the problem are disappearing.

Section I - 3rd paragraph (p. 2)

(Section I - 3rd paragraph)

In this paragraph the authors contend that the primary users of suburban highways are suburbanites. It is hard to refute an allegation at which amounts to saying that people use highways to go to their destinations. However, the case is a bit overstated by the Staff Report authors. While it is true that most of the trips on the Boston Beltway (Route 128) either originated or ended in the suburbs, only 38.2 percent were entirely between points linked by the beltway. Also, these 1957 statistics do not reflect the effect of the subsequent Massachusetts Turnpike extension from Route 128 into downtown Boston which has had a significant effect on the distribution of origins and destinations. Furthermore, the Report which the authors cite actually shows only origin and destination data for weekday trips during the months of October through January. Weekend and summertime travel patterns would be substantially different.

Our comment on the 1st paragraph deals with the last portion of this paragraph. It is in this last sentence that the authors of the Staff Report reveal that this is not a Civil Rights question per se, but a question of poverty for us all. In other words that poverty means black, then it becomes a civil rights question. But as we said before, the income gap between whites and blacks is narrow. The authors point out in the article previously cited, "The earnings of young married couples are approaching parity with whites." If then the topic is not black versus white in poverty, then all income, the civil rights aspect of the problem are disappearing.

Section II - 2nd paragraph (p. 3)The Federally Financed Highway System

This phase of the report is a cursory, incomplete, and, in some respects, an inaccurate, garbled resume'. The most glaring and substantive defect is the fact that it sets forth an erroneous impression and concept by stating that the Interstate System as initially proposed in 1944 "was to be for intercity, long-haul purposes." whereas the 1956 Act calls for "equal attention to local as well as to interstate needs." The 1956 Act created no new concept. Legislative history firmly establishes that the Interstate System as initially proposed was designed to meet the most pressing traffic needs of the nation, taking into account all types of traffic movements, including local short-trip, intra-urban travel as well as intercity, as hereinafter discussed.

The first paragraph under item II refers to "Federal" primary and secondary highway systems. The word "Federal" more properly should read "Federal-aid" as there are no strictly Federal systems of highways which may be connoted by the use of the word "Federal."

Footnote 7 in the second paragraph refers to 23 U.S.C. 103(b) (1966). The reference to "1966" in the citation does not appear proper and should be omitted as it would normally indicate that this section was derived from an Act passed in 1966 which is not the case.

The first paragraph, page four, in the first sentence of the above sentence as it is worded as it is worded states that the Interstate System was "created" by the 1956 Act for purposes of "local and interstate commerce and national and civil defense." This statement is supported by footnote 10, which refers to 23 U.S.C. 103(d)(1) (1966).

Aside from the questionable use of "1966" in the citation, the reference to section 103(d)(1) is in error. The proper citation appears to be 23 U.S.C. 101(b). Furthermore, the Interstate System was not created by the 1956 Act. The designation of the Interstate System was authorized and directed by the Federal-Aid Highway Act of 1944. The 1956 Act provided the financing for the already designated system.

The first sentence of the second paragraph, page four, reads:

The 1956 Act calls for equal attention to local as well as interstate needs, while the Interstate System as initially proposed in 1944 was to be for intercity long-haul purposes.

The source of this sentence is footnote 14 of the Superhighway Superhoax. Such source is not only authoritative but inappropriate for reasons subsequently explained.

It is to be noted that the need of a select, limited highway system is also two reports present in the report upon which the Interstate System was established in 1944. The report was founded upon the fact that the

The first paragraph, page four, in the first sentence
 The above sentence is so worded as to give the erroneous
 states that the Interstate System was initially proposed in
 impression that the Interstate System as initially proposed in
 and interstate commerce and local and interstate commerce in
 1944 was not designed to give consideration to local as well
 as interstate needs. Any such impression is directly con-
 trary to the legislative history leading to enactment of
 the 1944 Act. This legislative history clearly establishes
 that the Interstate System in concept was to take into
 account local short-trip movements as well as intercity
 traffic, recognizing the pressing needs within and around
 large urban areas.
 On January 12, 1944, the President of the United States
 transmitted to the Congress a report of the National Inter-
 regional Highway Committee, outlining and recommending a
 major system of interregional highways (House Document
 No. 379, 78th Congress, 2d Session). This report is entitled
 "Interregional Highways," and was a sequel to a previous report
 entitled "Toll Roads and Free Roads," transmitted to the
 Congress on April 27, 1939 (House Document No. 272, 76th
 Congress, 1st Session), in response to a congressional direct-
 ive to study the need of a select, limited system of main
 highways. These two reports represent the charter, so to
 speak, upon which the Interstate System authorized by the
 1944 legislation was founded. They contain detailed statistics

The Staff Report, in reference to Title VIII, Fair Housing, based on traffic studies concerning the basic short-trip characteristics of highway travel, and the need for routes that would serve local as well as long-distance travel.

While it is true that Congress, in the enactment of the 1956 Act, set forth declarations of intent (23 U.S.C. 101(b)) referring to "local needs," such declarations should be taken in consideration of the provisions of Title VIII, Fair Housing, in connection with any study of population growth in connection with any study of population growth.

The following authoritative sources are suggested in connection with any study of population growth: the context of the staff's work, the term "fair housing," which translated to highway needs, and the past accomplishments of the Federal highway program in meeting such needs: (1) 1970 National Highway Needs Report, 91st Cong., 2d Sess., February 1970; (2) Committee Print (91-27) (House Committee on Public Works) See Appendix A. conditions pursuant to which no family or person is denied the right of equal housing opportunity.

Stewardship Report on Administration of the Federal-Aid Highway Program, 1966-1970, published by the Department of Transportation, (also appearing in report entitled "Report on the Status of the Federal-Aid Highway Program," hearings before the Senate Subcommittee on Roads, 91st Congress, 1st Sess., April 1970) See Appendix B. either low-income dwellings or public housing, established to assure fair housing apply to the disposal of housing, not to the creation of housing.

1970 National Highway Needs Report, 91st Cong., 2d Sess., February 1970; Committee Print (91-27) (House Committee on Public Works) See Appendix A. conditions pursuant to which no family or person is denied the right of equal housing opportunity. Stewardship Report on Administration of the Federal-Aid Highway Program, 1966-1970, published by the Department of Transportation, (also appearing in report entitled "Report on the Status of the Federal-Aid Highway Program," hearings before the Senate Subcommittee on Roads, 91st Congress, 1st Sess., April 1970) See Appendix B. either low-income dwellings or public housing, established to assure fair housing apply to the disposal of housing, not to the creation of housing.

either low-income dwellings or public housing, established to assure fair housing apply to the disposal of housing, not to the creation of housing.

The Staff Report, in reference to Title VIII, Fair Housing, based on the basic study conducted by the House Committee on Public Law 90-284, concludes that "because the Federal highway program relates to housing and urban development, the Federal Highway Administration is under an obligation to take affirmative action to administer the highway program in a way that will promote the intent of the Fair Housing Act (Title VIII of the Civil Rights Act of 1968)." We submit that a closer look at this "obligation" should be taken in consideration of the provisions of Title VIII.

Title VIII provides for fair housing, not open housing. We are unaware of the staff's reasons for the substitution of terms. While the term "open housing" may be subject to a specific definition in the context of the staff's work, the term "fair housing", which goes to the heart of the FHWA's obligations, is clearly defined in Title VIII. (See especially sections 803 and 804.)

The provisions of fair housing may generally be defined as those conditions pursuant to which no family or person is denied the right to buy or rent a dwelling because of race, color, religion or national origin. A careful examination of all of the provisions of Title VIII will disclose that in order to adhere to the fair housing principles set forth therein, no Federal or State agency is required to provide either low-income dwellings or public housing. The principles established to assure fair housing apply to the disposal of housing, not to the creation of housing.

The implication of the staff's report seems to be that the principle of "open housing" carries a responsibility placed upon Federal and State agencies, under Title VIII, to provide housing by new construction if necessary, for persons at all economic levels.

We submit that this implication is not firmly based upon existing law. The Department of Transportation, however, has established a policy of availability of new construction if necessary, of open housing for all persons regardless of race, color, religion, sex, or national origin, who are required to move from real property occupied as a dwelling on land acquired or to be acquired or to be acquired for either direct Federal or Federal-aid construction (See DOT Order 5620.1, June 24, 1970, Appendix "C"). This policy must be complied with prior to the

initial approval or endorsement of any project. As noted by the DOT Director of Civil Rights, the adoption of this affirmative policy made DOT the first to achieve full implementation of the fair housing provisions of the 1968 Civil Rights Act in all of our

programs affecting housing and urban development. (See Mr. Richard F. Lally's letter to the Secretary of Transportation, dated January 1970, Appendix D.)

The highway program is a " The highway program is a product of the Federal-Aid Highway Act of 1956 which permits the Federal-Aid Highway program to be administered by the Secretary of Transportation. The scope of the Federal-Aid Highway program will be elaborated upon infra.

Section 101(a) of title 23

Section 101(a)(1) of the Federal-Aid Highway Act of 1956

III. The Highway Trust Fund and the Federal Highway Administration

The statement in this section will be reviewed sentence by sentence, which will be shown by underscoring.

Section III - 1st paragraph (p. 5)

Construction of Federal-aid highways (both Interstate and ABC Systems) is financed by a special Highway Trust Fund established under the Highway Revenue Act of 1956. The Fund is administered by the Secretary of the Treasury. He is required to make an annual report to Congress on the financial condition of the fund, the results of the operations of the fund during the preceding fiscal year, and the expected conditions and operations during each fiscal year thereafter.

This paragraph is essentially correct, but too general in nature to give anything more than a sophomoric idea of how the Highway Trust Fund operates.

The author starts misleading by using the word "construction" as the predicate for his attack on the highway program and its financing from the Highway Trust Fund without explaining what construction comprises. The Highway Act of 1956 amends Title 23, U.S.C., which defines "construction", and does not limit it to actual building of highways, ^{6/} but as "the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping . . . costs of rights-of-way, and elimination of hazards of railway grade crossings." The highway program is much broader in scope and the statutory authority for the Highway Trust Fund permits the payment of all expenses "which are attributable to Federal-aid highways." ^{7/} The scope of the Federal-aid highway program will be elaborated upon infra.

^{6/} Section 101(a) of Title 23.

^{7/} Section 209(f)(1) of the Federal-Aid Highway Act of 1956.

The second sentence states that the Fund is administered by the Secretary of the Treasury. This is also misleading in that the Secretary of the Treasury acts very much as a paymaster and only releases funds upon the receipt of a proper warrant. The Secretary of the Treasury does not administer the Federal aid highway program. This is the function of the Federal Highway Administrator. The annual report submitted by the Secretary of the Treasury to the Congress covers the receipts of the Trust Fund, the expenditures properly authorized and the financial results of the banking activities of the Fund. The Secretary of the Treasury's copy of the latest such report dated March 2, 1970, is attached as Appendix B. Location: Bill No. 4022, Section III - 2nd paragraph (p. 5)

This method of financing differs significantly from ordinary financing of other Federal projects. Monies collected in the Trust Fund (approximately \$5 billion in fiscal 1969) from motor fuel taxes, taxes on commercial vehicles and auto accessories may be used only for the construction of highways and the administration of the highway program.

The second sentence in this statement is very misleading in stating that the monies collected in the Trust Fund are used "only for the construction of highways and the administration of the highway program." The same criticism in respect to the use of the word "construction" above is applicable. The Federal-aid highway program was the first national public works program in history to provide a means where displaced are provided adequate housing in

Chapter 2, Title 23.

Section 131 and Section 139.

replacements for their existing homes. ^{8/} Highway beautification program which includes landscaping and scenic enhancement, billboard removal and junkyard screening is a function of the Federal-aid highway program. ^{9/} See Appendix B for the most recent report on the relocation of displaced persons and payments by the FHWA. Billboards, landscaping and scenic enhancement are paid for by Highway Trust funds. Billboard removal and junkyard screening are presently paid for from the General Revenue Fund, however there are proposals currently pending which provide for this to also be paid for from the Highway Trust Funds. See Senate Bill No. 4055. Locating and training minority group workers so that employment opportunities in the skilled trade will be available to

them is another important part of the Federal-aid highway program. From these examples, it can be readily seen that it is grossly unfair to describe the Federal-aid highway program in terms of physical construction and to leave the impression that Trust Fund monies are spent only on physical construction of highways.

The first sentence in this statement is also erroneous in that stating that the monies collected in the Trust Funds are used only for the construction of highways and the administration of the Trust Fund concept is clearly erroneous. The impression that the Trust Fund concept is restricted solely to the Federal-aid highway program is clearly erroneous and misleading when in fact it is a common form of financing in the Federal Government.

8/ Chapter 5, Title 23.

9/ Section 131 and Section 319.

The entire dissertation in the Staff Report of the Highway Trust Fund Section III - 3rd paragraph (p. 5)

Annual disbursements from the Trust Fund are made in accordance with an authorization schedule in the Highway Act of 1956, as amended, in contrast to normal Federal financing, therefore, highway funds are spent without annual Congressional authorization.

Aside from misleading the reader into believing that the Highway Trust Fund is a unique and unusual form of Federal financing, the last sentence in this paragraph is lacking in candor by what it does not say in respect to there being no annual Congressional authorizations. The author fails to make a distinction between authorizations and appropriations. Congress authorizes appropriations biennially. This has been a long standing custom and relates to the time required to build a highway. However, funds are appropriated annually from the Highway Trust Fund which provides Congress a basis for annual review of the program. It is fundamental that Congressional control over Trust Fund derives from taxes not involving vested rights. The Comptroller General advised the Secretary of Labor that if Congress should appropriate money from the Highway Trust Fund to cover administrative expenses of the Department of Labor in administering the wage provisions of the Federal-Aid Highway Act of 1956 in interstate highway projects, it must be recognized that the latest expression of Congress is controlling, and a prior Congress could not preclude such appropriations by a later Congress from the Trust Fund.

10/ 36 Comp. Gen. 712 (1957). Also see Constitution of the United States, Article 1, section 9, clause 7, which provides "no money shall be drawn from the Treasury but in consequence of appropriations made by law ..."

The entire dissertation in the Staff Report on the Highway Trust Fund

is so superficial and factually erroneous that a fair description cannot be given by merely referring to the Staff Report statements and correcting them. Therefore, the following description of the

Trust Fund its origins and philosophical basis

I. Trust Fund Origins

In 1938 the Congress requested the Bureau of Public Roads to study the feasibility of a toll financed system of three east-west and three north-south super highways. The study entitled "Toll Roads and Free Roads" was submitted to Congress in 1939 and found that the suggested 14,000 mile toll road system would not be self supporting. As a result a 26,700 mile network of roads was proposed with the recommendation that the Federal Government share the construction cost at more than the traditional 50 percent Federal aid rate.

Further studies and reports were submitted through the early 40's. Then Congress in the Federal Aid Highway Act of 1944 directed that there should be designated a national system of Interstate highways not exceeding 40,000 miles. That Act prescribed the following criteria in selecting routes for this system: importance to national defense, connector value between population and industry centers, importance to industry, and importance to rural and urban population. A recommendation for a 37,700 mile system was approved by the Federal Works Administrator on August 2, 1947. The remaining mileage of the 40,000 mile system was reserved for circumferential and distributing routes

at urban areas. Also see Comp. Gen. 712 (1927). Article I, section 9, clause 7, which provides "no money shall be drawn from the Treasury but in consequence of appropriations made by law".

In 1955 the additional 2,300 miles of urban Interstate routes were designated to provide alternate Interstate highway services into the country and around urban areas. The Federal-Aid Highway Act of 1956 authorized an additional 1,000 miles. Again, the Federal-Aid Highway Act of 1968 authorized another 1,500 miles, resulting in the presently authorized Interstate system totaling 42,500 miles.

A program of such magnitude would obviously require years to carry out and would entail the commitment of substantial equipment, manpower and concomitant investment. Such commitment would not have been possible without the certainty of the Trust Fund and the contractual authority provisions of the highway program legislation.

Therefore, Congress through the Federal-Aid Highway Act of 1956, paired with the Highway Revenue Act of 1956, completely changed the official philosophy of financing the Federal share of highway costs.

The previous attitude had been that Federal excise taxes on motor vehicles, motor fuels or other products closely associated with highway commerce were general revenues. Prior to the 1956 Act, gasoline and

automotive excise taxes were thought no different than cigarette excise taxes. This policy was reversed and assigned to the Fund the proceeds of a group of old and new taxes on fuels and automotive products, and set up a Highway Trust Fund as a statutory trust in the United States

by the Federal gasoline taxes paid into a Highway Trust Fund, Treasury revocable by any future Congress. It also authorizes loans to the Treasury at current interest from balances in the Trust Fund the Federal-Aid Highway Act of 1956, previously mentioned. Each of

which accumulate as authorized contracts for highway construction are performed and Federal reimbursements are called for in the course of the two-year period generally required for building a highway project.

The change of philosophy resulting in the creation of the Trust Fund grew out of the Nation's need for greater highway capacity.

Commerce was strangling and better highways were needed. The highway building boom of the 20's and its objective of all-weather roads resulted in a system that had been built when most of the States still had a 35-mile-per-hour speed limit. The advent of modern high-speed vehicles made these roads obsolete. When the inadequacy of these roads became obvious in the 40's, we were plunged into World War II which practically stopped highway construction. The unbelievable industrial and economic expansion following the War made it obvious by 1950 that highway improvement had become too great a problem for the States to solve without assistance. Thus, the stage was set for an all-out Federal-State effort to remedy the situation.

In 1954, President Eisenhower appointed the "President's Advisory Committee On A National Highway Program," headed by General Lucius D. Clay to make recommendations. A program costing \$27 billion, of which \$25 billion was to be financed with funds supplied by the Federal gasoline taxes paid into a Highway Trust Fund, was recommended. This culminated in the Highway Revenue Act of 1956 and the Federal-Aid Highway Act of 1956, previously mentioned. Each of

relation to the benefit principle than can usually be obtained. In these two Acts has been supplemented several times since 1956. From

time to time, additional revenue has been provided for the Trust Fund,

annual authorizations have been increased for both the ABC and the

Interstate System programs, and the Interstate program has been

extended to 1974. Apportionments for the Federal-aid program with

which to reimburse the State highway departments are made from the

Highway Trust Fund and the program is geared to the Fund's income

capacity.

II. Trust Fund Underlying Philosophical Basis

The concept of highway user taxes set aside in a trust fund is

not a new or novel concept. The idea can be traced back to Henry VIII,

who in 1531 enacted special assessments in connection with the drainage

of Romney Marsh. Special benefit assessment has a long and honorable

history in State and local governments in this country and in England.

Many cities and urban districts provide special assessments for express-

ways, charging not only abutting property, but also, on a decreasing

scale, properties going back some distance from the road facility.

Such cities include Detroit, Milwaukee, Minneapolis, New York, and

St. Paul. The general theory is that user taxes set highway financing

apart from other government activities such as education, police and

fire protection, welfare, unemployment relief, and defense, which are

provided the citizenry as needed and for the good of all. The theory

meets the general approval of tax authorities because it bears a closer

relation to the benefit principle than can usually be established in other areas of public finance and it gives diversification to the tax system and produces revenues with certainty and convenience. To justify this concept, one need only think of it in relation to the entire tax structure. The average citizen may weigh a State sales tax with its regressive features against the strongly progressive Federal income tax, a mildly progressive State income tax, property taxes levied more or less in proportion to tangible wealth, and excises aimed at luxury

items; and from it all conclude that, though heavily taxed, he receives, on balance, reasonably fair treatment along with his fellow citizens.

Enhancing the concept of special benefit assessment, i.e., highway user taxes, is the economic theory that highway construction represents a dividend to the economy. Various attempts have been made to measure and quantify these benefits and to date no method with a high degree of precision has yet been found. However, the location and construction of major highway improvements induce investments which bring about reorganizations of land use and the strategic rearrangement of industrial plants, mercantile establishments, social services, and residences with respect to the highway network. These advantageous reorganizations, acting through the market mechanism by which supply, demand, and price are interrelated, bring about economies of scale that result in extra increments of production, i.e., gains in excess of the

measured transportation benefits. In determining how to pay for highway construction, the objective must be to select a system of taxation

that tends to maximize the net total output. Currently a Highway Trust Fund of Highway User Taxes has worked well and contributed

substantially to the increase of the Gross National Product. Likewise, it must be freely admitted that there are disadvantages or disbenefits.

The same argument that they use against the automobile could also be applied with equal force to many other aspects of our

life. It could be used, for instance, against allowing Americans to

live in private homes when they could be much more compactly housed in barracks. It could be used against the wide choice of brands and types

of breakfast cereals, detergents, and even car foods offered by supermarkets. There are many other examples.

As the Twentieth Century unfolded, attitudes toward the automobile But this is all part of living in a free country where the people dramatically changed. Instead of being the expensive toy of a few

reckless adventurers, the motor car became a necessity for all classes of people -- rich man, poor man, worker and farmer. They built their

owning automobiles. Most of them will also go on demanding the lives and their plans -- sometimes even their dreams -- around the highways that they pay heavy gasoline and vehicle taxes to build. The automobile.

Then in the mid-sixties history began to repeat itself like a

needle-stuck in a broken phonograph record. The old outcries against the automobile were revived by a small but loud minority. This time, however, they didn't stop at attacking the vehicle. They also denounced the road it rides on. They began to condemn the people who build highways and those who support highway programs. They embellished their

attack with sinister-sounding phrases-like "the highway establishment" and "the highway lobby." Such an attack is exemplified in Helen Leavitt's book "Superhighway-Super Hoax".

The critics of the motor vehicle and of highway development don't seem to have any faith in the public's judgment in these matters. They claim it is inefficient to allow people to ride around as they please in private cars. The same argument that they use against the automobile could also be applied with equal force to many other aspects of our life. It could be used, for instance, against allowing Americans to live in private homes when they could be much more compactly housed in barracks. It could be used against the wide choice of brands and types of breakfast cereals, detergents, and even cat foods offered by super-

markets. There are many other examples. But this is all part of living in a free country where the people have freedom of choice. In conclusion, the fact remains that unless something drastic is done to our cherished freedom, Americans will go on owning automobiles. Most of them will also go on demanding the highways that they pay heavy gasoline and vehicle taxes to build. The

FHWA must continue to plan for the orderly construction of these highways. Then in the mid-1950s highway began to report itself like

The old statistics again in a broken phraseology record. The statistics were revised by a staff but had minor errors. They began to concern the people who build highways and those who support highway programs. They emphasized that

Section III - 4th paragraph (pp. 5-6)

The trust fund approach to financing highway construction has some initial economic attractions. It seems to impose the main cost of the construction on those who will use the highways. It should be noted, however, that the trust fund financing does not make an accurate allocation of costs. The contribution in taxes to the Trust Fund by highway users bears no necessary relation to their actual use of federally financed highways. For example, most Trust Fund monies are spent on the Interstate System, yet, most highway use is of roads other than the Interstate System.

This paragraph infers that the trust fund approach to highway financing is inequitable, thus, "...trust fund financing does not make an accurate allocation of costs," and, "The contribution in taxes to the Trust Fund by highway users bears no necessary relation to their actual use of Federally-financed highways."

These statements are misleading, and are based on a misinterpretation of referenced sources. The Highway Trust Fund was established by the Congress in 1956 to insure adequate financing for the greatly expanded program to complete the National System of Interstate and Defense Highways. In this regard it has been extremely successful. Measurable and visible progress is being made toward achieving the objectives of the Trust Fund, and it has wide public acceptance and approval.

In addition, the Trust Fund does, in fact, impose the cost of highway construction on those who will obtain the benefits of the improved highway. The Federal-aid highway program imposes no burden on the general revenues of the U.S. Treasury. The highway program is entirely user-financed.

Section III - (pp. 2-5)

However, there exists a substantial body of technical literature which concerns itself with the relative allocation of costs among individuals and classes, e.g., automobile owners. The construction of roads is favored over rural traffic in the case of suburban travelers. The actual use of Federal funds in relation to their actual use of Federal funds is analyzed, both in terms of size of highway program and the amount of Federal funds. The use of Federal funds is determined on a national basis by the Congress and does not enter into the question of whether a specific highway facility should be improved at this time. Thus, "The Trust Fund is not intended to be improved at this time. Most Trust Fund monies are spent on the Interstate System, yet almost all highway use is of roads other than the Interstate System." This is a temporary allocation of funds to cover the initial construction of the System. When the Interstate System is complete, it will comprise slightly more than 10 percent of all national roads and streets. It will, however, carry more than 20 percent of all vehicle miles of traffic annually and with its high percentage of truck traffic will account for substantially more than 20 percent of all highway user excise revenues on a national basis. Progress is being made in the establishment of a national highway user excise and it has wide public acceptance and approval.

In addition, the Trust Fund does, in fact, impose the cost of highway construction on those who will obtain the benefits of the improved highway. The Federal-aid highway program imposes no burden on the general revenues of the U.S. Treasury. The highway program is entirely user-financed.

operations, each having its own requirements for interagency coordination
Section III, 5th paragraph (p. 6)

Moreover, it is supposed that highway users pay an amount
of highway taxes based on a freely chosen amount of highway usage
it should be borne in mind that the predominance of highways
itself has meant that in most cases alternative modes of transporta-
tion have not come into being. In addition, there appears
to be a serious question whether given the ready availability of
of highway funds, adequate care is taken to determine that
particular proposed highways "actually are needed"

This paragraph states "it should be borne in mind that the
predominance of highways itself has meant that in most cases alternative
modes of transportation have not come into being"

This is a wholly unsupported conclusion. Highway travel has been
rapidly increasing over the past 25 years, and a companion tailoff in
the use of other modes (except air) has also occurred. However, this
overwhelming use of highways reflects only that the private automobile
is more attractive to the general public than any other way to travel,
because of its comfort, convenience, flexibility and privacy. Recent
national surveys of preference for transportation mode have proven this
popularity. The great majority of interviewees (88 percent) considered
the private automobile to be the preferred method of travel for all
but the longest trips, and only 3 percent would spend less on highway
improvements.

The same paragraph says, "...there appears to be a serious question
whether given the ready availability of highway funds, adequate care is
taken to determine that particular proposed highways actually are needed."

This statement is clearly inaccurate. The process of developing a
highway project involves a highly complex series of interconnected

operations, each having its own requirements for interagency coordination, economic, and technical justification, consideration of external impacts and opportunity for public participation. Every project which has proceeded to the stage of construction is clearly "needed" in terms of inadequate provision for future travel increases. Moreover, even if a project is clearly "needed" from a travel demand standpoint, it is not "wanted" by the local citizens as well, if it is not provided. In recent years several proposed projects have been removed from the Interstate System for those reasons.

This is a very common situation on the Interstate System. It is not only the case on the Interstate System but also on the State and Federal Highway Systems. The removal of projects from the Interstate System is a result of the fact that the private automobile is more attractive to the general public than any other mode of travel. Recent developments in air, rail, and water transportation have proven the popularity of the private automobile to be the preferred method of travel for all but long distance trips, and only 3 percent would spend less on travel than they do on the private automobile.

The Interstate System is a "needed" but not "wanted" project. The Interstate System is a project which is clearly "needed" from a travel demand standpoint, but it is not "wanted" by the local citizens as well, if it is not provided. In recent years several proposed projects have been removed from the Interstate System for those reasons.

Section III, 6th paragraph (p. 6)

(7) of the ... III of 1998

This in turn leads to the question of choosing between expenditures for highways and for other needs. Under ordinary circumstances, allocation of public resources for a given program is fully reviewed each year, and the amount to be allocated is determined on the basis of return and of competing needs. This is not the case, however, with respect to Federal highway funds. The decision made fourteen years ago that billions of dollars were to be set aside for the construction of highways has fore-stalled periodic review of the utility of these expenditures, and of their worth relative to competing social needs.

This paragraph implies that there is no review of the continuing need for a Federal-aid highway program, because of the Trust Fund financing arrangement.

This is wholly untrue. Every two years the Congress reviews the need for additional highway funds, through a series of hearings held by the Public Works Committees of both Houses. The opportunity for terminating the Highway Trust Fund by congressional action is also available. Each time the Federal-aid authorization bill has been enacted, the proposal to continue the Federal-aid highway program has been approved unanimously or nearly so. Few programs have had such solid and continuing support in the Congress. This indicates the general public awareness of the continuing need for improved highways.

I ... III ...

Section III - 7th paragraph (p. 7)

The Department of Transportation is divided into different operating agencies which administer the various transportation programs. The Federal Highway Administration administers the highway program.

The Federal Highway Administration is not the case however, with respect to Federal highway funds. It has received over a billion dollars in the past few years and has been able to provide a fair distribution of these expenditures to the States. The Department of Transportation is not the case however, with respect to Federal highway funds. It has received over a billion dollars in the past few years and has been able to provide a fair distribution of these expenditures to the States.

This paragraph implies that there is no review of the continuing which are the operating elements. At the Secretarial level, DOT is not the case however, with respect to Federal highway funds. It has received over a billion dollars in the past few years and has been able to provide a fair distribution of these expenditures to the States.

The Department of Transportation is not divided into different operating agencies and functions, but a single coordinated entity. Each time the Federal aid authorization bill has been enacted, the proposal for continuing the Federal aid highway program has been approved unanimously or nearly so. Few programs have had such who reports to the President as a level officer.

Section III 7th paragraph (p. 7) The Federal Highway Administration is divided into three organizational layers: 1) The Washington office of the FHWA 2) the regional office (the Region II office is located in Baltimore) and 3) the Bureau of Public Roads Division office.

In the same vein, the above description is not fair to the Federal Highway Administration and fails to give the reader an accurate description of that organization. The principal characteristic of the FHWA is the substantial delegation of authority to Regional

11/ See Peter Drucker's book, The Age of Discontinuity, Chapter 10.

Administrators and Division Engineers in each State. A program of

the size of the Federal-aid highway program could not be effectively administered without a close working relationship with the States. The essential nature of the program is a State-Federal partnership and some 8,000 to 9,000 projects are submitted by the States annually to the FHWA for approval.

The bottleneck in Washington that other Federal agencies have been criticized for, Regional Administrators and Division Engineers have been delegated substantial authority. Therefore, the FHWA is one of the leaders in the implementation of the concept of decentralization which is a national goal of the present administration. The "Revised National Highway Program" is a continuation of the FHWA's efforts to simplify Federal assistance to the States and to avoid the kind of

Appendix G shows that each State under the guidance of the Bureau of Public Roads is primarily responsible for drawing up the specific plans for the interstate highways within their boundaries. However, each project must be submitted to the Department of Transportation for approval before funds are granted.

We do not take issue with this statement except that it is incomplete. It should be borne in mind that the States and the States alone initiate projects, and all the highways, including the Interstate System are owned, operated and maintained by the States.

See Statement of the President on Restructuring of Government Service Systems, March 27, 1961.

In connection with the Highway Needs Report, the Department of Transportation in connection with the 1970 Highway Needs Report will also consider the needs for Federal-aid to urban public transit, airports

Section III 10th paragraph (p. 7)

Highway money is allocated to the States according to a formula established by the Highway Act. Because a State is assured of this money, and because the Federal Government will pay 90 percent of the cost of a highway that is part of the Interstate System, a State has little incentive not to build as many miles of highway as the available funds will finance. The State highway department therefore may start with the question not whether, but where, to build.

The implication of this paragraph is that there is not a reasonable connection between the apportionment formula in Section 104 of Title 23 and the Nation's needs for highways. It is erroneously asserted that the State is assured of this money and has little incentive not to build as many miles of highways as the available money is financed. The "Revised Estimate of the Cost of Completing the National System of Interstate and Defense Highways," a copy of which is attached as Appendix C, shows that each State under the guidance of the Bureau of Public Roads of the FHWA participated in the preparation of an individual needs report consisting of maps showing the location of Interstate routes in that State, plates showing the engineering features and tables listing the design criteria, route, and section mileages, and estimated cost of each segment of the program down into major elements of construction. This was required and done in five separate reports submitted in 1958, 1961, 1965, 1968 and 1970. This procedure which insures that there will be a realistic apportionment of funds related to actual needs is required by Section 104(b)(5) of Title 23.

In connection with the Highway Needs Report, the Department of Transportation in connection with the 1970 Highway Needs Report will also consider the needs for Federal-aid to urban public transit, airports

and other terminals. "Regional Transportation Planning Manual 1970-1990, Manual A, General Instructions," copy of which is

attached as Appendix H, provides the instructions pursuant to which the concerned Federal agencies and States will provide the data

necessary to plan the Nation's transportation needs to the year 1990.

Section 1651 of Title 49, Department of Transportation Act 1651(b)(1),

provides that it is the responsibility of the Department of Transportation to facilitate the improvement of a coordinated transportation service.

The above-cited Manual A will facilitate the Department's objective

of providing a balanced transportation service by requiring that the

needs for all modes be studied and developed simultaneously. Thus,

the inference that the decision to spend money on highways is a one-

sidled not seriously considered matter is inaccurate and unfair.

Highway transportation is the dominant mode today and will

continue to be the dominant mode into the foreseeable future. There-

fore, it is neither illogical nor unjust for a major portion of Federal-

aid to transportation to be spent on highways.

Section III - 11th paragraph (p. 8)

Because the Trust Fund provides highway money automatically, without the need for appropriations by Congress, the Federal Highway Administration has similarly little incentive to limit the amount of highway construction that takes place.

This statement, which is completely erroneous, cites Helen Leavitt's book "Superhighway-Super Hoax", Chapter 3, as authority. Herein is revealed a basic error by the author of the Staff Report, i.e., almost complete reliance upon one admittedly biased source.

According to the publisher's jacket, the author of "Superhighway-Super Hoax" is a freelance writer who became personally involved in a highway location dispute in the District of Columbia. She is described as a prime mover in the lawsuit that stopped District freeway construction in 1968, and as an active member of the local Democratic party in the District of Columbia. "Superhighway-Super Hoax" is a diatribe against the Federal-aid highway program and nowhere within its covers can be found a favorable statement about the Federal-aid highway program. Even a cursory reading of the book makes it obvious that it is not an attempt at scholarship or a reasoned analysis of the facts. That highways handled 98% of all person trips in urban areas of more than 50,000 population and 97% of all person miles of travel are by highway vehicle, and that virtually all movement of goods within urban areas is by truck and that of some 1,850 billion ton miles of goods movement in 1968; 430 billion or about 23% were by truck, and that highway transportation at the 1968 level of \$142 billion accounted for 83% of all transportation costs in the United States and 16% of the Gross National Product has failed to penetrate the consciousness of the author. The significance of these statistics is, of course, that highway transportation is completely erroneous, and society to continue with the present standards of livability. This statement, which is completely erroneous, is reproduced in Leavitt's book "Superhighway-Super Hoax", Chapter 3, as authority. Herein is revealed a basic error by the author of the Staff Report, i.e., almost complete reliance upon one admittedly biased source.

services requires a mass distribution system and, of course, a large population distributed over a Nation as large as ours is critically dependent upon a transportation system.

The author of the Staff Report's almost complete reliance on Leavitt's book shows very sloppy, if not feeble, scholarship. The sentence quoted above from the Staff Report which cites as its authority the Leavitt book is of course completely erroneous. First, highway trust funds are not provided automatically and, secondly, they are not provided without the need for appropriations by Congress. We have already pointed out the manner in which Trust Funds are biennially authorized and annually appropriated by Congress as required by the Constitution and the laws of the United States.^{13/} To use such an erroneous statement as a premise for the conclusion that the FHWA has little incentive to limit the amount of highway construction that takes place is the only possible result that could be reached from relying on a biased source such as Leavitt's book, i.e., the author's source dictated his conclusions.

Federal participation in Federal-aid highway projects is a matter that is most carefully regulated and controlled. The Federal Highway Administration has made numerous regulatory issuances which provide guidance and circumscribe and limit the manner in which Federal funds shall be spent by the States. See Appendix I.

^{13/} Section 209(f), Title 2, Fed
399, states "amounts in the T
appropriation acts . . ." Al:

Highway Act of 1956. 70 Stat.
and shall be available by
footnote supra.

IV. Social Policy and the Planning and Location of Interstate Highways
(pps. 8-11)

The report is incorrect and manifestly unfair to the States and the Federal Highway Administration in alledging that there "is a serious question whether the social effects of highways, for example their impact on the future patterns of employment and residence in a metropolitan area, are given meaningful consideration in the planning and location of a Federal highway project."

The social effects of highway planning and location are given great weight and consideration. The rules and poliicies promulgated by the Federal Highway Administration clearly and unequivocally require the State highway departments to consider a wide range of factors in determining the location of a Federal-aid highway to assure that the location and the design of the highway are consistent with local, State and Federal goals and objectives. For example, note the public hearing requirements and specifications contained in paragraphs 4, 6, 9 and 10 of PPM 20-8, Appendix J.

Attention is also directed to paragraph 3b 6f PPM 20-8 which permits Federal participation in construction costs only where preliminary engineering and/or rights-of-way acquisition were accomplished in accordance with Federal-aid requirements even though Federal funds did not participate in the costs incurred. In other words, the

States cannot escape Federal public hearing and location requirements by designing the highway and acquiring the right-of-way with its own funds and then request Federal participation in the costs of construction.

The report fails to mention the important and far reaching requirements of Section 204 of Public Law 89-754, the Demonstration Cities and Metropolitan Development Act of 1966 which requires the States, after June 30, 1967, to submit all applications for the planning or construction of a Federal-aid highway project (and other federally assisted projects) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used or the project constructed.

The application for Federal-aid when submitted to the Federal agency shall, with certain exceptions, be accompanied by the comments and recommendations of the areawide agency and a statement of the applicant that such comments and recommendations have been considered prior to formal submission of the application.

The report also neglects to discuss the provisions of Title IV of Public Law 90-577, the Intergovernmental Cooperation Act of 1968, which requires extensive coordination of federally assisted programs between significantly affected Federal agencies and coordinated with, and to the extent authorized by law, made part of the comprehensive local and areawide development planning. Section 401(c) of the Act specifically commands that "Consideration shall be given to all developmental aspects of our total national community, including but not limited to housing, transportation, economic develop-

ment, natural and human resources development, community facilities and the general improvement of living environments."

In view of these positive actions which are required to be taken before approval of a Federal-aid highway project can be obtained, it is most difficult to understand the statement made on page 10 of the report "...that the review of applications seems to be made principally with an eye to transportation - related issues, i.e., review of division engineers in the Planning and Program Office and officials in the fiscal office."

The procedures implementing Section 204 of Public Law 89-754 and Title IV of Public Law 90-577 are contained in IM 50-1-70, issued January 12, 1970, a copy of which is enclosed hereto as Appendix The outline provided to this memorandum Exhibit 1, will indicate the process that is undertaken, before the State submits a request to the division engineer for location or design approval.

The report also erroneously indicates that the division engineer is in the Planning and Program Office. In each State, the District of Columbia and the Commonwealth of Puerto Rico, the Federal Highway Administration maintains an office in close association with the State agency responsible for the State's highway program. These offices are under the control and supervision of a division engineer.

Also, where the State proposes a project in an urban area of over 50,000 population, the division engineer may grant approval of the project in accordance with the provisions of IM 50-2-65. Applications received from the State are not forwarded to the Washington office for review except under the circumstances described in paragraph B5.

V. Application of Civil Rights Requirements

The following material is presented to clarify, supplement and where necessary correct and rebut the statements on pages 12 through 14 of the Staff Report.

The Staff Report notes that the DOT Title VI regulations prohibit the design and location of highways in such a manner as to require the relocation of any persons on the basis of race, color, or national origin. The Report also notes that the regulations offer no explanation, criteria, or guidelines to help a State determine whether a particular project will be in compliance.

The subject regulations establish relatively general guidelines for the entire Title VI program applicable to all administrations within the Department. Each administration exercises its own discretion for obtaining compliance. The FHWA has successfully relied on two primary means of accomplishing this end.

In January, 1969, the FHWA instituted a procedure for the conduct of two public hearings in connection with each Federal-aid highway project to assure adequate consideration of all major influences upon highway design and location. Among the influences considered are (1) residential and neighborhood character and location, (2) religious institutions and practices, (3) replacement housing, (4) educational facilities, and (5) displacement of families and businesses. The public hearings afford a full opportunity for presenting views on

major highway design features including the social, economic, environmental, and other effects of alternate designs.

An investigation procedure, formerly administered by the FHWA and now centralized in DOT, assures the efficient and timely processing of Title VI design and location problems. On several occasions the investigation procedure has demonstrated that a proposed highway location or design, while not denying any person the access and use of the highway, would unfavorably disrupt established neighborhood patterns and minority business centers. On each occasion, the Federal-aid project was deferred until either an acceptable re-design could be developed or some other appropriate resolution of the problem reached.

Both the two hearing requirement and the investigation procedure have greatly assisted the FHWA and the State highway departments in becoming more aware of, and responding to, the elements of highway design and location which affect a community from a racial or national origin viewpoint. Without the experience which is now being acquired by both the Federal and State agencies in this area, we would seriously doubt the practical value of any "explanations, criteria, or guidelines" which could presently be developed for inclusion in the DOT regulations.

VI. Highway Construction in Baltimore County (pp 14-15)

At the request of the Assistant General Counsel of the United States Commission on Civil Rights, a listing of Federal funds was submitted by the FHWA Regional Administrator which he was able to identify as pertaining to road projects in Baltimore County, but, in so identifying them, perhaps the impression was created that these funds went to the Baltimore County government.

While it is true that the Federal Highway Administration has allocated to the State of Maryland "millions of dollars" over the last few years which have been used by the Maryland State Roads Commission for the construction of highways in Baltimore County, it is important to understand that this money was not paid by the Federal Highway Administration to Baltimore County. Rather, under title 23, U.S.C., the Federal Highway Administration has participated with Federal funds in Maryland road projects, some of which projects are ~~not~~ⁱⁿ Baltimore County. This distinction is considered necessary for the sake of clarity. Actually, during the period which was the subject of the Assistant General Counsel's inquiry (1968-1971), some funds allocated to the State of Maryland were issued by the Maryland State Roads Commission to reimburse Baltimore County for some construction on some secondary roads owned by Baltimore County but this sum only amounted to a relatively insignificant amount.

Exhibit No. 25

Essex Community College is located in Eastern Baltimore County - It is the only two year school in the area (one is planned to set up in Dundalk in 1971 but is much smaller)

The cost is \$112 per semester lowest in County

Problem: if you live in Dundalk which is approx. about 8 miles ^{away} and you need to take a bus you must do one or the other

- 1) Catch a # 20 bus into the city and then walk 8 blocks for the # 35 ~~2~~
- 2) Catch # 20 then # 23, then # 35

~~The~~ In all cases it takes at least two hours for one way

Many blacks in Turners Station can not afford cars and the transportation system is abused. Essex Community College has a very low percentage of blacks even though its administration has tried to work out the problems

Mike Gulizzo
2603 Gray Manors Terrace
Baltimore, Md.
21222

Exhibit No. 26

AUG 14 1970

2CF

Mr. George E. Gavrolis
Director, Baltimore County
Office of Planning & Zoning
111 West Chesapeake Avenue
Towson, Maryland 21284

Dear Mr. Gavrolis:

Thank you for your letter of May 22, 1970, which summarized the comments made by Baltimore County at the May meeting in our office.

While we find this information helpful, some of the responses to our questions with regard to the Eastern Area Park and the local planning process still require clarification. We ask, below, that certain of these questions be answered before we recommend removal of the Md. OS4-60 requisition condition and that you respond to the others before planning findings are made for any additional Metropolitan Development projects applied for by the County.

We address ourselves first to aspects of the local planning process. As you are aware, we must make a determination as to the adequacy of the local planning process and specifically whether that process provides us with sufficient basis for making findings relating to project consistency. We have sought over the past couple of years through information requests and discussions to better understand the County planning process. However, a number of questions remain to be answered.

It is not clear to us what techniques were used in the County planning process to analyze the behavioral characteristics of the population (people's actions that are in conformity to the required standards and values of the community, e.g. patterns of activity established in response to standards of education, standards of home ownership and maintenance, standards of success and failure), how the needs implied by these characteristics were assessed and what activities have been programmed to meet specified needs. We are also concerned that the local process reflect the relevant aspects of the regional planning process. The interrelationship of these two levels of planning, particularly the social components (e.g. those issues that cannot be directly defined in terms of physical structures but establish the

constraints that ultimately shape the physical environment, i.e. juvenile delinquency and juvenile responsibility, racial prejudice and racial harmony, sound and unsound health in the community, loneliness and socializing, narcotics control or lack of control) is not explicit enough to aid in HUD's evaluation of funding requests for specific projects.

In order for the County planning process to be an effective guide to decision-making, the plan must: 1) set forth an analysis of County and county-related problems to be addressed in the planning process and provide a mechanism for ongoing evaluation of these problems; 2) it must present a statement of objectives and a system for setting priorities to achieve these objectives. The Plan should discuss the planning methodology used to establish priorities in light of the complex variables, conflicting objectives and scarce resources that confront the County; 3) the process must incorporate procedures which afford all County residents, and especially low-income and minority groups, the opportunity to actually participate in the preparation, implementation and revision of the plans; 4) the process must reflect at all stages the regional context within which it functions; 5) it must provide a basis for establishing development controls; 6) it must be legally adopted by appropriate government bodies; and 7) the process must be clearly expressed as a continuous function of problem definition and solution.

In light of these considerations, we raise the following issues for your response:

1. We do not have a statement of specific County problems to be addressed in the planning process. Those discussed in the Guide plan are the general condition of counties facing metropolitan development. However, the County should submit a detailed discussion of social problems, indicating the magnitude and nature of these issues. The problems should reflect the regional situation as it impacts on the County as well as those problems that can be said to be confined within County boundaries.

2. The stated goals for the County planning process are so general that it would be impossible to establish objectives or priorities based on them in any decision involving conflicts. How would the County decide whether a decision should be made which might "guarantee green space" in one area but not contribute to guaranteeing economic stability? How would the County resolve a conflict in which the contribution to economic stability might undermine the preservation of open space? The oversimplification of the goals statement prevents our understanding of how the complex and diverse needs of the County's populace are to be considered in any single decision or how the County analyzes the impact of a decision and what process will the County use to make objectives more precise and project the likelihood of implementation? How will it anticipate and resolve conflicts and inconsistencies among objectives?

3. What specific efforts have been made to include members of low-income and minority groups in the process of plan preparation, implementation and revision? Particularly, how have agencies and groups representative of low-income and minority people been involved in zoning and subdivision regulation decisions?

How effective have these efforts been? Please illustrate.

How does the County intend to make these efforts more effective in the future?

4. (See below)

5. What is the status of revised zoning and subdivision regulations? Will these regulations reinforce the principles set forth in the Guide plan? Please relate these regulations to the problem statement requested above indicating how they are expected to ameliorate or solve the problems.

6. What is the projected date for the official adoption of the Guide plan and sector plans by the County Planning Board? Is adoption by the County Council required? If so, when is this likely to occur? We request that the sector plans and supporting documentation be submitted to this office as they are prepared.

4 & 7. Baltimore County should submit a work program covering 3 years which will indicate the planning activities to be undertaken and the fiscal and staff resources to be allocated to these activities. A preface to the work program should be included which discusses the specific relationships between the goals and objectives of the Regional Planning Council as articulated in its overall program design and the goals and objectives of Baltimore County's planning program.

With regard to the Eastern Area Park project, we feel that your letter raises a number of difficulties that prevent a definite resolution of the access problem. However, we wish to call the following to your attention:

1. The Park will eventually serve a newly established community slated for development near the Park boundaries.

2. The Park, upon development, will serve a substantial number of low-income persons in the immediate vicinity and could be of benefit to low-income persons throughout the Eastern area, other parts of Baltimore County, and the entire Baltimore Region.

3. Citizen participation is a major part of any adequate planning process, including the implementation stage. At our recent meeting with you in my office it was stated that the "guts" of citizen participation comes at the development of the specific recreation sites.

In light of these facts, we ask that you prepare a statement providing us with certain information concerning the process to be followed in developing the Eastern Area Park. Specifically, the statement should address the following aspects of the process:

1. Identification of the characteristics and needs of the population that the park will serve over time (i.e. the residents of the immediate vicinity, the community proposed for future development on the peninsula).
2. A discussion of how a representative sample of these citizens would be involved in the planning for the development stages of the Park.
3. In conjunction with the Regional Planning Council, a discussion of short and long-range alternative solutions to the access problem locally and/or regionally. This discussion should include the population without cars that could be served if public transportation were available.

We trust that you will give these matters your immediate attention. If we can provide further clarification, please contact us.

Sincerely,

Samuel H. Hawthorn
Assistant Regional Administrator
for Program Coordination and Services

Copies to:

Mr. Frederick Danberry, County Development Coordinator
Mr. Hubert Snyder, Department of Parks and Recreation
Mr. Robert Young, Regional Planning Commission

cc:

2C Hawthorn 816

2CP Henson 829

2CP Hobbs 820

2M Parker 884

2CP Tutman 820

MFS Rogers 7234

2CP Planning 820

Reg. File

Chron

2CP:Henson/Hobbs:sfs:8/12/70 2625

ALTIMORE COUNTY OFFICE OF PLANNING AND ZONING

County
 CITY OFFICE BUILDING
 W. CHEESECAKE AVE.
 BALTIMORE, MD. 21204
 30000

May 22, 1970

ROBERT E. GAVRELIS
 CITY
 Mayor
 D. Hardesty
 COMMISSIONER
 of Planning

Mr. Samuel H. Hawthorn
 Assistant Regional Administrator for Program
 Coordination & Services
 Department of Housing and Urban Development
 Region II
 Curtis Building
 6th and Walnut Streets
 Philadelphia, Pennsylvania 19106

Dear Mr. Hawthorn:

This letter is a follow-up to the meeting held in your office between representatives of your staff and of Baltimore County and the Regional Planning Council. First of all, let me express my appreciation for extending to us in Baltimore County the opportunity for face to face discussion on and clarification of a series of issues relating to our proposed Eastern Area Park. We found the discussion to be helpful.

I have reviewed materials prepared by this office in conjunction with our application for the Eastern Area Park. Nowhere do I find that we in Planning stated that the Park facility would serve "community functions". All of our justification deals with service on an area or "town" level. Our letter of September 2, 1969 to Mr. Hubert Snyder, Director of Recreation and Parks, did mention that the Guideplan included the Eastern Area Park on it and that the Guideplan was showing town and community parks. Frankly, we were somewhat taken aback at our meeting with you when a community function was assigned to the Park by your staff.

The Eastern Area Park will offer some measure of service to close-by residents. Obviously, its waterfront orientation will serve a much larger area and a wider range of recreational opportunities than are possible in our more localized facilities at the neighborhood or community level. The service area of the Park in its broadest aspect has been well documented by the Regional Planning Council in their reply to you dated April 17, 1970. Additional comment is not required on this aspect of the Park's service.

Our meeting did indicate that the Eastern Area Park does serve an area on the Back River Neck Peninsula within which minority and low income groups reside. For certain kinds of waterfront or water related recreation opportunities, the Eastern Area Park can and will meet the needs of the people residing on Back River Neck Peninsula - the area shown on the Guideplan as the Essex Town Area. Other facilities exist or will be provided in the Essex Town Area on a walk-to basis to meet the needs for recreational opportunities close to home. These are shown on an accompanying draft of the Sector Plan for this area and ought to respond to your questions relative to how Baltimore County does provide recreational facilities for all of its people. In planning these facilities, we try not to think of race or income but, rather, what are the needs for play space and parks in a given area. The plans themselves, in the words of Hubert Snyder, attempt to concentrate on the things which unite people rather than on those which divide people.

I am transmitting two maps from our Population Characteristics Atlas which is based on the 1960 census. Please note that the Back River Neck Peninsula (the Eastern Town Area) was one of two in the County in 1960 which had census tracts with more than 20% of its families with incomes under \$3,000 (see Figure 15). Please note also that the Eastern Area had census tracts which had more than 10% of the population in a non-white category (see Figure 12). The needs of low-income or minority racial groups are being met by our Park and Recreation proposal on both a neighborhood and an area basis. Again see the Sector Plan proposals relative to school recreation centers or parks and compare them with Figures 12 and 15.

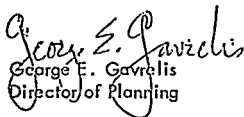
The remaining issue requiring comment seems to be transportation and how low income or minority groups would get to the Eastern Area Park. Please refer to the Guideplan which shows a future mass transit system, one leg of which extends from the city to the center of Essex. Such a mass transit system would require a fairly complex and efficient surface bus system providing transit linkages between places of residence and mass transit lines themselves. In the long run, one could expect a connecting bus system running the length of the Back River Neck Peninsula to the Essex mass transit line. When implemented, this would provide service not only for people on the Back River Neck Peninsula to the Park, it would also provide linkages from other areas, including Baltimore City, to the Park. Mr. Snyder assures me that group use of our parks has been made possible by the use of school bus companies, who can, and do, provide transportation to our park facilities at a reasonable fee. Beyond these possibilities for transit, the answers must await a regional determination and interaction by our Metropolitan Transit Authority in determining the economics of and the routes for a regional surface transit system. I can make no commitments beyond those mentioned above.

Mr. Samuel H. Hawthorn - Page 3

May 22, 1970

I hope that this letter now clarifies and provides answers to the questions raised by the Planning Staff at your meeting. Please advise me if any additional information is required.

Sincerely yours,






George E. Gavrelis
Director of Planning

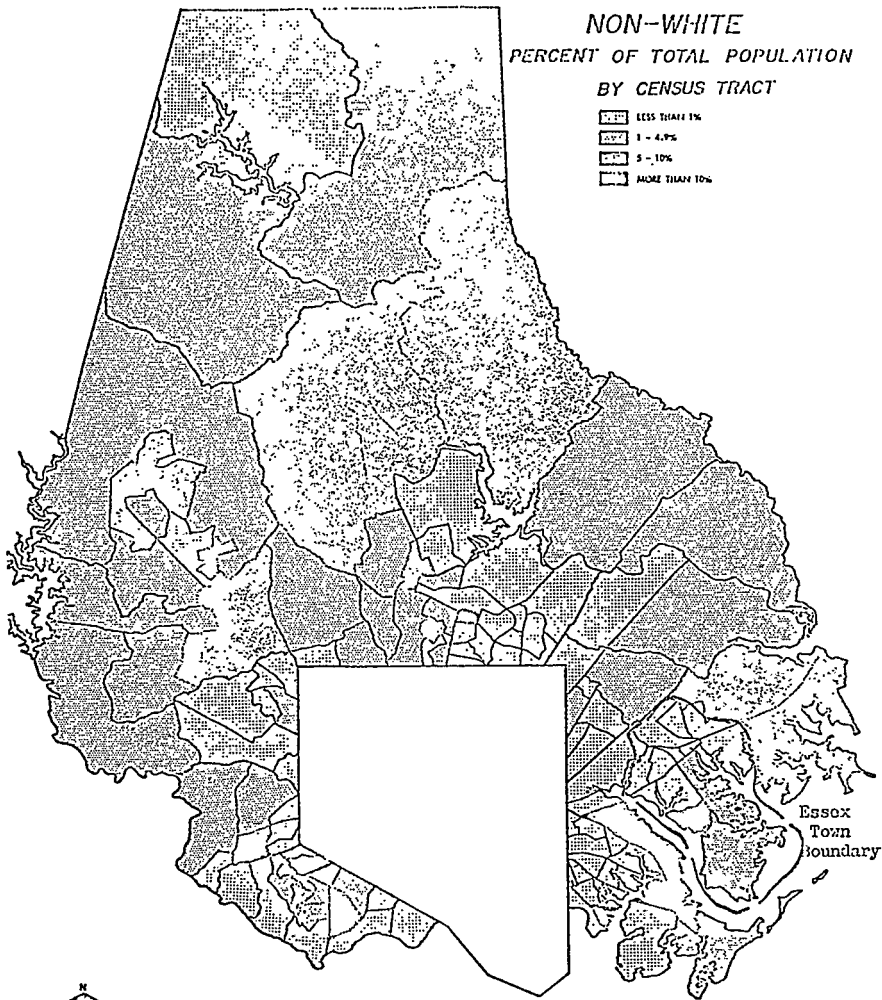
GEG:msh

enclosures

cc: Mr. Frederick Dewberry
Mr. Hubert Snyder,
Mr. Robert Young

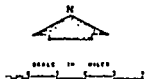
**NON-WHITE
PERCENT OF TOTAL POPULATION
BY CENSUS TRACT**

-  LESS THAN 1%
-  1 - 4.9%
-  5 - 10%
-  MORE THAN 10%







Essex
Town
boundary

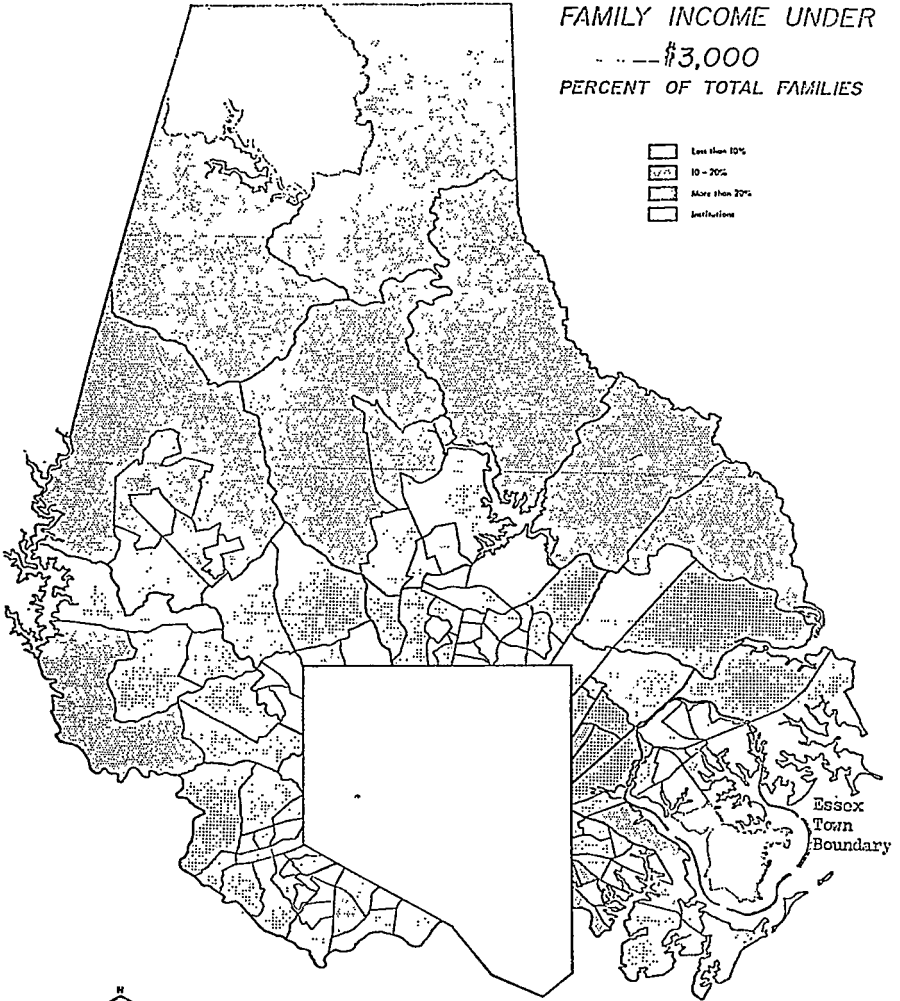
SOURCE: 1960 U. S. CENSUS OF POPULATION



BALTIMORE COUNTY OFFICE OF PLANNING AND ZONING

FAMILY INCOME UNDER
 ---\$3,000
 PERCENT OF TOTAL FAMILIES

-  Less than 10%
-  10 - 20%
-  More than 20%
-  Institutions



SOURCE: 1970 U. S. CENSUS OF POPULATION

BALTIMORE COUNTY OFFICE OF PLANNING AND ZONING

Exhibit No. 27

UNITED STATES COMMISSION ON CIVIL RIGHTS

STAFF REPORT

NEW TOWNS

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I. ELEMENTS AND FUNCTION OF A NEW TOWN

A. Definition of Goals of New Towns

"New community" means any large scale planned development that mingles different types of uses -- residential, commercial, industrial, and recreational. Strictly speaking, a "new town" is a new community which, because of its size and diversity, has achieved a high degree of self-sufficiency. The difference between "new towns" and less self-sufficient new communities is one of degree, and the two terms are at times used interchangeably in this paper.

Although the new town concept had its origins in the utopian philosophies of the 18th century and earlier, most commentators trace its modern day origin to the English dissatisfaction with the industrial cities of the 19th century. The "garden city" concept developed in that period had as its basic tenet that urban problems are insoluble within the framework of the metropolis. Ebenezer Howard, an author and originator, first expounded his theory in 1898. Howard's original concept was basically for an inner residential area of 1,000 acres, with a population of 30,000, surrounded by a belt of farms. The farm area would have a population of 2,000 on approximately 5,000 acres of land. Howard's plans were sketchy, but they

did provide for industrial and commercial development for the residential areas, and were based on the theory that the urban and rural areas should be interdependent.^{1/} The development of Letchworth and Welwyn in 1909 were the first application of Howard's thesis.^{2/}

Since that time, the English Government has played an active role in the planning and construction of new towns, seeking balanced development of different types of new towns. This has been characteristic of the experience of many Western European countries as well.^{3/}

In the United States, the Government has not been involved extensively in the development of new communities, except for the construction of special purpose communities such as Boulder City, Nevada or Los Alamos, New Mexico, built in connection with atomic energy and hydroelectric installations. In part, for this reason the United States generally has seen the planning and construction of less self-sufficient new communities, rather than of new towns.^{4/}

1/ William Peterson, The Ideological Origins of Britain's New Towns, 34 American Institute of Planners Journal 160-161 (1968).

2/ Id. at 161.

3/ John Garvey, Jr., What Can Europe Teach Us About Growth?, 7 Nation's Cities 13-18, 31 (1969). [Hereinafter cited as Garvey].

4/ Edward P. Eichler and Marshall Kaplan, The Community Builders 24 (1967). [Hereinafter cited as Eichler].

The English and the United States' experience, however, appear to reflect substantially similar planning ideals, such as the following:^{5/}

Multipurpose development. The new town should have an overall plan of development which includes provision for industrial, business, and residential development on a balanced scheme. The industrial development should not be keyed to one industry or to a certain type of industry, but rather should be diversified. Diversification of industry will help to provide a broader tax base and also attract a wider variety of residents.

A proper mix of different income housing. New towns should provide low- and moderate-income housing as well as high-income housing, with due regard for the need to have a sufficient tax base to support the services which are necessary to a community.^{6/} Care also should be taken that the low-income housing is of good quality.^{7/}

^{5/} The enumeration of goals is a synthesis of the objectives enumerated by different authors. See Gladstone, New Towns Roles in Urban Growth Explored, 23 Journal of Housing 29, 30-33 (1966) [Hereinafter cited as Gladstone/]; and Advisory Commission on Intergovernmental Relations, Urban and Rural America: Policies for Future Growth 63-64 (1968). [Hereinafter cited as Urban and Rural America/].

^{6/} Id. at 30.

^{7/} Mayer, Greenbelt Towns Revisited, 24 The Journal of Housing 151, 152 (1967). [Hereinafter cited as Greenbelt Towns Revisited/].

Respect for the natural topography of the area. This concept was originally enunciated in the Radburn plan;^{8/} basically it seeks to use the natural character of the land to enhance the aesthetic value of the community.

Attraction of industry and business. An essential part of being a whole community is the presence of industry and commercial enterprises to furnish employment and services to the citizens of the community.^{9/} There should be a balance of blue-and-white collar jobs. There also should be a sufficient number of shopping establishments to meet the community's needs.

Sufficient size. The new town should be of sufficient size to be a viable community, but not so large as to produce the problems endemic to large cities.^{10/}

^{8/} "The concept, developed [in the design of Radburn, New Jersey] by Clarence S. Stein and Henry Wright in 1929 introduced the superblock unpierced by through-traffic; complete separation of pedestrian and motor car, the internal social recreational park on land gained by the cluster principle." National Committee on Urban Growth Policy, The New City 98 (D. Canty ed. 1969) [Hereinafter cited as The New City].

^{9/} Greenbelt Towns Revisited, supra note 7, at 151,156.

^{10/} Urban and Rural America, supra note 5, at 64.

B. The Need for New Towns.

Seventy percent of the Nation's approximately 200 million population is concentrated in urban areas. ^{11/} The population is growing at a pace never before experienced, and, if present patterns continue, most of the population growth -- 80 percent of it -- will occur inside metropolitan areas. The central city population will grow only about 13 percent by 1985, while the suburban rings will grow by 106 percent. That is, 89 percent of the metropolitan growth will be in the suburbs. ^{12/}

In order to meet the United States' housing needs it will be necessary to build at least 2 to 2.25 million housing units a year. The National Commission on Urban Problems has stated that of these needed units

at least 500,000 units a year exclusive of housing for the elderly should house the low and moderate-income families who at present costs and incomes cannot afford to rent or buy decent, safe and sanitary housing. ^{13/}

In order to meet these needs, planning and development on a large scale may be necessary. The following section of this paper will seek to evaluate the potential of the new town as a means of meeting this need.

^{11/} Gladstone, supra note 5, at 31.

^{12/} National Commission on Urban Problems, Building the American City 42 (1968) /Hereinafter cited as Building The American City/.

^{13/} Id. at 180.

II. NEW TOWNS AND NEW COMMUNITIES IN THE UNITED STATES

The company towns which were built mainly between 1830 and 1900 were an outgrowth of the industrial revolution and were built by industrial companies which were more concerned with the needs of the company than with enlightened planning. Two of the more significant examples of company towns were Pullman, Illinois and Kingsport, Tennessee. ^{14/}

When developers entered the community construction field, their intention was to create suburbs completely cut off from the industrial process. The developers felt this would avoid the problems that had beset company towns. Palos Verdes Estate in Los Angeles County, built in 1923, was the most significant of the early real estate communities. ^{15/}

^{14/} Generally, company towns have not been a major element in the American tradition of city planning. However, Kingsport "marked perhaps the greatest advance in planning a company town. Its features include a diverse industrial base, an early planning body utilizing private zoning regulations, and initially a wholly democratic council-manager form of local government operating under a model city charter. However, the physical plan and the generally inadequate permanent zoning restrictions retarded the healthy, balanced development of Kingsport." Urban and Rural America, supra note 5 at 68,69.

^{15/} "Unique planning features and comprehensive protection deed restrictions -- characterized by stability of land-use, separation of residential and business areas, and a continuous planning function -- make these real estate communities significant improvements over the company town idea." Id. at 69.

The garden city movement also caught hold in the United States -- Radburn in New Jersey -- and was characterized by the preservation of open space through interior parks and gardens, and the use of the "superblock" with extensive use of footpaths.^{16/}

The Presidential Executive order^{17/} which in 1935 created the Resettlement Administration, included a provision for greenbelt towns. Greenbelt, Maryland, Greendale, Wisconsin, and Greenhills, Ohio were built by the Federal Government in the latter half of the 1930's in order both to create employment and to help develop techniques of planned urban development.^{18/}

Basically, the Federal Government's goal was to provide modestly priced housing in a planned setting, including a greenbelt area which would surround the developed residential area. The goal was to make the greenbelt towns self-sufficient, with shopping centers, local government, and employment opportunities within the towns.

None of the original greenbelt towns developed into a self-sustained entity, both because the populations were not large enough to support an integrated shopping-entertainment center, and because

^{16/} Id. at 69-71.

^{17/} Exec. Order No. 7027 (April 30, 1935), see S. Rep. No. 312 81st Cong., 1st Sess. 1241 (1949).

^{18/} Greenbelt Towns Revisited, supra note 7' at 12, 20.

the towns were unable to attract industry.^{19/} Moreover, the greenbelt towns were unable to provide housing for low-and-moderate-income people to the extent originally intended. Since there was no mechanism to control the price of property on resale, prices rose progressively. In Greenbelt, Maryland, land prices rose yearly an average of 250 percent or an overall increase of 8000 percent. The greenbelt experience thus suggests that unless there is an effective mechanism to keep price levels down, new towns will not meet the needs of low income families.

The extent of new community development across the country today is difficult to determine. It has been estimated that there are only slightly more than 50 new communities, incorporating significant residential, commercial, and industrial features, in all of the United States.^{20/}

An illustrative listing of 52 new community projects which were underway in 18 States in 1968 is presented in Appendix A.^{21/} There is a wide variety of styles and types in the new communities being constructed across the Nation. Most combine single family houses with garden and high-rise apartments. Shopping centers and industrial parks often are designed around a core of buildings, malls, and walkways, surrounded by parking space. The larger new communities generally

^{19/} Id. at 154, 160. Moreover, the rural-urban integration plan did not survive in any of the towns both because there were inadequate markets for the farmer's goods, and because the rise in land prices and tax assessments made it economically unfeasible to continue farming. Id. at 80-86.

^{20/} Urban and Rural American, supra note 5, at 77.

^{21/} Id. It may be noted that many of the new communities are located in California.

favor the neighborhood and village approach, with residences, schools, and churches grouped around a small commercial and activity center; this facilitates efficient and economic development by stages.^{22/} The two new towns in the Washington area are Columbia, Maryland and Reston, Virginia.

Columbia, Maryland. The Rouse Company is building Columbia, Maryland on approximately 15,000 acres in the corridor between Baltimore and Washington. The projected population of 110,000 to be attained by 1980, will be housed in a wide variety of apartments and homes. Rents will vary from about \$120 to approximately \$335 per month; home prices will range from approximately \$18,000 to over \$60,000. There are 4,900 acres reserved for industrial and commercial uses and industrial parks, 500 acres reserved for commercial and office use, and 5,200 acres reserved for permanent open space, lake, and parks. There are approximately 7,400 acres reserved for residential sites.

The planning of Columbia is being done on a continuous basis,^{23/} with attention being given to experience as the community develops. Basic to planning at Columbia is the "concept of housing cluster, neighborhood, village and town as a system of overlapping communities."^{24/}

^{22/} Urban and Rural America, supra note 5, at 77.

^{23/} Hoppenfeld, A Sketch of the Planning-Building Process for Columbia, Maryland, 33 American Institute Planning Journal 402-403 /Hereinafter cited as Hoppenfeld/.

^{24/} Id. at 406.

Basically, each neighborhood center consists of an elementary school supplemented by a day care center, a small store, and a multi-purpose meeting room. In addition there is a swimming pool, park and playground areas. Village centers, each with a secondary school as its hub, will be formed by the clustering of several neighborhood centers. These village centers will range in population from 10,000 to 15,000. The third level in the plan of community overlap is the town center of Columbia itself.^{25/}

One of the objectives which the planners of Columbia considered important was that there be a balance of housing types; that there be an economically and racially balanced community.

The Columbia Interfaith Housing Corporation is to build 300 new homes for low-to middle-income people, using \$4.4 million in Federal aid.^{26/} Ninety-nine of the 300 units have been completed, and the rest are under construction. The families living in the housing have incomes ranging from \$6,000 to \$8,000. There is an income limit of \$10,000 for a family of seven or more people.^{27/} Blacks comprise about 20 to 25 percent of the residents in this housing.^{28/} The Rouse Company also is planning to build housing

^{25/} Id. at 406-408.

^{26/} The Evening Sun (Baltimore) March 27, 1970 at C4, Col. 1.

^{27/} Rents in the houses now being built are to be \$98 a month for one bedroom, \$115 a month for two bedrooms, \$129.25 a month for three bedrooms, and \$148 a month for four bedroom town houses; the rent includes all utilities. Id.

^{28/} Id.

subsidized under the "Section 235"^{29/} program. The Section 235 units, unlike the housing described above, will not be concentrated in certain areas, but will be interspersed with the other housing in the community.

The reaction of Columbia residents reportedly has been favorable to the open occupancy policy of the Rouse Company and to the construction of low-and moderate-income housing though it is reported that there has been opposition in surrounding Howard County.^{30/}

At the present time there are 33 industries in Columbia, employing 4,500 persons. Commercial establishments employ an additional 3,800 persons. The location of industry and commercial establishments in Columbia is said to be approximately 3 years ahead of the projected pace.^{31/} General Electric Company is building a \$250 million manufacturing and distributing center on 1,100 acres in Columbia, which will have up to 12,000 employees when it is completed in the late 1970's.^{32/} While the original master plan called for 60,000 jobs in Columbia, the addition of the General Electric plant has caused the projected employment figures to be adjusted upwards

^{29/} This is a Federal program intended to enable low-or-moderate-income families to purchase a home. The Federal Government makes monthly payments to the mortgagee to reduce interest costs to as low as one percent. Housing and Urban Development Act 12 U.S.C.A. § 1715 z(c), (2). (1968).

^{30/} Interview with Ray Bird, President, Interfaith Housing Corp., in Baltimore, Maryland, May 14, 1970.

^{31/} Interview with John Shallcross, Director, Industrial Relations and Manpower Development. The Rouse Company, in Columbia, Maryland, Apr. 30, 1970. /Hereinafter cited as Shallcross/.

^{32/} A City Growing Alongside A Growing City 3 Columbia Today 16, 17-18 (1970).

to 72,000, 42,000 of these to be industrial jobs. The planners anticipate that 60 percent of the jobs will be taken by female ^{33/} workers.

To facilitate transportation within Columbia, the Rouse Company has instituted a mini-bus system to take care of the immediate needs of the Columbia residents. The company is developing a transportation system which will take care of the future transportation needs of the town. ^{34/}

Reston, Virginia. Reston is being built on approximately 7,000 acres in western Fairfax County, Virginia. The initiating developer is Robert E. Simon, Jr.

It is projected that there will be a total of about 24,000 housing units, to be completed in the early 1970's. These will include apartment houses, detached houses, and town houses. One thousand acres were set aside for industrial development, with provision also made for recreational areas, including golf courses and swimming pools. The master plan calls for seven villages, each with a population of 10,000. The residential area will be developed along the cluster development principle, with homes built in clusters that conform to the contours of the land, rather than in the traditional grid pattern. The villages are to be built so that residents will be able to walk to any section of the village, thus reducing the automobile traffic within the town. ^{35/}

^{33/} Shallcross, supra note 31.

^{34/} A Space Age Transit System for A New Town, 84 The American City 160 (1969). The Department of Transportation funded the planning and analysis stage; The Bendix Corporation will do the study and analysis.

^{35/} Eichler, supra note 4, at 79-86; and Milton Viorst, Reston 9 Horizon 35, 37 (1967).

To insure that the community will not change its essential character, restrictions have been put into the deeds of sale which prohibit certain actions by the new owners, e.g., making additions without the approval of an administrative board.

Reston's attempts to attract industry have not been as successful as those of Columbia. Reston has made provision for low cost housing. However, as in Columbia, the majority of the housing will be predominantly higher income housing.

There are two related problems of new town development which warrant special consideration here. These are the financing of new town development, and the need of the new town for industry to provide an adequate economic base.

A. Financing The New Town.

Perhaps the major problem facing new town developers is financing land acquisition, the site development and initial housing, until return on the investment is realized.^{36/}

In the case of Columbia, Maryland, the cost of the approximately 11,640 acres originally purchased was about \$16,900,000. In Reston the cost of 7,180 acres was approximately \$13,600,000.^{37/}

^{36/} Building the American City, supra note 12, at 178.

^{37/} Urban and Rural America, supra note 5, at 87. Other examples: New Orleans East, \$27,680,000 for 32,000 acres; Westlake Village, \$27 million for 11,500 acres; Camarillo Ranch, \$18 million for 4,700 acres.

Other initial costs include planning and market analysis, streets and sidewalks, sewer and water lines, shopping centers, and community centers.^{38/} The cost of land and the initial improvements for

Columbia required the Rouse Company to borrow \$48,500,000. It was 5 years after the original acquisition of land before the first 100 houses in Columbia were sold and the first 262 apartment units available for rent.^{39/}

The New Communities Act of 1968 is in part a response to the problem of financing the new town. The act authorizes the Federal Government to guarantee up to \$50 million of bonds, debentures, or notes issued by a developer in order to secure financing.^{40/} There is no minimum size requirement for the amount of land to be developed, though size is one factor in determining whether the developer will be given a guarantee.^{41/} To be eligible, the developer must have a comprehensive plan which provides for sound land use patterns, and which includes a proper amount of housing for families of low-and moderate-income.^{42/} The developer's plan also must assure that shopping, school, recreational, transportation, and other facilities will be provided adequate to satisfy the needs of the community.^{43/}

^{38/} Id. at 87-88.

^{39/} Id. at 88. The Rouse Corporation borrowed \$23.5 million from the Connecticut General Life Insurance Company in 1963; \$25 million from Chase Manhattan Bank, Teachers Insurance and the Annuity Association of America.

^{40/} 42 U.S.C.A. § 3901 (1968).

^{41/} 42 U.S.C.A. § 3902, 3904 (1968).

^{42/} 42 U.S.C.A. § 3903(4) (1968).

^{43/} 42 U.S.C.A. § 3903(1), (2), (3) (1968).

^{44/} 42 U.S.C.A. § 3903(3)(b) (1968).

Western European countries have attempted to meet the financial problems of new town development by means of governmental participation in construction and planning. This is supplemented by governmental policies which provide for transportation facilities, relocation of new industry in the new community's area, and sharing of revenues between the new community and the central government.^{45/}

An increasingly significant source of new community development capital is the large corporation.

In some cases, corporations enter the field in part as a matter of product sales stimulation. For example, Westinghouse, developing through a subsidiary the new community of Coral Springs, Florida, refers to the community as "an urban living laboratory" for innovation in home products and systems.^{46/}

Simply as part of its program of continuing expansion and diversification, International Telephone and Telegraph Corporation purchased Levitt and Sons, one of the Nation's largest and most successful homebuilders.^{47/} Kaiser Aluminum, seeking to stimulate a market for aluminum products in homebuilding and other urban development, has formed a land development subsidiary, Westwood Properties.^{48/}

^{45/} See Section III, *infra*.

^{46/} *Urban and Rural America*, *supra* note 5, at 80.

^{47/} *Id.*

^{48/} *Id.* at 81.

The Gulf Oil Company, one of the largest investors in the Reston, Virginia New Town, has taken over control of the development through a subsidiary.^{49/}

B. The New Town's Need for Industry.

As suggested above, the economic base of a new town may have a direct effect on its ability to achieve the goals generally set by new town planners and developers.

For example, because the greenbelt communities did not have sufficient tax base to support necessary public services, it was found necessary to abandon some of the originally intended, less economic uses, such as farming.^{50/}

The planners of Columbia have recognized the need to have an adequate tax base and planned that approximately 20 to 25 percent of the land be reserved for industrial development.^{51/}

Sufficient industry also is necessary to provide employment for the residents of the community. Unable to attract industry, the greenbelt communities became very similar to bedroom communities.^{52/}

Nonetheless, even with sufficient employment opportunity, people in the United States often seem to reside some distance from their place of employment. It is clear that there always will be interaction between existing metropolitan areas, near which most new communities in the United States have located.^{53/}

^{49/} Id.

^{50/} Greenbelt Towns Revisited supra note 7, at 22-23.

^{51/} Hoppenfeld, supra note 23, at 399, 408.

^{52/} Greenbelt Towns Revisited, supra note 7, at 151, 156-157.

^{53/} Morris, Prospects for Coexistence, 7 Nation's Cities 39-41 (1969) [Hereinafter cited as Morris].

The planners of Columbia have recognized that one-half of the employees of those industries in Columbia will commute from communities outside of Columbia.^{54/}

It should be noted that such interaction is not confined to the area of employment. A similar need arises with respect to the sharing of certain governmental services,^{55/} to the provision of adequate markets and recreational facilities for the residents of both areas,^{56/} and also to cooperation in the solving of common problems.^{57/}

III. EUROPEAN NEW TOWN DEVELOPMENT COMPARISON

Following extensive destruction of British towns during the Second World War the British central government, in conjunction with big cities and surrounding counties, commissioned the development of comprehensive plans to meet postwar rebuilding needs for the major city regions. These plans were strategies for balanced reconstruction of metropolitan areas, and included a new towns and town expansion program. A legislative program was enacted after the war, which included the following elements:

^{54/} Shallcross, supra note 31.

^{55/} Morris, supra note 53, at 40. "The new communities in many cases will be required to work out agreements with the existing city for water and sewerage."

^{56/} Id. at 40-41. "Even with full development, when the new towns have achieved their planned populations, the older city will be essential to the full life that the new town residents will expect from an urban community."

^{57/} Id. at 40. The author feels that proper planning in the construction of new housing will facilitate the alleviation of the ills of the ghetto.

The 1946 Distribution of Industry Act. Firms locating in "developing areas" are eligible for Government grants, which contribute significant amounts of money for the construction of new manufacturing plant and machinery, the training of employees, and also annual premiums for salaries of employees.^{58/}

The 1947 Town and Country Planning Act. County and city councils are given various powers for the planning and control of urban development.^{59/}

The 1946 New Towns Act (re-enacted with modifications in 1962). The Minister of Housing and Local Government is empowered to designate an area for development as a new town.^{60/}

The Minister establishes a corporation to plan and build the new town. The act gives the corporation compulsory purchase (eminent domain) powers over land needed for the new town. (The corporation pays the true market value of the land for the use to which it will be put.) The corporation, in consultation with local authorities and many other interests, prepares and publishes a master plan for the new town. The master plan then is submitted to the Minister for approval, which, when granted, authorizes the advance of the necessary development loans by the Government.^{61/}

^{58/} W. Thomas, Britain's Postwar Achievement in National Committee on Urban Growth Policy, The New City 101, 102 (D. Canty ed. 1969).

^{59/} Id.

^{60/} Id. "The purposes and population of the proposed new town are set out and a public hearing into any objections then held."

^{61/} Id. at 103-104.

Four of London area new towns have been substantially completed and have passed into the ownership of the Commission for New Towns. ^{62/}

The population of these new towns is quite similar to the national population in terms of income and social makeup; only the very rich and the very poor are underrepresented. ^{63/}

A commentator has described English new town growth as follows:

The new towns program has been expanded substantially in the last six years... . These later new towns with ultimate populations ranging from 80,000 to 500,000, will take a sizable share of the larger population growth predicted for the major city-regions; they will provide homes and work together for more families from the still crowded inner-city districts; and they will create economic growth points in carefully selected areas.... ^{64/}

Other European countries have new town programs similar to that of England in that there is major governmental involvement in the creation of the communities. The approach has differed in these counties. ^{65/} Some have utilized new towns to control growth in existing

^{62/} Id. at 106. "The commission is the central government agency set up to take over completed new towns from their development corporations and to manage their assets until a permanent decision is made about disposal."

^{63/} Id. The population is 148,000; there are 48,000 new houses (public and private).

^{64/} Id. at 107.

^{65/} Garvey, supra note 3, at 15-16. "Stockholm's most successful efforts have been in the development of five "sub-communities or district centers." The independent suburbs or "sleeping towns" feature major shopping facilities, all connected by rapid transit, but are light on industry. There are three new towns in Finland, one, Tapiola, is winning international attention for its principles and achievements; in addition, there has been developed a comprehensive developmental plan for the Uusimaa Province for the completion of four other new towns by 2010.

Denmark's concept of new towns is "city sections," "the sections are to be linked up with the existing metropolitan area in such a way that the region functions as an integrated whole, permitting easy access to the city center." "The concept is based up a concept of a great traffic axis, along which are placed large centers with employment and supporting populations."¹¹

metropolitan area; others have used new towns to decentralize existing population concentrations. In Israel, the rebirth of the town of Beersheba is a prime example of new town techniques being used to rebuild a city.^{66/} The essence of the foreign experience, whatever the motivation for its use, has been the determination of a regional or national plan for land development and population distribution to achieve identified social goals.

CONCLUDING COMMENT

The new town experience in the United States and elsewhere has shown that the new town can achieve some social goals. These goals have primarily related to planning techniques and better utilization of natural resources. Other social goals such as alleviating the congestion of the central cities, providing housing for moderate-and-low income persons, and providing an integrated racial environment have not been fully met by the new town.

Even if a large commitment of national resources was made to the building of new towns, there is little indication from the past experience of England, where there has been substantial effort, that a large portion of our urbanization would occur in new towns.^{67/} Those

66/ Israel New Town Honored by American Jury, 27 Journal of Housing 188 (1970)

67/ Alonso, The Mirage of New Towns, 19 The Public Interest 3, 5 (1970).
 "As of December 1967, after 20 years of sustained effort, the population of British New towns had grown by only 554,373, or only 1% of the National Population. During 1967 the population growth of the new towns was less than 10% of yearly British population growth, that is 34,577."

who advocate the new town as the panacea for the problems of urban growth are overlooking the historical experience of the Greenbelt towns, and the pattern of growth in the United States.^{68/}

The new town additionally does not solve many of the problems of providing low-and moderate-income housing that traditional development has also failed to solve. Building costs today are such that the phrase "low cost housing" is a misnomer. Apparently, housing can only be built for low-income people with the aid of various Federal programs. Private construction of moderate income housing, although possible, is plagued by the reality that the housing, because of spiralling prices, does not remain on resale accessible to persons of moderate means.

The Columbia experience does, however, indicate some success in achieving a racially integrated living situation. This development deserves further exploration to determine the ingredients that resulted in the achievement and to see if these ingredients have applicability to only one new town or can be utilized in other housing situations.

^{68/} Id. at 5-16. Even with the projected population growth, the 200 smallest metropolitan areas could absorb the increase of 100 million by each taking a half million people. Efficiency costs for the new communities will not be more advantageous than those for existing cities of the same size. The territory to be occupied by urban growth is relatively small so that the argument that new towns will help preserve the countryside lacks force.

APPENDIX A

NEW COMMUNITY DEVELOPMENTS, MARCH 1968

New communities	Location	Acres	Projected housing units	Projected population	Housing units rented or sold
Arizona:					
Uitchaid Park	Maricopa County	15,000	22,000	75,000	150
Lake Havasu City	Mohave County	15,000	—	50,000	620
Tucson Green Valley	Pima County	10,000	—	25,000	500
Son City ¹	Maricopa County	14,000	—	75,000	—
Arkansas: Maumelle	Pulaski County	5,300	—	60,000	—
California:					
El Dorado Hills	Sacramento County	9,800	20,000	75,000	400
Foster City	San Mateo County	2,700	11,000	35,000	9,000
Rossmore Leisure World ¹	Contra Costa County	2,100	10,000	20,000	—
Valencia	Los Angeles County	4,300	—	30,000	350
Diamond Bar	do	8,000	20,000	75,000	2,500
Porter Ranch	do	4,100	12,000	43,000	—
Mountain Park	do	5,150	—	68,000	—
Crummer Ranch	Los Angeles and Ventura Counties	6,300	—	50,000	—
Westlake Village	do	11,500	—	100,000	—
Conojo Village	Ventura County	11,000	—	87,000	—
Irvine Ranch	Orange County	35,000	—	300,000	1,000
Rossmore Leisure World ¹	do	2,465	18,000	30,000	6,000
Logan Niguel	do	2,100	—	90,000	—
Mission Viejo	do	11,000	—	50,000	—
San Carlos ²	San Diego County	2,500	—	—	—
Rancho Bernardo	do	5,400	9,000	35,000	2,000
University City ³	do	15,000	11,000	33,000	3,000
California City	Kern County	101,120	—	600,000	—
Rancho California	Riverside County	87,000	—	400,000	—
Colorado:					
Montebello ⁴	Denver	7,000	—	—	—
Colorado City	Pueblo County	8,000	—	30,000	—
Pikes Peak Park ²	El Paso County	4,300	—	30,000	—
North Glen	Adams County	2,528	—	20,000	6,100
Delaware: Hill Creek	North of Wilmington	1,300	5,000	13,000	—
Florida:					
Miami Lakes	Dade County	3,000	6,000	25,000	—
Canaveral Primiton	Brevard County	2,500	—	43,000	—
Port Charlotte ¹	Charlotte County	92,700	—	100,000	6,000
Palm Beach Lakes	Palm Beach County	7,000	25,000	70,000	—
Lehigh Acres	Lee County	60,000	—	80,000	6,000
Deltona ¹	Volusia County	15,000	41,000	75,000	100
Coral Springs	Broward County	10,400	—	60,000	—
Spring Hill	Hernando County	17,000	—	50,000	100
Georgia: Chapell Hill	Atlanta	1,100	2,900	12,000	—
Illinois:					
Elk Grove	Cook County	3,000	10,000	35,000	—
Oak Brook	De Pue County	3,600	—	25,000	—
Kentucky: Oxnorb	West of Louisville	1,000	—	15,000	—
Louisiana: New Orleans East	East of New Orleans	32,000	—	100,000	930
Maryland:					
Columbia	Howard County	14,100	29,000	110,000	300
Joppatown	Harford County	1,300	3,000	10,000	1,600
Northampton	Prince George's County	2,200	8,000	25,000	—
Minnesota: Jonathan	Hennepin County	2,200	—	50,000	—
Massachusetts: New Seabury ¹	Barnstable County	3,000	3,750	15,000	100
New Mexico: Paradise Hills	West of Albuquerque	6,500	—	60,000	—
New York: Sterling Forest	Orange County	20,500	—	—	—
Oregon: Somerset West	West of Portland	5,600	12,000	40,000	—
Texas:					
Clear Lake City	South of Houston	15,000	40,000	150,000	—
Houston City	El Paso County	65,000	—	100,000	—
Virginia: Reslon	Fairfax County	6,750	24,825	75,000	1,000

— Information not available.

¹ Primarily a retirement community.

² Partially or wholly annexed to an adjacent municipality.

³ Total.

Source: "House and Home," February 1964, p. 125, as modified by information from Edward P. Eichler and Marshall Kaplan, "The Community Builders" (Barkley and Los Angeles: University of California Press, 1967); Appendix I, p. 185; unpublished survey conducted by Jeanne M. Davis, Economic Research Service, U.S. Department of Agriculture; and unpublished information from the Land and Facilities Development Administration, U.S. Department of Housing and Urban Development.

Exhibit No. 28

STATEMENT
ON BEHALF OF THE GENERAL ELECTRIC COMPANY, COLUMBIA, MD.
U.S. COMMISSION ON CIVIL RIGHTS
AUGUST 19, 1970

My name is David J. Dillon. I am Manager of the Columbia Relations and Utilities Operation for the General Electric Company at Columbia, Maryland. In this capacity I have responsibility for the employee and community relations activities at General Electric's Appliance Park - East and for the operation of its plant utilities. The General Electric Company's activities with regard to equal employment opportunity and minority relations at the Columbia facility fall within my organization.

I am pleased to appear before the commission and sincerely hope that our testimony will be of help to you in your work. I would like to acquaint you with General Electric's Appliance Park - East and its posture on equal employment opportunity and minority relations (EO/MR).

Appliance Park - East is currently under construction near the new town of Columbia, Maryland. It is located approximately 15 miles south of the city of Baltimore, east of Route 29. It is bordered on the east by the new Interstate 95, on the north by the Little Patuxent Parkway which is State Road 175 and on the west by Snowden River Parkway. The plant site is approximately 6 miles from the downtown area of the new city of Columbia.

Several years ago, it became apparent to the management of the Appliance and Television group (that part of the General Electric Company with which Appliance Park - East is associated) that additional manufacturing facilities were required if we were to meet the future needs of the growing major appliance business. A subsequent decision was made to construct a new major manufacturing facility. We determined the criteria for site selection and they were: a location with 1,000 acres of land, served by at least one major railroad, easy access to major highways, the availability of adequate power, a potential for supplying up to 5 million gallons per day of water, a healthy business climate and an adequate supply of labor. Since the new facility was to represent added manufacturing capacity for major appliances such as electric ranges, air conditioners, home laundry equipment and refrigerators, it was decided that this additional capacity should be located in the northeastern part of the country, the largest market served by the Appliance and Television Group. The presence of a proposed regional warehouse on the site, in addition to manufacturing facilities, emphasized the need for a northeastern location from which this new warehouse could serve this large segment of the market.

Looking at the criteria which we had established for the selection of the site, it soon became apparent that the State of Maryland and more specifically the Baltimore area most closely met our needs. In the course of our search, the officials of the Rouse Company and the B&O/C&O Railroad

learned of our interest in the Baltimore area. They worked aggressively to assemble a land tract near Columbia and to solve numerous obstacles, including rail service.

The Columbia area with its social, educational and cultural attractions presented a positive environment in which to locate our plant. Additionally, the presence of truly open housing in the City of Columbia was important to us in that our ability to attract and retain minority professional employees would be enhanced with the availability of this type of housing.

A site layout of the proposed Appliance Park - East is attached (Exhibit A). The buildings currently under construction are outlined in red while the others are outlined in blue. We presently have under construction a 750,000 square foot building for the manufacture of electric ranges, a one million foot square regional warehouse and a 350,000 foot square building for the manufacture of air conditioning products. We would expect all three of these buildings to be in operation by the end of 1971, with production beginning in the Range Building and operations beginning in the Warehouse by the end of the first quarter of 1971 and production of air conditioners starting late in 1971. Our future plans are to develop the site by adding additional manufacturing buildings as plant capacity in other major appliance facilities reaches its limitations. We would expect that by the end of the 1970's that we would have added manufacturing facilities for home laundry equipment, dishwashers and refrigerators.

The General Electric Company has had a commitment to equal employment opportunity since 1934 when it was first written into Company policy by the then president, Gerard Swope. From that time until the present, including General Electric's participation as an original Plans for Progress company, EEO progress has been made. In 1968, however, it became evident that greater emphasis and increased attention to this important area was required. A Company study entitled "Our Future Business Environment: Developing Trends in Changing Institutions" cited the urban minority problem as "the dominant one on the domestic, social, political and economic scene for the next ten years". This study served to stimulate greater corporate action.

In order to add corporate emphasis to the problem which was developed in this study, a new industrial relations component was organized at corporate level in 1968 under Virgil B. Day, a Vice President of the General Electric Company. Included in this new component was the responsibility at the corporate level for equal employment/minority relations plans, programs and policies. To perform the role assigned to Corporate Industrial Relations in this area, an Equal Employment Opportunity/Minority Relations component was established at the corporate level on January 1, 1969. In this component was focused the Company's new intensified effort to hire and train, and more importantly, to provide upward mobility for the

minority citizens of the United States. At about the same time, December 10, 1969 specifically, the General Electric Company's policy on equal employment opportunity and affirmative action was revised and strengthened. This new policy assigned responsibility to operating managers for carrying out the equal opportunity practices and programs in accordance with the policy and in accordance with applicable law. The policy has been distributed to all General Electric managers and they in turn have acknowledged receipt and have committed in writing to its application.

The overall corporate goal in equal employment opportunity and minority relations must be a sustaining system that results in true equality at all levels of the organization. Such a goal can only be achieved through a total corporate commitment. To help assure this commitment, three steps have been taken. First, the communication to the whole company of top management's serious commitment; second, the installation of a measurement system so that progress and performance can be evaluated; and thirdly, managers have available to them a corporate-wide component for guidance, counsel and assistance.

The first step, the communication of top management's commitment to EO/MR progress, came through the reissuance of the aforementioned strengthened policy on equal employment opportunity and affirmative action and by the making of a film by Mr. Fred J. Borch, Chairman of the Board

and Chief Executive Officer of the General Electric Company. In this film, Mr. Borch personally underscores the seriousness with which the corporate executive office takes the question of EO/MR. It also provides the opportunity for him as Chief Executive Officer to provide the rationale for corporate action. And lastly, it stresses the need for measurement of corporate and managerial performance in this area.

The second step, the General Electric measurement system in EO/MR, goes several steps further by providing that EO/MR progress be a formal part of the manager's reviews that are scheduled with Division General Managers and Group Executives at the corporate executive office level. This one action of formalizing the performance in the area of EO/MR provided a major step toward effective and pervasive implementation of the company's overall commitment.

On a more personal level, one of the measures in my current position is that of carrying out the company's commitment to equal employment and minority relations progress at Appliance Park - East. I would say that this is one of two or three major indicators of my performance and the quality of this performance will have a direct bearing on my future progress with the company.

The third element, in addition to communication and measurement is that of guidance and counsel and this is presently being provided to local

management through the Corporate Equal Opportunity/Minority Relations Operation headquartered in New York City.

In substance then the corporate and local commitment to equal employment opportunity is specifically stated in Company Policy, has been reiterated personally to all General Electric managers through the Borch film and each manager's performance in this area is being closely audited and has a major bearing on his career growth. (See Exhibit B: General Electric's Commitment to Equal Opportunity/Minority Relations)

It is within this framework of EO/MR commitment that Appliance Park - East will develop. We expect that by the end of 1970 General Electric at Appliance Park - East would employ approximately 200 people, most of whom will be in the professional and technical category with responsibility for installation of manufacturing equipment and processes. Initial production is scheduled to start in the first quarter of 1971. As we gradually build up our work force we anticipate that by year-end 1971 we will have approximately 1500 to 2000 employees and by the end of 1972 we will have approximately 2500 to 3000 employees.

We are convinced that the Baltimore area can provide the numbers and types of employees that we will need to operate Appliance Park - East effectively. We have defined our labor market as roughly a 15 mile radius

of the plant site. A 15 mile radius of the plant takes in much of Howard, Baltimore, Montgomery and Anne Arundel counties as well as a major portion of the city of Baltimore. For purposes of labor market evaluation and statistical reporting, we consider ourselves as part of the Baltimore metropolitan area, which as you know, is the city of Baltimore and the five surrounding counties.

It is in this labor market that we expect to draw the vast majority of potential General Electric employees. Insofar as minority employment is concerned, we fully expect that minority employment at Appliance Park - East will roughly approximate the minority population in the labor market area.

In order to acquaint the minority community with Appliance Park - East and to stimulate minority applicant interest, we have already made contact with the local Urban League, NAACP, Howard County Human Relations Commission, the Voluntary Council on Equal Employment Opportunity and other similar organizations.

For all practical purposes, we have had General Electric, Appliance and Television Group employees on site in Columbia since approximately the first of the year. As of 8/7/70 we had seventy-one employees on our payroll. Nine percent of the managers, 12% of the professionals, 17% of

office-clerical and 17% of apprentices are minority. The minority employees have responsibility in factory supervision, industrial engineering, systems programming, facilities engineering and employee relations. We expect that this record of affirmative action in the hiring of minorities will continue, and in fact, will increase as our work force builds up in the years to come.

In addition to the recruiting and employment considerations, General Electric Company managers have carefully analyzed the related subjects of training, transportation and housing.

On August 10, 1970 the Apprentice Training Program at Appliance Park - East began operations. Until Company facilities are available, the Maryland and Howard County Vocational Education Departments have made the Howard Vocational Technical School available to us. The Apprentice Training Program is designed to produce journeyman Tool and Die makers and Maintenance Mechanics through a combination of job training and educational activities over the course of 3-1/2 years. We have started with six young men, one of whom is minority. On August 31, 1970 we intend to add six more trainees, one of whom will also be minority. I might add that extraordinary effort was required to recruit minority candidates for the Apprentice Training Program.

Currently in progress is a Supervisor's Development Program for employees who will be assigned to positions in factory supervision. The focal point of this training is to improve human relations skills with special emphasis on the supervisory role in his relations with minority employees. Over forty hours is devoted to the Supervisors' Development Program and all potential factory supervisors will be required to complete this training before assignment to the job.

Current plans also provide for a full day of orientation and job training for all factory employees. This orientation is designed to acquaint the new employee with General Electric Company, his job and his new surroundings. The objective is to ease the transition into a highly structured and demanding production job by slowly introducing the employee to his new role. In an attempt to overcome some of today's problem with retention and turnover, a formal program of new employee follow-up and counseling will be a significant part of our total employee relations program. Hopefully, through orientation, training and follow-up we will be successful in keeping turnover to a minimum.

The challenge of effective utilization of the so-called "hard-core" employee is one we will be giving further study. In our Chicago operations and at the Aircraft Engine Group's Lynn, Massachusetts operations, effective use has been made of Department of Labor manpower programs

(MA-4, MA-5) designed to provide job readiness training, on the job training and follow-up to individuals in the hard-core category. By the end of this year, we will make a decision at Appliance Park - East on this training. There is little question that we will participate in it. Questions yet to be resolved are whether we shall be an individual contractor or a member of an employers consortium. The timing and number of trainees is also under investigation. General Electric at Columbia will meet its responsibilities in hiring the hard-core. On the Corporate level, the General Electric Company has hired over 4000 disadvantaged individuals in the past twelve months and over 10,000 in the last three years.

Many questions have been raised concerning transportation and employment at Appliance Park - East. There is no public transportation to our plant. It has been our experience throughout the Company though that employees prefer private transportation and in fact, at our urban centered Chicago facility where public transportation is readily available, parking lots have been expanded. At Appliance Park - East, for example, parking lots will be built providing a parking space for every 1.4 employees. We further predict that employees at Appliance Park - East will use private transportation especially in view of the excellent highway access to the plant.

There are indications, however, that some center-city residents cannot or will not travel to seek employment opportunities. If this be the case and further, if transportation results in a lower than expected minority applicant flow, we will bring the recruiting office to the neighborhood. This can be accomplished through MSES, CEP or store front employment centers.

Our experience indicates that once hired, the individual will, sometimes with our help, find suitable transportation. Again, if this is not the case, we must look further. Several steps can be taken short of G.E. providing transportation. We can encourage and stimulate bus companies to provide service; we can work through CEP for subsidized D.O.T. transportation; we may even be able to stimulate a minority enterprise which can meet the transportation needs.

We do not predict transportation to be a problem. If experience shows that it is, we will take the necessary steps in an attempt to overcome the problem.

As a matter of interest, earlier this year several Columbia area employers, including General Electric, provided a subsidized bus service from Catonsville (the end of the Baltimore bus line) to Columbia on a trial basis. The trial period ran for ten weeks and was temporarily

abandoned due to a lack of riders. The operator of this special bus run retains the appropriate approvals for this route and if warranted could resume the service. Carter's Bus Service, incidentally, is a minority owned business.

As with transportation, housing is also sometimes referred to as a problem for Appliance Park - East. You will recall that we expect to draw most of our employees from within a 15 mile radius of the plant. We do not expect that potential employees will need to move their residence in order to work for us, therefore, we do not predict housing as an obstacle to factory employment.

On the other hand, our professional staff is often relocated from other locations. Here the Columbia complex is of great benefit to us and is unquestionably a recruiting asset. This is especially true for the minority professional in that Columbia represents a truly open housing community.

Even though we do not anticipate housing to be an employment obstacle, we have a sincere interest in the availability of low income housing in Howard County and the Baltimore area. In many company locations, General Electric has participated in community programs concerned with housing. In Louisville, Kentucky, General Electric

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Company has assumed a leadership role in Housing Now, Inc. This is a non-profit, community organization which has been successful in arranging the financing and construction of \$14 million of low income housing units. At the Lynn, Massachusetts operations of the Company, a Minority Housing Council is in place to aid black employees and potential employees in finding adequate housing in the North Shore area of Massachusetts. And at the Corporate level, the Company has made an investment commitment of \$500,000 in the National Corporation for Housing Partnerships - a federally chartered private corporation designed to stimulate construction and rehabilitation of low and moderate income housing in the United States.

As we learn more about Howard County and the Baltimore area and as we become better acquainted with community programs whose objective is to stimulate housing programs, we will participate in those activities in which our manpower and organization resources can be of assistance to the community.

The growth of Appliance Park - East will take place over a ten year period. This will give us an opportunity to assess the questions of transportation and housing at varying levels of the facility's development. By maintaining a close watch we hope to anticipate problems and

work toward their solution, thereby avoiding last minute and often times ill-advised actions.

Gentlemen, the challenge we have at Appliance Park - East to provide a constructive program in Minority Relations is receiving the highest managerial priority. We have corporate and local support, and personal motivation to succeed. We believe we can make progress in this very difficult area.

David J. Dillon

GENERAL  ELECTRIC
COMPANY

APPLIANCE PARK—EAST, COLUMBIA, MARYLAND 21043 . . . AREA CODE 301, TELEPHONE 730-4000

APPLIANCE AND
TELEVISION GROUP

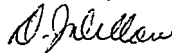
August 17, 1970

Mr. John Powell, General Counsel
U. S. Commission on Civil Rights
Washington, D. C.

Dear Mr. Powell:

We are pleased to submit the enclosed General Electric Company statement and its attachments for the U. S. Commission on Civil Rights' use with respect to our appearance before the Commission on August 19, 1970. We feel this statement will provide the Commissioners with greater background on General Electric's equal employment opportunity and minority relations program locally and at the Corporate level.

Very truly yours,

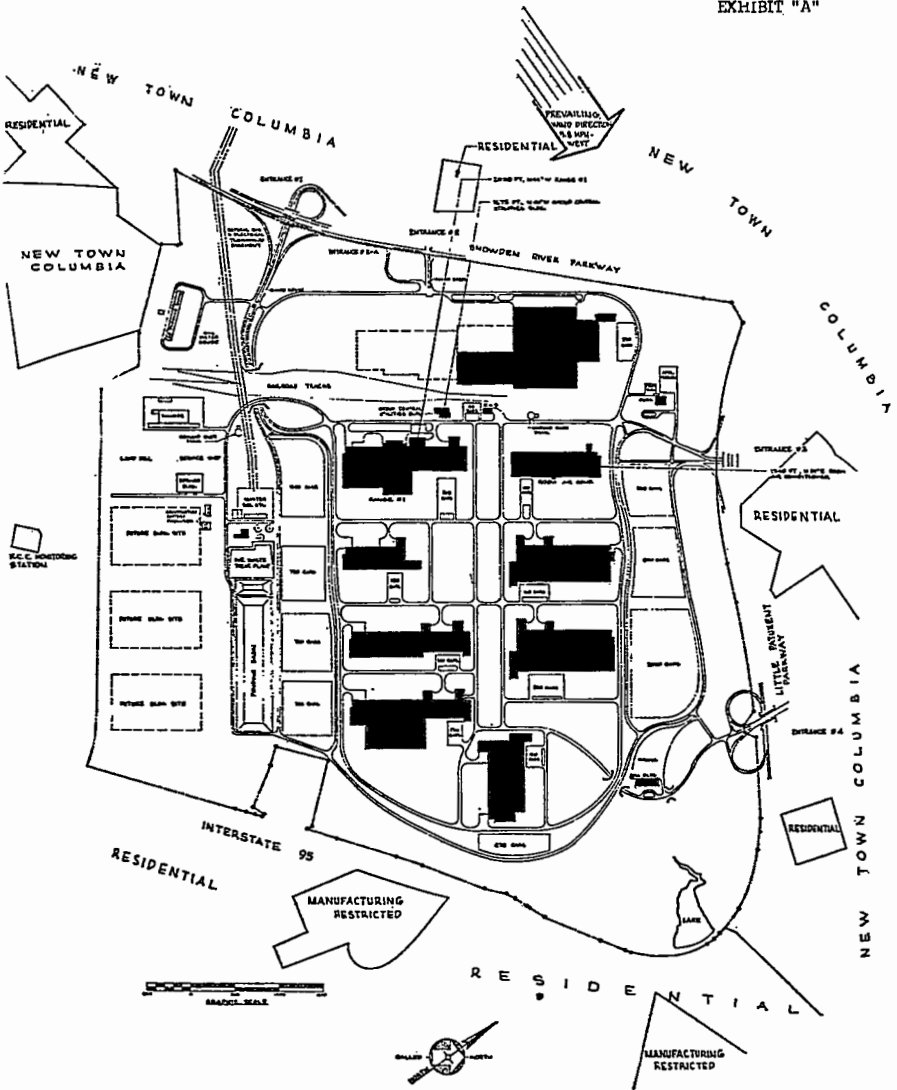


D. J. Dillon, Manager
Relations & Utilities Operation

DJD/dch
Enclosure

cc: Mr. C. A. Barreca

EXHIBIT "A"



GENERAL ELECTRIC'S COMMITMENT
TO
EQUAL OPPORTUNITY / MINORITY RELATIONS

A Systems Analysis Approach To
Social Responsibility Programs

Corporate Industrial Relations
July, 1970

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- A. EC/MR Staff: Organization Chart
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A. EQUAL OPPORTUNITY/MINORITY RELATIONS

A NEW EMPHASIS

"We can no longer delay action.

"We cannot -- as a society -- bear the cost of chaos in the lives of millions of our citizens.

"let me make this unmistakably plain. General Electric, and the entire Company, must face up to a new corporate responsibility. All employees should understand and cooperate with the Company's efforts in accepting this responsibility.

"The successful manager of tomorrow will be the individual who can effectively manage the new work force in our changing environment. He will be the manager who can convince all employees and our community neighbors that our actions are in the long term best interests of all employees, the business, and the country.

"Society will measure General Electric and all industry on this basis. The Corporate Executive Office, in turn, will measure all levels of General Electric management and supervision in the same way."

Fred J. Borch, Chairman of the
Board and Chief Executive Officer,
General Electric Company

With these words, addressed to General Electric management, Mr. Borch opened a new phase in the Company's efforts to provide true equality of opportunity in employment and promotion throughout its operations. These efforts dated back at least to the early 1930's when then-president Gerard Swope put in writing the Company's policy on equal employment opportunity, and extended through the establishment of Plans for Progress in the early 1960's, with General Electric being one of the original nine founding companies. Yet progress toward the desired goal of true equality had been, as Mr. Borch said, "painfully slow." Certainly, the past rate of progress would prove inadequate to satisfy the new requirements of the government, the new expectations of the public and the minority community, and new business needs.

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During 1968 two company studies had noted the growing urgency for increased corporate action on this front. An environmental review of trends in the Seventies, "Our Future Business Environment: Developing Trends and Changing Institutions," had cited the urban/minority problem as "the dominant one on the domestic social, political and economic scene for the next ten years." And the In-Depth Study of Employee and Union Relations reported to the Employee Relations Review Board in August, 1968, that one of the fourteen major Relations needs of the future was increased attention to minority relations and the problems of preparing hard-core unemployed and disadvantaged people for productive lives.

In September, 1968, therefore, this work was designated, for the first time, as a separate corporate-level responsibility in a new Industrial Relations component under Virgil B. Day.* The main thrust of this new effort was to coordinate the diverse, on-going activities in this area; elevate them to a new level of priority and intensity; catalyze the development of needed new policies and additional innovative programs; and ensure the relevance of this total activity to the company's short- and long-term business needs. The objective, then, was to create a climate, both inside the company and in the communities in which it operates, which would optimize management's ability to meet both its business and social responsibilities.

The Need for a Heightened Emphasis

As the environmental study noted, a whole complex of forces is changing the parameters of doing business and causing the public to revise its "charter of expectations" of companies. In the field of equal opportunity and minority relations, in particular, a combination of dangers and opportunities is impelling companies to more serious and sustained efforts. General Electric, as this country's fourth largest manufacturing company, inescapably finds itself under the impact of all these interacting forces.

First and foremost, corporate action to emphasize equal opportunity and attend to minority problems is morally, socially and constitutionally right. The moral obligation on a corporation to help realize society's ideals is an inescapable one. And the benefits of a truly free, open and pluralistic society are shared by all companies, and should be sought by them as the necessary foundation for corporate success.

* For the sake of simplicity and historical narrative, Company organization and component titles are cited as they were at the time these events occurred.

Second is the opportunity to realize more adequately the full potential of this country's manpower resources. Every forecast indicates that, despite a large increase in the work force during the next ten years, there will be continuing tight labor markets and intense competition for available skills, particularly in the professional, technical and managerial ranks. We cannot afford, therefore -- either as a society or as a company -- to overlook or underutilize the potential of any individual. In particular, companies have much to gain from developing the skills of the minority work force, which has traditionally experienced above-average rates of unemployment and underemployment, and which is still grossly over-represented in the lower skilled areas of employment. *

This opportunity for enlarging the pool of trained manpower will be particularly marked in the next decade when there will be marked increases in the minority segment of the labor force. By 1975, as Dr. Seymour Wolfbein of Temple University has noted, "at the earlier ages, nonwhites are going to make up one out of every seven workers in the U.S." If minority manpower resources were developed to the point where their share of each occupational category was equivalent to their overall percentage in the labor force, large numbers of additional white collar and skilled workers would become available. For example, on this assumption, the labor force of 1975 would have 605,000 more professional and technical workers, 765,000 more managers, and 441,000 more skilled craftsmen. (And there would, of course, be corresponding decreases among the lower skill, "dead-end" occupations.)

There is thus a real opportunity to enlarge and upgrade the work force to a very substantial degree, to meet the growth of public and private demand, and to satisfy individual aspirations as well as organizational needs. And the organization that learns to tap these new manpower sources and to utilize them most effectively will gain a significant edge over its competitors.

A further benefit will come from the development and enlargement of market opportunities for companies' goods and services. Nonwhite personal income is projected to increase relatively faster than whites' through 1975, and to represent a market of some \$52 billion in that year. Here again there is the potential for an even greater increase: if minorities' per capita income was brought up to the whites' level, an additional \$36 billion would come to this market (i. e., it would amount to \$88 billion in 1975).

* Similar arguments could be made with respect to women in the work force; and equality of opportunity must transcend barriers of sex as well as of race. This document is, however, predominantly concerned with equal employment opportunity in the minority relations area.

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To the extent that enlargement of the work force comes from employment of those who have been on welfare or considered "hard-core unemployed," we can contribute to a relative reduction of welfare rolls and taxes, and to an increase in our nation's economic growth. It has been calculated, for instance, that each person who is taken off the welfare rolls and onto a payroll:

- adds approximately \$10,000 to Gross National Product;
- gains \$3,400 in purchasing power;
- reduces welfare expenditures by some \$1,300.

It is necessary to consider such factors in any cost/benefit analysis of the undoubtedly huge sums of money that will be required for resolution of the urban/minority crisis, in urban renewal projects, education expenditures, manpower development programs, transportation systems, etc. It is possible, too, to enumerate such "second-order" benefits as reduced crime, improved education (and so higher productivity), and better health, all of which should be reckoned as offsets against the initial cost of public and private programs.

Finally, through commitment to action in this arena can come a revitalization of the private enterprise system. The parameters of doing business and the public's expectations are indeed changing, so a process of self-renewal is vital for business to adapt to new aspirations, new markets and new opportunities. When the prime requirement of business has been the production of goods for the consumer market, companies have provided them in abundance. When the call has been for weapons to win a war or for systems to get a man to the moon, business has responded with equal success. Now there is a new dimension to business' responsibilities: to help meet the rising demands for equality and social justice, and to join in a broad effort to renew our cities and preserve our environment.

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Collectively, business has the opportunity, in successfully meeting this challenge, to confirm private enterprises' claim to continued social relevance, and to enhance its public reputation, both here and abroad. Specifically, General Electric can set an example of corporate leadership that can win for it an enviable and rewarding image among all segments of the public.

On the negative side, there is a range of dangers and potential penalties which also impel a company to action on this front. The principal danger lies in the threat of a polarized society divided into warring camps -- white vs. nonwhite; affluent vs. poor; urban vs. suburban. No company can for long maintain its operations -- let alone flourish and grow -- in a society scarred by riots, disruptions and boycotts. Both minority progress and private enterprise can flourish only in the conditions of an open society, free from turmoil and repression.

Clearly, the company must try to protect and enhance its current human and plant investment in urban areas, and to preserve a climate in which these facilities can operate effectively. In 50 key cities General Electric has approximately 130,000 employees. We have too much at stake in the cities to write them -- or our investment -- off. Morally, we cannot escape the problem: physically, we cannot run away from it -- for there is no "safe" urban area to run to.

A second major threat stems from the possibility of punitive action by government against inadequate corporate performance. Companies have a legal as well as a moral obligation to provide equality of opportunity. The moral obligation derives from the fact that a corporation, as a dynamic institution of society, has a responsibility to reflect in its conduct the social and ethical as well as the economic, values that society cherishes: and equality and individual dignity are two of the basic building-blocks of American society. The legal obligation is represented by the need to meet the requirements of the law and of government compliance reviews.

One can perhaps legitimately debate the exact extent of corporate involvement in the solution of urban/minority problems on the basis of business needs and social responsibility. But about obeying the law and meeting federal, state and municipal requirements there can be no debate. Every employer with more than 25 employees is covered by Title VII of the Civil Rights Act of 1964, administered by the Equal Employment Opportunity Commission (EEOC). General Electric, like other government contractors, is also bound by terms of Executive Order 11246, administered by the Labor Department's Office of Federal Contract Compliance (OFCC). Most states have comparable legislation on their books; and more and more cities are passing ordinances on EEO performance of business and industry.

The law of the land, embodying the public consensus on the social, moral and economic issue of equal employment opportunity, is very explicit on the obligations of a corporation in this regard. What is now required is more than a generalized policy of non-discrimination: the requirement extends to specific programs of "affirmative action," a positive outreach into the minority community and into the ranks of the hard-core unemployed. Nor is the mere opening up of entry-level jobs considered an adequate discharge of this legal responsibility: promotion of "upward mobility" into the ranks of white collar, professional and managerial personnel is considered an essential part of affirmative action plans. In its Order #4 issued early in 1970, the OFCC spelled out the affirmative action requirement of establishing written minority employment goals in all work force categories, from managerial to unskilled.

Whatever the development of government policy on integration in education may be, there is no doubt that there will be steady and unremitting pressure on companies and unions alike to ensure integration in employment. Compliance reviews to ensure application of equal opportunity programs have become more frequent and demanding in recent years, and seem likely to continue so for the foreseeable future. Computer studies of companies, industries and communities are being used by review officers to raise the level of corporate commitments; and Congressional "watch-dog" committees are insisting on vigorous enforcement by the various agencies.

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The penalty for failure to pass a compliance review can be severe. Government-dictated programs and quotas will almost certainly be imposed on a delinquent company; there will be a serious loss of public image; and there can be a loss of Federal defense contracts and other government business. In a multi-department company such as General Electric the penalties cannot be restricted to a particular component; the consequences of an adverse compliance review inevitably are Company-wide in their impact, so that one component's failure can, for instance, result in another's loss of business.

The loss of corporate leadership reputation is by no means the least of the threats confronting a company in this situation. Quite clearly the public now is placing a great deal of faith in business' ability to contribute to the solution of urban/minority problems. In a turnaround from the past thirty years of almost exclusive reliance on governmental programs, the danger is that the pendulum may swing too far the other way. The public may come to expect more of business than it is really equipped to do in the social arena. Public impatience for quick results may lead to pressure for any solutions, rather than good solutions; and inability to bring about quick results may lead to an equally violent reaction the other way, with demands for government control of employment and training practices, plant site location, promotion opportunities, and the like.

The problem of public expectations is apt to be heightened with two particular segments of the public. On the one hand, there is the growing militancy and impatience of the minority community, a demand for action, not promises -- now. Any company that is perceived as uncommitted, inactive or only half-hearted in its efforts, may well become the target of product and labor boycotts, or even of more violent action. On the other hand, the best college graduates, whose professional and managerial talents will be so competitively sought by government, education and nonprofit institutions as well as by business, seem to want to be associated with "socially involved" organizations, and in particular to expect a high degree of commitment to the practice of equal opportunity. A reputation among these graduates for less than complete involvement and dedication will show up adversely in any organization's college recruiting efforts.

Establishment of the EO/MR Component

To perform the role assigned to Corporate Industrial Relations in this area, an Equal Opportunity/Minority Relations component (EO/MR) was established January 1, 1969, with Frank J. Toner as Manager. In this component was focused the company's new, intensified effort to hire and train and, more importantly, to provide upward mobility for the minority citizens of the United States.

There was no thought that the new component should, or could, accomplish this task single-handedly. The scope of the effort required, taking into consideration the external as well as the internal aspects of the challenge, was clearly too vast to be undertaken by one centralized component. The intention was rather to have a small professional staff that would work with the Corporate Executive Office in developing new policies and programs, and with other Staff and Operating components in implementing these policies and programs.* At the Corporate level, this component would work with Employee Relations on EO/MR matters in the hourly and nonexempt work force; with Management Manpower Development in the area of professional and managerial employees; and with Marketing and Public Affairs in matters involving external relationships.

In explaining the broad purpose of his component, Frank Toner told a management group in January, 1969:

"Our major objective in this component is to work with you and your associates and others in the operating departments to create a constructive climate in the broad area of equal opportunity and minority employment practices. By constructive climate I mean one which optimizes management's ability to meet both its business and social obligations. Basically, this involves not just getting the people hired, trained and advanced, so as to meet the business needs; but, going beyond that, to utilizing the tremendous leadership and leverage which a company like ours can bring to bear -- in helping in a meaningful way to solve the root causes of this pressing social problem."

An immediate task was to identify the principal areas in which decisions and/or research had to be undertaken quickly. Among these were the following:

- re-evaluating the question of "quotas" or "targets;"
- reviewing standards used in operations for recruiting, testing, motivating, training and upgrading minority employees;
- developing meaningful measurements for management so that individual and component performance could be evaluated;

* See Appendix A for organization as of June 1, 1970

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- auditing components' affirmative action programs for compliance with government requirements and, beyond that, for adequacy in relation to manpower needs;
- providing a clearinghouse on new research and application of knowledge in this area;
- developing and maintaining constructive relationships with leaders of national organizations such as the Urban League, Opportunities Industrialization Centers (OIC), Congress of Racial Equality (CORE), National Association for the Advancement of Colored People (NAACP), as well as with new elements in the minority power structure;
- identifying the best opportunities for external involvement to provide effective help for communities faced with urban/hard-core problems (economic development, education, housing, etc.);
- recommending guidelines for dealing with disruptions and civil disorders;
- providing advice and counsel to operating components on compliance reviews and complaint cases.

The nature and extent of even this preliminary list of tasks prompted a decision to undertake a systems analysis of the total company action and response. Only from such a comprehensive and thoroughgoing analysis, it was felt, could there be any degree of assurance that the resultant programs would prove adequate, over the long term, to deal with the magnitude of the challenge.

B. CHALLENGE AND RESPONSE: A SYSTEMS ANALYSIS APPROACH

There are two characteristics of the EO/MR problem which virtually demand that any program of solutions must, to be adequate, be preceded by a systems analysis of the problem. In the first place, there is virtually no aspect of the company's operations that is untouched by its impact: because it is a "people problem," it pervades every function and every location. Second, there is a strong and necessary connection between the external and internal aspects of the problem: because the problem originated in society at large, the search for solutions cannot stop at the plant gate, but must extend into the community.

It was logical to approach this problem in the same light, and with the same urgency, as any business problem facing the company. The obvious need was to apply in this area the normal management formula: establish objectives, goals, policies, alternatives, priorities and (above all) measurements.

This section of the report describes the process of this analysis, stage by stage, from identification of the problem to approval and implementation of programs. The next section summarizes the results of the analysis, in terms of the principal recommendations and guidelines for future action.

The Policy/Advisory/Minority Panels

The analytical process was advanced through the efforts of three groups, established to assist the EO/MR component in charting the future direction of Company programs.* These groups were:

1. an executive-level Policy Panel, to ensure that recommended policies and programs were relevant to key business needs (short-range and long-range);
2. an Advisory Panel of key Staff and Operating personnel, to bring to this analysis the broadest possible spectrum of experience and awareness of current operational programs;

* See Appendix B for membership of these Panels

3. a panel of minority professionals, to evaluate recommendations for new policies and programs from the point of view of minority interests.

The Policy Panel, under the chairmanship of Herman L. Weiss, consists of three Group Executives, three Corporate Staff Officers and three Division General Managers. As stated by Mr. Borch in a letter announcing its establishment, this Panel is responsible for covering:

- "1. The feasibility and appropriateness of recommended new policies, programs and measurements designed to help operating components achieve their objectives in the equal opportunity and minority relations area.
- "2. Recommended long-range goals that assure a proper balance between future business trends and needs, and current operating performance in implementing sound, affirmative action programs."

The caliber of this Panel's membership is a reflection of the importance and pervasiveness of the problem, and a recognition of the fact that, in total, the needed changes will amount to little short of a restructuring of the manpower system of the company and a reorientation of many external relationships. The intent has been to ensure that these basic changes will maintain a "fit" into overall business plans, and so merit and hold top management support.

The Advisory Panel consisted of ten Corporate Staff and twelve field personnel, nearly all of them connected with the Relations function. The field personnel were selected from major General Electric population centers to ensure broad geographic and urban coverage, and to tap the available knowledge about innovative programs in a variety of plants and communities. The members of this Panel, together with the EO/MR Staff, made up the principal working group in the systems analysis, heading up the task forces that were responsible for the research and recommendations that flowed from this analysis.

Studies (including the environmental study in this research -- see below) have shown how important it is, in planning and implementing minority programs, to have substantial representation from the minority community in the decision-making process. It was to secure that needed

representation, and to ensure that all recommendations were considered from the viewpoint of minority interests, that the Minority Panel was established. In addition to minority employees working on specific task forces, there were sixteen minority professionals on this Panel, charged with responsibility for making recommendations on their own initiative and for reviewing recommendations of the Advisory Panel.

Overview of the Flow Process (see chart p. 13)

The systems analysis process started, in January and February, 1969, with an attempt to define, in fairly precise terms, the total EO/MR problem confronting the company. As regards the intent was to identify the internal and external challenges -- and opportunities -- and to assess the probable risks of corporate action. In terms of the external threats and opportunities, the analysis identified the factors discussed earlier in this report. The internal factors included present and future manpower needs, minority representation and upward mobility, interpersonal relations (including the possibility of white employee "backlash"), problems of training, motivation, turnover and productivity.

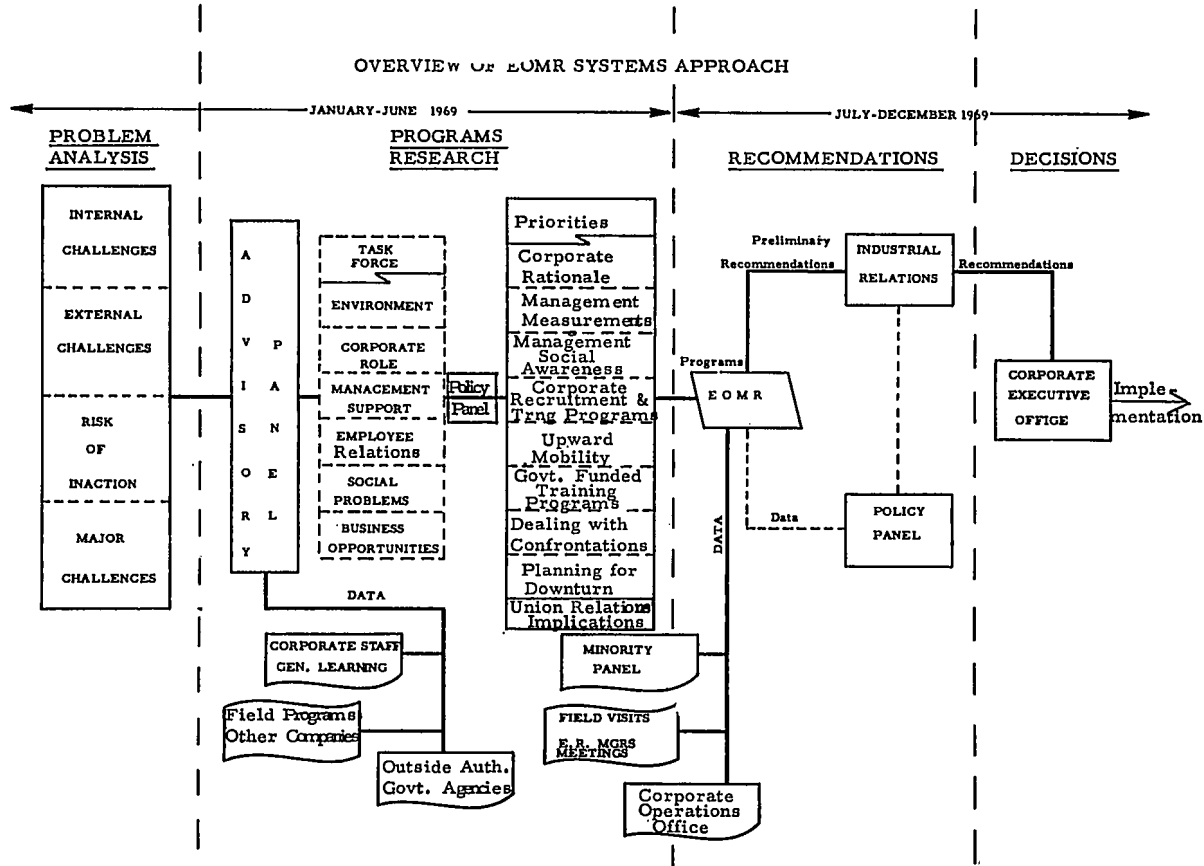
As a result of this preliminary analysis, the Advisory Panel organized itself into a series of task forces -- eventually 27 in number -- to deal with specific problems in six major areas:

Advisory Panel Task Forces

1. Environment

- | | |
|--|--------------------------|
| -- Future minority environment study - short and long range trends | W. K. Reed
Chairman |
| -- Evaluation of what other companies are doing (including major competitors) -- Outside research on what works -- Update and catalog what GE is doing | J. B. Clarke
Chairman |
| -- Development of contacts with key leaders in the black community - National vs. local involvement - Other minority leadership contacts | G. R. Fugal
Chairman |

OVERVIEW OF EOMR SYSTEMS APPROACH



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- Guidelines for dealing with confrontations - Identification of possible sources and issues of confrontation - Corporate response, relations with police, etc. W. K. Reed
Chairman

2. Corporate Role

- Guidelines for Affirmative Action - Review and update Policy #5.4 - National vs. local responsibilities L. G. Cheek
Chairman
- Guidelines on Compliance Reviews - Federal, state and local complaint investigations - National vs. local responsibilities L. R. Bauer
Chairman
- Guidelines for dealing with disruptions, riots and civil disorders E. N. Deck
Chairman
- Opportunities to utilize corporate advertising, TV, radio, for improving social responsibility image W. C. Hart
Chairman
- Development of corporate rationale, philosophy, "theory of the case" for gaining management and employee understanding, involvement, participations R. G. Ripston
Chairman
- Current legislation in EO/MR area -- Legal implications; recommendations and guides on present and proposed legislation T. F. Hilbert
Chairman
- Role of corporation in solving social problems - Specific opportunities for General Electric in next ten years W. A. Lewis
Chairman
- Application of EO/MR programs, practices and plans to the single plant or Department location R. L. Howes
Chairman

3. Management Support

- Reports to management and government agencies, locally and nationally G. R. Fugal
Chairman
- Management training in social awareness, human relations, interpersonal relationships - Who will be involved - Instructors - Cost - Communications - Need for General Electric course vs. outside courses F. R. Kaimer
Chairman
- Management measurements in the Equal Opportunity/ Minority Relations area - Evaluation of quotas or targets C. C. Hudson
Chairman

4. Employee Relations

- Minority work force profile - Characteristics - Future manpower projections - available skills - Opportunities for improved productivity J. A. Nunn
Chairman
- Policy position on Union Relations implications - Non-discrimination clause - Impact of EO/MR activities on non-union plants - Negotiations with militant organizations - Providing statistical information to unions and militant organizations - Contract proposals C. R. Grebey
Chairman
- Standards used in Operations for recruiting, testing, training, motivating and upgrading minorities (hourly, non-exempt, first line management) C. B. Dates
Chairman
- Affirmative action programs for identifying, recruiting, training, promotion of minority people to professional and managerial positions - Emphasis on measurements W. E. Herrmann
Chairman
- Participation in government training programs - National MA-4, 5, contracts - NAB relationships - Relationships with key government officials to anticipate future direction F. A. Thorn
Chairman

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- Affirmative action objectives, plans and measurements for corporate training programs in recruiting, hiring and training of minorities W. H. Connor
Chairman
- Planning for an economic downturn - Problems of minority layoffs - Possible new government/business training programs J. A. Nunn
F. H. Black
Chairmen

5. Social Problems

- Black entrepreneurship - Black capitalism - Purchasing - Sub-Contracting - Management consulting - Opportunities to support black businesses - Tax incentives - Relationships with black banks - Establishing black dealers and distributors J. D. Evans
Chairman
- Corporate contributions to minority educational institutions - Grants, local operating contributions - Tuition refund application for minority needs - New educational incentive programs - High school equivalency - GE educational involvement at high school and college level to influence career and curriculum development B. W. Saterlee
Chairman
- Finding solutions to the housing problem - Difficulties in getting housing for black professionals - How a location can help - What should company position be - Housing problems of other employee groups B. B. Ballance
Chairman

6. Business Opportunities

- Systems solutions to urban problems - Application of GE technology and resources - Model Cities D. E. Trumbull
Chairman
- Business opportunities in solving social problems J. R. Roberts
Chairman

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The purpose of these task forces was to provide answers, in the form of recommended policies and programs, to seven key questions that were related to, and should precede, the sort of total corporate involvement that was envisaged. These questions were:

- What is the present and future minority environment and the predicted impact on the short- and long-term growth and profitability of the company.
- What leadership role should General Electric take in relationship to the progress being made by other companies (e. g., in National Alliance of Businessmen/Plans for Progress)?
- How do you get management and employee understanding and support for the company's approach to EO/MR programs?
- What policies, plans, programs and measurements are required within the company to effectively manage this new work force in a changing environment?
- To what extent will the company be willing to make short-term investments that impact on profitability to contribute to longer term needs of the company and the nation?
- What role should General Electric play in solving the external problems that afflict minorities and create a disadvantaged work force (e. g., education, housing, transportation)?
- What are the business opportunities for General Electric in this changing environment?

In seeking answers to these questions, the Advisory Panel task forces availed themselves of ideas and information from a wide variety of sources -- from other Corporate Staff components and General Learning; from new programs and experience at plant locations; from the experience of other companies; from an analysis of government programs and policies; and from ideas offered by authorities in the minority community, education, research organizations, business and government.

The Policy Panel was formally established March 20, 1969, and at its first meeting on May 28 reviewed the organization and progress to date of the Advisory Panel and EO/MR component. A principal result of this meeting was the identification of nine priorities:

1. Corporate rationale
2. Management measurements
3. Management social awareness training
4. Corporate recruitment and training programs
5. Upward mobility
6. Government funding for training programs
7. Dealing with confrontations and disorders
8. Planning to deal with an economic downturn
9. Union relations implications (since 1969 was a year for company-union negotiations)*

While still recognizing the need for a thorough analysis of the whole spectrum of problems, the Policy Panel felt that problems in these nine areas had an immediacy about them that required a speeding-up of the research, recommendations and decision-making. At a subsequent meeting (July 1) the Panel further reviewed and expedited the work of four task forces -- those on compliance reviews; government funding; dealing with confrontations; and management measurements -- whose recommendations were discussed with, and approved by, the Corporate Executive Office (July 28).

While these areas were singled out for accelerated treatment, the remaining task forces completed their research and reported out their findings and recommendations to a combined meeting of the full Advisory Panel and EO/MR component (September 2-3, 1969). In the meantime Frank Toner and his staff had been receiving additional inputs from:

* At the invitation of Corporate Employee Relations, the EO/MR Staff reviewed their plans and progress with major unions' national negotiating committees in an effort to minimize the chances of friction on these issues.

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- the Minority Panel, which met for the first time June 12, to review and comment on Advisory Panel plans;
- a company-wide meeting of Employee Relations Managers (June 11) at which, for the first time in company history, a full day was devoted to discussion of EO/MR problems and plans;
- a series of field visits that eventually extended to some 25 Divisions, covering 75 Departments and approximately 190,000 employees, to gather first-hand knowledge of local problems and experience;
- meetings with Corporate Staff Officers and Group Executives in the Corporate Operations Office's reviews of EO/MR progress.

The month of September was taken up with a final review of task force recommendations, both by the Minority Panel and by Industrial Relations staff, and with synthesizing the total output into a coherent and comprehensive plan for General Electric's long-term EO/MR commitment.

This overall plan, together with the salient findings leading up to it, was then reviewed with the Policy Panel on October 2, and won their endorsement. Thus, after nine months of intensive effort, the stage was set for final approval by the Corporate Executive Office (except where this had already been obtained) and for the critical implementation phase.

The Approach to Implementation

The overall corporate goal in EO/MR is, as it must be, the creation of a self-sustaining system that results in true equality of opportunity at all levels of the organization. Clearly, such a goal can only be achieved by a system-wide application of the corporate commitment: it can not be achieved by a single staff component, nor even by a limited number of operating components, no matter how energetic and valid their efforts may be.

That is why the implementation phase of this systems approach is so critical: the overall plan, however good, could be quite ineffective unless it is taken up and implemented by managers at all levels of the organization. To help assure the success of this implementation, three elements are considered vital. First is the communication to the whole company of top management's serious commitment, to be reinforced by statements of local management's commitment. Second, is the installation of a measurement system so that specific goals can be set, programs developed and progress and performance evaluated. Finally, if managers are to be measured on their performance, they must be given the guidance, counsel and assistance that they will require.

The communication of top management's commitment to EO/MR progress came through the reissuance of a strengthened Policy on "Equal Employment Opportunity and Affirmative Action"* and by the making of an F. J. Borch film. The Borch film was prompted by the perceived need to:

- make widely available a personal statement by Mr. Borch, to underscore the seriousness of the Corporate Executive Office's intentions;
- relate this commitment to business needs, both giving the rationale for corporate action and balancing EO/MR action against the need to meet other business problems;
- stress the need for measurement of corporate and managerial performance in this area.

Included in the film were a dialogue among Messrs. Borch, Day and Toncr, and vignettes of actual employee statements (though acted out by professional actors), raising questions or giving opinions, to which Mr. Borch responded. The film was distributed to operating Divisions in December, 1969, accompanied by guidelines suggesting its possible uses and discussion topics, and reiterating the vital requirement that the local manager "add his personal commitment, to that of Mr. Borch, to the need for dedication, initiative, planning and progress" in this field.

* See Appendix C and next section.

Since, generally, managers' motivation and performance is spurred by measurement and evaluation, it was felt that the only way of achieving the desired momentum in EO/MR progress would be to make this activity a required part of the regular business review process. Accordingly, the EO/MR Measurement Format, * designed by one of the Advisory Panel task forces, was distributed in-line from Group Executives to Division and Department General Managers, and scheduled for inclusion in the Session II (Manpower) Reviews conducted annually in each component. The essential ingredient in this Measurement Format was the requirement that each component should establish goals for EO/MR progress, develop affirmative action plans for ensuring progress, and report on results achieved against these goals. In this way it was possible to ensure that the EO/MR performance of every manager and every component would be subject to in-line review, from the smallest component to the company-as-a-whole. By this one action a major step was taken toward effective and pervasive implementation of the overall plan.

A supplement to this management measurement system is provided by Corporate Industrial Relations' responsibility for auditing performance (see Policy 5.4, Appendix C). Because of the company-wide implications of an adverse compliance review or complaint case settlement, some reservation of authority was considered necessary; and the EO/MR staff is required to review continuously all affirmative action plans to ensure the adequacy and the effective implementation of these plans throughout the company.

However, the more positive contribution to be made by this component is to be found in the third prerequisite for implementation -- offering the needed guidance, counsel and assistance to help managers achieve the desired level of performance. The task force recommendations, which are summarized in the next section, provide a wealth of ideas on which managers can draw in designing and implementing their own programs. Much remains to be done -- indeed, only a start has been made -- on getting many of these new ideas and new programs into the mainstream of General Electric operations. But the principal accomplishment of this systems analysis of the EO/MR problem is that it has succeeded in establishing, not only a firm foundation, but the conceptual framework for future progress.

* See Appendix D and next section.

C. SUMMARY OF PRINCIPAL TASK FORCE CONCLUSIONS AND RECOMMENDATIONS

It is not, of course, possible to do more than touch on relatively few conclusions and recommendations that came from the 27 task forces after nine months work. Rather than attempting to deal with each task force report separately, this summary deals with the principal findings under the six main headings of research activity, and then gives brief answers to the seven key questions that were raised at the start of this effort (p. 18).

Environment

A major conclusion of the Future Minority Environment Study* was that present conditions on the minority relations front are too volatile to persist for any length of time: changes in the situation are inevitable, and make specific long-term predictions hazardous, if not impossible. However, this very instability and uncertainty means that leadership decisions, in both white and minority communities, will have a deterministic effect on the outcome. As the study noted, "To reduce it to a single specific instance, General Electric's managerial decisions and actions can be effective in helping to shape the minority environment in which the company will have to operate."

This study, which is designed to provide an environmental framework for EC/MR planning in the company, reported on outside authorities' appraisal of seven forces for change in this environment: population growth, the "youth wave," urban/suburban divisions, growing minority militancy, the swing from integration, the struggle for economic and political power, and the divided reaction in the white community. It also summarized the general guidelines offered by these experts for approaches to a solution of minority problems:

- The approach to a solution must be as complex and comprehensive as the problem itself, involving a total effort by all institutions of our society.

* A summary of this study is included as Appendix E.

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- Solutions must be sought mainly in terms of specific economic, political and social needs, rather than in purely racial terms -- though the problem of racism (white or black) has to be faced up to directly.
- Priority needs to be given to the areas of employment, education and housing.
- The immediate goal is no longer integration per se, but equality in an open, pluralistic society.
- Solutions must both recognize the need for short-term "separateness," and preserve the long-term option of integration.
- Commitment and action by white leadership must play a key role in bringing about needed institutional changes.

In commenting on business-government relations in this area, the study noted the growing government pressure on companies and unions to provide equal employment opportunity; increased attention to sex discrimination, as a second wave following immediately behind the minority problem; and increasing reliance on private sector involvement in solving urban/minority problems.

In addition to this study's use in EC/MR and manpower planning, the Policy and Advisory Panels recommended that it should be incorporated in manager development programs and be made a part of each manager's individual social awareness program. Further, since this environment is so volatile, there is an obvious need for continuous monitoring and periodic updating of the forecast of trends.

The findings of this study served to underscore the recommendations of two other task forces -- those on developing contacts with minority leaders, and on dealing with confrontations. More individual and sustained relations with leaders in the minority community will have to be developed, at the local as well as the national level, if the predicted social and institutional changes are to be accomplished with a minimum of friction. Cooperative leadership decisions are much to be preferred to unilateral white action. But company managers will need more help and guidance in identifying minority leaders and in the sensitive process of developing these relationships.

At the same time, the predicted growth in minority militancy increases the likelihood of confrontations with radical organizations and individuals, including white student radicals. Recommendations in this area have already started to be implemented, following their approval by the Corporate Executive Office, including:

- establishment of a "clearinghouse" of information on groups, issues and events from which possible confrontations may materialize;
- distribution to the field of guidelines on how to handle, and contain, such confrontations;
- development of local "warning systems" to anticipate potential trouble-spots.

Corporate Role

Equally basic with the identification of environmental trends was the need to establish the rationale for corporate action on urban/minority problems -- and to communicate this to all managers and other employees. The fundamentals of this rationale have been laid out in the section of this report, "The Need for a Heightened Emphasis" (pp. 2-7), and (in part) in the statement of Company Policy (Appendix C). The communication of the rationale is being accomplished by issuance of the Policy, use of the Borch film, executive and management presentations, and publication of this report. Clearly, there must be a clear and explicit understanding of the reasons why General Electric is acting if managers and employees are to accept what is to be done.

The new Policy 5.4 is, of course, only the latest in a series of policy statements dating back to Gerard Swope's days, but it has been considerably strengthened to meet today's governmental and public requirements. Specifically, the strengthening of its terms are to be found in:

- the extension, beyond non-discrimination, to a policy of "affirmative action to seek out individuals whose potential has not been developed, with the objective of assisting them to meet (job related) standards;"

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- specification of managerial responsibility for complying with the Policy and the law;
- the establishment of an annual measurement of performance in each component;
- provision for audit by EO/MR staff.

The combined effect of the Borch film, the strengthened Policy and the new measurement format should, it is hoped, make clear to the organization, not only the direction that corporate action will take, but also (in some detail) the terms in which that action should be implemented.

Further details have been provided by the guidelines for compliance reviews, the subject of another task force. There is abundant evidence of more aggressive enforcement by state and municipal agencies, and by the EEOC and the OFCC, most recently in OFCC's Order #4 spelling out the operational definition of "affirmative action." Guidelines on sex discrimination have also been issued by these governmental agencies. Additional General Electric guidelines have, therefore, been issued to the field on the significance of this new Order #4 and of its first application in a compliance review at McDonnell-Douglas and the implications for the Company in the sex discrimination area.

The corporate role is not, of course, limited to the provision of employment opportunities, training and upward mobility. As other task forces recommended, there are many other ways in which General Electric can use the resources and leverage available to it to contribute toward solving this social problem. For instance:

- a portion of the current purchasing dollars spent on goods and services can be channeled to minority enterprises;
- some of the cash assets could be held in minority-owned banks;
- new facilities are scheduled to be constructed in the next decade, and urban/minority considerations might be factored into decisions on location;
- a larger percentage of the advertising budget could be placed in minority-owned publications, and company advertisements could increase their minority representation.

In addition, the section on "Social Problems" (see below) discussed ways in which the company can work to ensure "open housing" practices in local real estate operations, and use its educational and charitable contributions as adjuncts to its other efforts.

Management Support

The heart of the management support programs -- and, in many ways, of the whole systems approach -- is the proposal for an EC/MR measurement system. This measurement system is based on two essential and fundamental requirements for success:

1. recognition of the fact that the internal and external aspects of the problem are inextricably interwoven;
2. implementation of programs on a system-wide basis.

As a result, a component's programs are to be evaluated under six broad headings:*

1. Community climate: an analysis of community minority population and unemployment rates, and of the state of local minority relations and leadership; enumeration of community relations programs dealing with urban/minority problems.
2. Management involvement and leadership: action on communication of company policy, on establishing written goals and objectives and on recognition of individual accomplishments.
3. Minority recruiting: analysis of interviews and hires, total and minority; special programs for recruiting minority professionals.

* See Appendix D for details

4. Employment, placement and orientation: analysis of total/minority employment, by category; five-year projections of plant work force, placement of disadvantaged persons, and use of government funding to offset training costs.
5. Developing and upgrading: five-year projections of total/minority managers, sales personnel, exempt employees; special programs to identify and develop minority talent; assistance to minority employees on housing problems.
6. Government review: analysis of compliance review(s) and complaint cases, if any; innovative approaches to affirmative action.

This proposal was one of the first to be approved by the Corporate Executive Office and (as described on p. 21) is already implemented.

Clearly, if managers are to be evaluated on their EO/MR performance, they have a right to expect the level and quality of support needed to enable them to achieve the desired performance. In part, this support will take the form of innovative programs, developed in this research effort and subsequently, which can be applied or adapted to local needs. There is, however, also a need for more complete reporting of minority employment statistics, and for better training to enable managers to deal effectively with the new work force.

So far as manager education is concerned, there was a clear finding that a variety of "social awareness" programs should be developed to gain middle and lower management understanding of minority problems. Successful implementation of the company's EO/MR commitment entails moving management's efforts from merely obeying orders to an awareness of the underlying problems and a dedication to the development of creative solutions. A strong recommendation was made, therefore, for developing a series of "learning modules" for first-line supervisors and managers. An important consideration in this education process is the fact that much of the training will have application beyond the minority work force, and will help managers solve broader human relations problems. These efforts should do much to improve the motivation and productivity of all employees.

Employee Relations

In the employee relations area, a frequent finding was that what was needed to be done by way of attending to minority problems was also needed to improve the working of the manpower system for all employees. For instance, the hard-core unemployed have a special need for orientation to the world of work and job-requirements; but in attending to this need it was found possible to improve the orientation process for all employees, and so to contribute to lower turnover and higher productivity. Similarly, in seeking to develop a more adequate inventory of minority employees' talents and abilities, one can also produce a better work force profile of the total work force, and so upgrade the overall quality of manpower planning.

Summarizing the task force recommendations is perhaps most difficult in this area because of their number and variety. In addition to the orientation and work force profile proposals just mentioned, the principal areas covered were:

Re-Evaluation of testing and standards: The quality of standards for employment vary greatly in the company, from being largely irrelevant to closely related to job requirements; and in some cases local standards are "screening out" candidates for employment, while the new environment requires "screening in." One recommendation was, therefore, for a review of the relevancy of all employment standards (with audit by corporate staff), and for continued efforts to validate all tests.

Government training contracts: Recruiting, and training hard-core unemployed is significantly more costly than ordinary training programs. However, government funding (e.g., through MA-5 contracts) offers a source of reimbursement for these extra costs; and, provided reasonable caution is exercised, there is no reason why company components should not enter into these contractual relationships. The task force recommended that General Electric should seek out these contracts in view of the necessity of tapping this manpower source to meet future work force needs. However, it was stressed that contract proposals should be submitted on a component by component, rather than on a company-wide, basis; and that they should be reviewed at the corporate level before submission.

One innovative proposal in this area emerged from studies on how to mitigate the impact on hard-core/minority employees of an economic downturn, which might be expected to hit most severely at the latest

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hired. The proposed program, however, would be available to all employees on layoff. Essentially, it would be a modification of existing MA-5 contracts (hence it was termed the "MA-X proposal") to encourage employees to capitalize on the layoff period by training to acquire higher skills for jobs that will be predictably available in the subsequent upturn. Such a program should probably include at least two elements:

1. some sort of financial aid beyond unemployment compensation, to take care of out-of-pocket expenses and to provide an incentive for participation in the program;
2. development of training programs that would be truly meaningful in terms of future, predictable job requirements.

The proposal has been endorsed by the Corporate Executive Office and widely discussed with government officials. The advantages of such a program are many:

- it would help to retain labor which is surplus during a downturn, but which is expected to be scarce as soon as the downturn is over;
- it would help build scarce labor skills;
- it would provide strong motivation for the development of more systematic manpower planning programs;
- it would ease the economic and psychological distress of layoffs, and minimize the possibility of confrontations and riots.

Upward mobility: The projected shift of the work force toward more salaried, professional employees, combined with the increasing urgency of the minority demand for "upward mobility," means that a major corporate effort must be made to place minority employees in professional, technical and managerial positions, and in the more highly skilled ranks of the hourly work force. It will no longer be sufficient, from either a societal or company point of view, to move the ghetto inhabitant off the street and into dead-end jobs. If no progression up the corporate ladder is perceptible, then the existing minority work force could very well lose motivation.

The first requirement is managerial awareness that this must be a "target" action area: and both the revised Policy and the measurement

format seek to focus attention on this problem. Although the task force found that about half the "roadblocks" in development and upgrading applied to all employees, the special problems affecting minority employees require special efforts to correct them. Specifically, for instance:

- an immediate inventory of the skills and development potential of minority personnel (it is worth noting that one company survey showed that black hourly employees tend to be somewhat better educated than their white counterparts);
- a review of candidates for promotion and/or management development courses for appropriate inclusion of minority employees;
- accelerated placement of minority employees in high-level professional positions (e.g., lawyers, economists, scientists, doctors), especially in new, expanding businesses;
- use of professional black manpower companies.

Professional recruiting: A key recommendation here called for the establishment of a Manufacturing Technician Training Program, to provide a means of entry into General Electric for graduates of two-year colleges or technical schools, or for four-year college graduates whose qualifications are below the company standards. This should prove to be one of the strongest means of augmenting the number of minority employees on entry-level professional programs.

One reason frequently cited for the low percentage of minorities on these programs is that they are not pursuing studies which prepare them for professional positions in industry. Addressing itself to this problem, a task force recommended that the company try to influence students to seek business careers by reaching them earlier in their schooling. A further effort should also be made to extend recruiting to additional black colleges; to provide summer jobs for minority students and their instructors; and to give recruiters the alternatives of placing candidates in the professional programs, the technician program, or directly on assignments. However, with current career choices at black colleges still indicating a heavy preponderance against business, open market recruiting will be needed, over the short-term at least, if the minority percentages of professional and managerial positions are to be substantially increased.

Social Problems

The interrelatedness of the internal and external aspects of the urban/minority problem is perhaps best revealed in the report of the task force on housing. While a general problem exists regarding the availability and cost of housing, the problem of finding desirable housing increases for certain minority groups and is especially severe for black professionals. This lack of housing opportunities is a major limiting factor on the company's ability to attract minority professionals, and to implement the needed upward mobility programs.

A conscious effort has, therefore, to be made to deal with this problem by working, at each location, with local real estate, banking and construction firms to assist minority professionals in finding suitable housing. The company's position in support of "open housing" practices should be made clear in the community, and each component should have good working relationships with local agencies such as the Human Rights Commission Urban League and NAACP. At the corporate level, employee transfer and home purchase policies should be reviewed with an eye to liberalizing benefits (e. g., availability of loans) for employees. Locally, Employee Relations Managers should review the community situation to identify potential problem areas, e. g., reluctant landlords and real estate agents, special lending practices, etc. Since the company spends \$25 million a year in real estate commissions, we should use this leverage to support realtors who endorse and implement the requirements of open housing laws.

A further example of the interrelatedness of internal and external solutions is to be found in the area of educational opportunity. In both the educational programs of the company and the contributions of the General Electric Foundation, there are substantial contributions to be made to the self-development of minorities. The task force found that the Foundation has vehicles in place to provide corporate support to minority educational institutions and culturally deprived individuals through urban/disadvantaged education program grants. There is a need, however, to keep managers informed of the Foundation's philosophy and programs and to enlist their participation in seeking out programs worthy of support. Similarly, within the terms of existing policy on financial support of educational and charitable contributions, individual components could do more to support minority education programs at the local level.

These and other similar efforts should tend to improve the quality of the urban work force from which many General Electric plants must recruit their employees. A parallel effort, to assist disadvantaged persons when they come on the company payroll, would be to extend the tuition refund concept to cover sub-college level programs; and steps have already been taken in that direction through the new Individual Development Program.

A third area of activity "outside the plant walls" is the encouragement of minority businesses ventures. While the main thrust of economic development will be through improved employment opportunities, individually- or collectively-owned* ventures can be extremely valuable in providing minorities with further opportunities for sharing in economic progress; in strengthening minority attitudes, motivation and self-image; and in developing managerial talent. "Black capitalism" (or "green power") has become a rallying point for a wide variety of programs and viewpoints, white and black, conservative and radical.

The task force recommended that the main source of capital for these ventures should come from financial institutions, the government and community consortia, rather than from companies like General Electric. However, this would not altogether rule out a company role such as in providing "seed money" for administrative organizations or in making prudential investments. And a great deal of support can be provided to new minority ventures through supplying technical assistance and/or managerial know-how.

Additional assistance can be provided -- and business needs served -- by depositing company funds in minority banks and by opening up opportunities for supplying and subcontracting by minority-owned businesses. Corporate Manufacturing should develop guidelines for such purchasing arrangements, including consideration of helping minority businesses to become competitive in all aspects of the bid (quality, price, delivery, etc.)

In any of these assistance programs there should be no thought of patronizing minority businesses or of propping up marginal firms. There is, however, a real need to broaden and strengthen the economic base of the minority community, and there are obvious opportunities to foster this development without impairing the effectiveness of company operations.

*As, for instance, in the activities of Community Development Corporations.

Business Opportunities

Some components are already involved in transportation, medical and education businesses which are contributing to the solution of urban/minority problems. And, in the larger sense (as already noted), company business opportunities will expand as minority income levels are raised and purchasing power increased.

Construction and educational services seem to offer the best new prospects for General Electric to help solve social problems on a solid profit-making basis. Two areas have emerged so far as attractive possibilities, because they can provide widespread employment opportunities, and because they contribute to minority progress. These are:

1. housing sub-assemblies, a concept now under development by Urban Systems Programs Department;
2. industrial training and education packages, similar to those being produced by General Learning Corporation.

Aside from these particular possibilities, there should be a general alertness to the emergence of other opportunities. As the nation re-directs its resources in a reordering of national priorities, so General Electric should be prepared to make comparable changes in corporate emphasis to align itself with new marketing opportunities.

Answers to Key Questions

Another way of looking at the results of the task force reports is to synthesize, from their recommendations, answers to the seven key questions these task forces were asked to discuss.

1. What is the present and future minority environment and the predicted impact on the short- and long-term growth and profitability of the company? The state of race relations is highly volatile, changing under the impact of demographic forces, new minority aspirations and divided reaction in the white community. The potential explosiveness of this environment is unsettling at best, damaging at worst, for General Electric and the whole private enterprise system. If events are allowed to trend toward social polarization and disturbances, the impact on any company must be negative in the extreme, disrupting markets, curtailing labor force growth, and impeding profitability. However, as the environ-

ment study pointed out, leadership decisions can still shape events in a more constructive fashion, to the benefit of the minority community and society, and to the long-term growth and profit of business.

2. What leadership role should General Electric take in relationship to the progress being made by other companies? In terms of minority employment and promotion, General Electric has no option but to reach or maintain at least parity with comparable companies. Leadership should be sought, not so much in this quantitative arena, as in the quality of imagination and innovation shown in the total spectrum of programs addressed to the overall urban/minority problem, inside and outside plant walls.
3. How do you get management and employee understanding and support for the company's approach to EO/MR programs? The first prerequisites are a clear statement of top management commitment (e. g., the F. J. Borch film) and a strengthened and clarified statement of corporate policy. Both these steps have already been taken. Distribution of the minority environment study and of the rationale for corporate action can do much to improve understanding of the societal problem and of the reasons for the company's involvement in seeking solutions to it. For the future, this basis of support can be strengthened by implementing the EO/MR measurements system, and by developing "social awareness" modules for incorporation in education and development programs.
4. What policies, plans, programs and measurements are required within the company to effectively manage this new work force in a changing environment? Taken together, the recommendations of the task forces -- particularly those in the areas of "Management Support" and "Employee Relations" -- can provide managers with the information, tools and techniques they need. It is worth noting again that, by these means, managers will be able to motivate and manage more effectively, not just the new minority work force, but the changing work force as a whole, with its new needs and aspirations.
5. To what extent will the company be willing to make short-term investments that impact on profitability to contribute to longer-term needs of the company and the nation? The short answer is that we really have no alternative to do both. If we are to enlarge and up-

grade our future work force, protect and develop future markets and maintain a stable environment, we must now make investments in business-like solutions to these major social problems.

6. What role should General Electric play in solving the external problems that afflict minorities and create a disadvantaged work force? The strong conclusion was that, since the basic problems arise in society at large, corporate programs must not cease at the plant gate, but must extend into the community to help shape environmental trends constructively. Society and the government are looking, more and more, to the private sector for solutions to urban environmental problems; and General Electric must respond in areas where it possesses technical and managerial competence.

7. What are the business opportunities for General Electric in this changing environment? We must recognize the shift in governmental budgets toward increased financing of urban environmental programs. General Electric should anticipate these trends, and assign leadership responsibility for evaluating marketing opportunities to appropriate components such as Corporate Planning, Urban Systems Programs and General Learning Corporation.

D. TOWARD A SELF-SUSTAINING SYSTEM

As this new and heightened commitment to equal opportunity is translated into specific action, progress has been made in the four priority areas in which recommended programs had already been approved by the Corporate Executive Office (p. 18):

- The new guidelines on compliance reviews and affirmative action have already proved their worth in anticipating, for the most part, the more stringent requirements contained in OFCC's Order #4. The lead time gained by this anticipatory action has enabled operating components to engage in rational planning, and minimized the possibility of being stampeded into hasty, ill-considered reaction.

- A more aggressive attitude on the use of government funding for training the hard-core unemployed has been exhibited by a number of locations as a result of the new corporate policy in this area. Several workshops have been conducted to explain the terms and conditions of this funding, and to give instruction on preparing the proposal, and developing a program. As a result of these moves, several new contracts have been signed -- or are being investigated -- at a variety of locations. As recommended by the task force, these contracts are being entered into by components on a local basis, subject to review at the corporate level.

- the confrontations clearinghouse has provided valuable information on sources of developing trouble (including those on issues other than minority relations). Here again, advance warning -- and a pooling of information and experience -- is enabling components to do a better job of anticipatory planning to deal with possible confrontations, and so of avoiding the twin pitfalls of over-reaction and unwise commitments in meeting demands.

- the new measurement system has been given its first testing (as discussed more fully below) and proved its usefulness.

Already a new momentum and sense of purpose is evident in the organization, and the stage has been set for a broad-based implementation of the other task force recommendations.

The Measurement Format: A First Test

In the late winter and early spring of 1970 the annual reviews of components' manpower planning -- Session II of the business reviews -- were conducted, starting at the Department level and proceeding through Divisions and Groups to the corporate level. This year, for the first time, the new EO/MR measurement format was incorporated as an integral part of these reviews.

The reviews have provided managers with their first real opportunity to consider (as last year's systems approach did) the total scope of the minority relations problem and the whole range of their components' response to the problem. The momentum generated by 1969's company-wide focus on the problem is already showing up in higher minority employment ratios, improved training programs and new community ventures. And the future orientation of the measurement format focuses attention on establishing objectives, goals and criteria by which future progress can be measured. The second round of experience with these reviews, in 1971, should thus be even more helpful because benchmarks will have been established, criteria will be sharper, and new programs will be in place.

The first reviews showed that, notwithstanding the company-wide strike during the last quarter of 1969, some gratifying progress had been made. In purely quantitative terms, the rate of over-all minority additions to the company work force accelerated; and, importantly, movement into professional and managerial ranks became quite noticeable. In qualitative terms the progress was even more encouraging and, in many ways, more important. The importance of this qualitative improvement is that (1) it indicates a developing serious commitment to action which will, in turn affect future quantitative progress; and (2) it is evidence of a recognition that the problem is of such scope and complexity that it cannot be solved solely on the basis of employment statistics. The reviews revealed many examples, to illustrate this point, of innovative programs dealing with training, education, housing, minority business support, social awareness programs and charitable contributions.

It also became apparent in the course of these reviews that the major problems being encountered by operating components fell into five main categories -- all of them areas in which one or more task forces had produced recommendations. These main categories were:

1. Recruiting and retention:

Great difficulty was being experienced in recruiting minority graduates for managerial and professional positions. Relationships with black colleges were not well developed; relatively few students at these colleges were qualified for, or interested in, business careers; competition for black graduates was, and continues to be, intense. Much, it is felt, can be done to ease this problem by, for instance, building up one-for-one contacts with presidents of black colleges; early identification of potential recruits at the junior college level; greater use of black recruiters and black recruiting agencies; and expansion of cooperative and scholarship programs. While each component should establish its own recruiting goals, there is an obvious need for these recruiting efforts to be coordinated on a company-wide basis by Corporate Management Manpower Development, to obviate conflicts and overlap so far as possible.

Even after recruiting, however, there remains the problem of retention. Mention has already been made (p. 31) of the "open housing" problem, but within the plant special efforts have to be made to ensure constructive peer relationships (partly through the use of social awareness programs) and challenging job assignments. Neither of these points can be left to chance, for they are vital both to retaining those now on the payroll and to setting an example which will attract others. Similarly, it is essential to make explicit the potential for advancement, otherwise motivation will be lacking; and to ensure that this potential is realized, otherwise "upward mobility" will be dismissed as a sham.

2. Upward mobility:

The problem of upward mobility is intensified both by the external pressure from government and minorities to achieve rapid progress on this front, and by the small base of currently employed (and qualified) minority personnel who could be promoted. A much more thorough inventory and examination of minority employees' talents is a prerequisite to further action, so that underutilized talent can be more effectively employed, unrealized potential can be developed (by courses, special assignments, etc.), and specific job opportunities

pinpointed for all minority employees. The current tight labor markets (especially for skilled and professional workers) combined with the pressure for equal employment opportunity (from minorities and women), are causing businesses to re-examine, most critically, traditional job requirements and classifications. In many cases these requirements are found to be not only barriers to promotion, but impediments to the smooth functioning of the overall manpower planning system. To meet manpower requirements, as well as to provide upward mobility, a shift in policy from "screening out" to "screening in" is most certainly called for.

3. Management/union/employee understanding:

The nub of this problem is the communication of the corporate rationale and management commitment, and the design of educational modules to develop managerial and employee "social awareness" -- both matters which have been touched on earlier in this report. The new Policy, the Borch film, the minority environment study, a proposed EC/MR brochure, this report itself -- all are aimed, in part, at this problem of getting understanding that corporate action and commitment must be "for real." In the final analysis it is the managerial measurement system that must drive this point home by recognizing and rewarding outstanding individual contributions. A separate and special need is ensuring that union officials are kept informed about EC/MR plans since many programs of employment, training and promotion will be affected by labor-management contractual agreements.

4. Effective utilization of the new work force:

The problems of orienting, motivating and effectively employing those who, until recently, were considered "unemployable" are too well known to need repeating here. However, experience has shown that many of these problems can be overcome through:

- better manpower planning systems;
- improved orientation programs;
- individual counselling;
- relevant job standards;

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- job redesign;
- basic and remedial education;
- supervisory training;
- use of government funds (to offset extra training costs);

The payoff from such programs is to be found in improved production, reduced turnover and absenteeism, lower costs. And though the programs are initially designed to meet the needs of a segment of the work force, analysis shows that many of these programs (in principle, if not in detail) should be applied to all employees. There is ample evidence of a shift in wants, needs and aspirations among youth, so the "new work force" is a far more inclusive term than designating minorities and former hard-core unemployed.

5. EO/MR community involvement:

There is a growing recognition of the need for the company to aid solutions to minority problems outside the plant as well as on the shop floor or in the office. However, there is still uncertainty as to where it may be both appropriate and useful to apply corporate resources and leverage to community and social action programs. The task force recommendations included many suggestions on using the company's purchasing, banking, subcontracting, real estate and contributions practices in this arena: The proposed MA-X training program also would represent a worthwhile community involvement program, as would various forms of support (managerial, technical, financial) for minority businesses. Since the task forces reported, the Nixon Administration has announced its MESBIC program (Minority Enterprise Small Business Investment Companies), and additional studies are being conducted to determine the opportunities for General Electric to engage in such government-business partnerships.

None of these five major problem areas revealed in Session II reviews is unexpected: all have been studied by at least one task force in last year's systems approach. Combining the EC/MR goals established by components in these reviews with the programs recommended by the task forces should provide both the focus and the impetus for future progress.

Beyond Tomorrow

The essential ingredients for success in any corporate response to this overwhelming social problem must be:

1. top management commitment and leadership;
2. a systematic approach to comprehensive programs;
3. grass-roots involvement and implementation of programs;
4. goal-setting and measurement.

There can now be little room left for doubt about the depth and sincerity of General Electric's top management commitment. Mr. Borch has made "unmistakably plain" the need for company-wide action and has given his leadership and support to a measurement program designed to build into the management system an on-going process of EC/MR goal-setting, review and evaluation.

This report documents the corporate action on the second ingredient for success. The year-long period of study and recommendations has produced a redesigned system of manpower planning and development and community involvement that represents a businesslike action program on the new work force and social needs.

From here on, most of the thrust must come from the operating components of the company. The establishment of specific goals and the implementation of programs can never be successfully imposed on a component, but must flow from the planning to meet its business needs and social responsibilities. Top management leadership is aimed at developing commitment by managers at the local level; and the measurement system is designed to ensure implementation throughout the organization.

Much can still, of course, be done at the corporate level. Corporate Industrial Relations, and the EC/MR component in particular, is responsible for:

- monitoring trends in the minority environment;
- catalyzing and coordinating company-wide programs;

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- preparing reports to management and government;
- providing advice and counsel on new programs, compliance requirements, complaint cases;
- auditing and evaluating component performance.

All Corporate Staff components share in a responsibility to increase the representation and upward mobility of minorities on their own staffs, and so to set a leadership example to functional components in the field. In particular, Corporate Management Manpower Development -- with its current responsibility for college relations, recruiting and management development programs -- obviously has a key role to play in helping operating components tackle the problems of minority professionals and managers, upward mobility and social awareness. Corporate Employee Relations must take the leadership in designing work force profiles and inventories, in ensuring that personnel practices are geared to the needs of the new hourly and nonexempt work force, and in working with national unions to gain their understanding and support for the Company's EC/MR plans.

Beyond the Relations components, other Corporate Staff can identify specific points at which they can contribute to the total Company effort. Some examples of such contributions are:

<u>Corporate Staff Component</u>	<u>EC/MR Responsibility</u>
Manufacturing	<ul style="list-style-type: none"> - Manufacturing technician program (p. 30) - Purchasing & subcontracting to minority businesses - Recruiting of minority apprentices
Marketing & Public Affairs	<ul style="list-style-type: none"> - Corporate advertising on social responsibility themes - Contributions to urban/minority organizations
Research & Development } Engineering }	<ul style="list-style-type: none"> - Leadership in professional associations - Relations with black technical colleges and institutes
Finance	<ul style="list-style-type: none"> - Work with minority banks - Assistance to minority businesses
Corporate Planning	<ul style="list-style-type: none"> - Review of new urban/minority business opportunities

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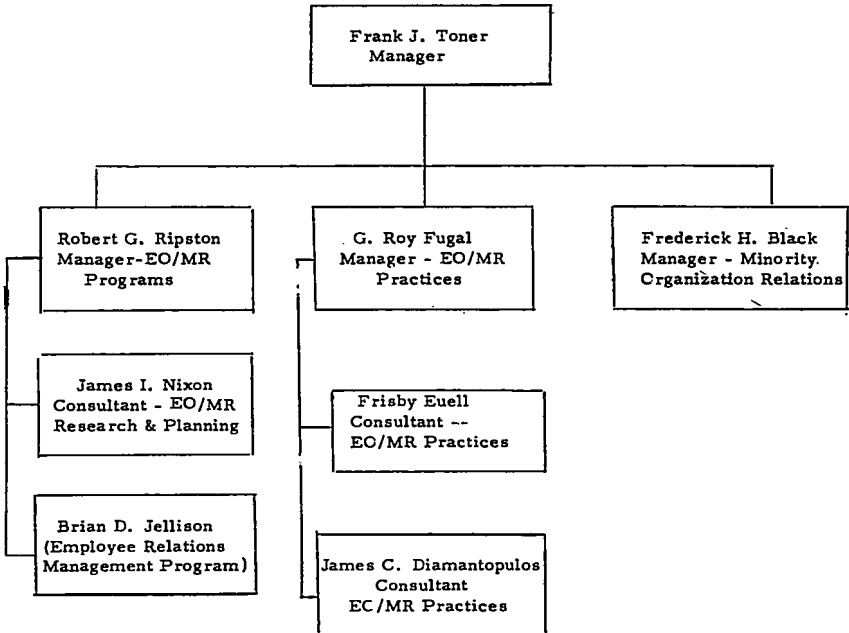
This catalogue of responsibilities serves only to underscore, once again, the fact that nothing less than a sustained and company-wide effort will be sufficient to meet our corporate responsibilities.

Of course, it is recognized that despite some encouraging results, but for a massive change, we will need concerted efforts on many fronts -- government at the national and local level -- industry -- education -- people in our communities and the minority groups themselves.

The over-all corporate goal remains "the creation of a self-sustaining system that results in true equality of opportunity at all levels of the organization" (p. 19). That goal can only be attained inside the company, when the manpower planning and development system operates, as a matter of course, to ensure that each employee is evaluated solely in terms of his individual potential and performance; that individual potential is developed and utilized to its fullest; that no artificial barriers stand in the way of upward mobility. To attain this goal, the company must be prepared to sustain programs of "outreach" and "affirmative action" for many years to come, for the social backlog of unfinished business is enormous. Only such a long-term commitment, matched by immediate (short-term) action, makes social -- and business -- sense in the business environment of the seventies.

APPENDIX A

Equal Opportunity/Minority Relations Staff:
 Organization Chart*



*As of 6/1/70

APPENDIX BMembership of Policy/Advisory/Minority PanelsA. Policy Panel

Herman L. Weiss, (Chairman) Vice Chairman of the Board
and Executive Officer
Virgil B. Day, Vice President - Industrial Relations
Joseph H. Gauss, Vice President and General Manager,
Air Conditioning and Group Support Division
Roy L. Johnson, Vice President, Management Manpower
Development
Robert W. Lewis, Vice President and Group Executive,
Power Transmission & Distribution Group
Fred C. MacFee, Jr., Vice President and General Manager,
Aircraft Engine Operating Division
Philip D. Moore, Vice President - Employee Relations
Mark Morton, Vice President & Group Executive,
Aerospace Group
Donald D. Scarff, Vice President & Group Executive,
Consumer Products Group
Clement E. Sutton, Jr., Vice President & General Manager,
Industrial & Marine Turbine Division

-- Frank J. Toner, Policy/Advisory Panel Coordinator

B. Advisory Panel

B. B. Ballance	Electronic Components Division, Syracuse
Louis R. Bauer	Power Protection & Conversion Division, Phila.
Louis G. Cheek	Aircraft Engine Operating Division, Cincinnati
John B. Clarke	Refrigerator Products Division, Louisville
Willard H. Connor	Corporate Manufacturing
Charles B. Dates	Missile & Space Division, Philadelphia
Edward N. Deck	Corporate Employee Relations
Jack D. Evans	Lamp Division, Cleveland
G. Roy Fugal	Corporate Industrial Relations
C. Raymond Grebey	Corporate Employee Relations
William C. Hart	Corporate Marketing & Public Affairs
William E. Herrmann	Corporate Management Manpower Development
Thomas F. Hilbert	Corporate Legal
R. Laurence Howes	Portable Color TV Department, Portsmouth, Va.
Carl C. Hudson	Large Steam Turbine-Generator Div., Schenectady

B. Advisory Panel (Cont'd)

Fred R. Kaimer	Refrigerator Products Division, Chicago
Will A. Lewis	General Learning Corporation
John A. Nunn	Corporate Employee Relations
William K. Reed	Corporate Industrial Relations
James R. Roberts	Corporate Planning
Britton W. Saterlee	Nuclear Energy Division, San José
Frank A. Thorn	Industrial & Marine Turbine Division, West Lynn
David E. Trumbull	Corporate Engineering

-- Robert G. Ripston, Advisory Panel Project Director

C. Minority Panel

Thermond E. Adams	Knolls Atomic Power Laboratory, Schenectady
John W. Blanton	Advanced Technology Programs Dept., Cincinnati
Ronald E. Brooks	Corporate Research & Development, Schenectady
Calvin Conliffe	Development Technology Operation, Cincinnati
Whaleland Cross	Aircraft Engine Group, West Lynn
Waldron Giles	Urban Systems Department, Philadelphia
Cephus Grier	Housewares Division, New York
James H. Gude	Semiconductor Products Department, Auburn, N. Y.
Al Hill	Lamp Division, Cleveland
Arthur J. Wells	Lamp Division, Cleveland
Sterling Macer	Appliance Component Division, Fort Wayne
James I. Nixon	Knolls Atomic Power Laboratory, Schenectady
Philip Robinson	Louisville Relations & Utilities Operation
Sarah A. Smith (Mrs.)	Missile & Space Division, Philadelphia
Robert Warr	Electronic Systems Division, Syracuse

-- Frederick H. Black, Minority Panel Project Director

Revised Policy #5.4 - Acknowledgment

TO: _____ (Next higher level Manager)

This will confirm that I have reviewed Policy #5.4 on Equal Employment Opportunity and Affirmative Action, dated December 10, 1969, and will apply it in my component.

Signature

Title

Date

cc: _____
(Appropriate Employee Relations Manager)

APPENDIX C

GENERAL  ELECTRIC

ORGANIZATION AND POLICY GUIDE

PAGE: 1 of 2

POLICY

Issued by: Corporate Executive Office

TAB: Employee Relations
(for filing purposes)

NO.: 5.4

ISSUED: 12/10/69

SUPERSEDES: 12/13/65

EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

NEED FOR A POLICY

General Electric is committed to equality of opportunity, a basic goal of a free society. Profitable, responsible growth, and the business success of the General Electric Company, as well as the personal growth of individuals, result from enhancing and utilizing the abilities of individuals to the fullest extent practical within the framework of the business environment. By hiring, compensating, training, promoting and in all ways providing fair treatment to employees on the basis of merit, the effectiveness of the Company's operations can be maintained while enhancing both the nation's economic progress and that of individuals.

To further this goal, there is need for a Company Policy concerning Equal Employment Opportunity and Affirmative Action.

Beyond just equality of opportunity, however, there currently is a national problem of relative deprivation for some citizens, concurrent with prosperity for the great majority. Industry, as an important segment of the nation's economy, often can make many vital business contributions to the solution of these problems. Within the Company there is a determination to take voluntary, positive, business-oriented action which will contribute to the reduction of this national problem, as well as to further Company progress. A related determination is to assure that managers and employees at all locations, as a basic minimum, comply with both the spirit and intent of federal, state and local legislation, government regulation and executive orders in providing equal opportunity without regard to race, color, religion, national origin, sex or age.

Thus, there is a continuing and urgent need for managers to take affirmative action in providing Equal Employment Opportunities. Managers must assure, through action and teaching, that positive steps are being taken to comply with this Policy, to meet the requirements of law, and the stated objectives of the Company for continued profitable, responsible growth and success.

STATEMENT OF POLICY

It is the policy of the General Electric Company to provide employment, training, compensation, promotion and other conditions of employment without regard to race, color, religion, national origin, sex or age, except where age or sex are essential, bona fide occupational requirements.

In addition, while it is the policy to apply appropriate job related standards to the conditions of employment and to maintain such standards at a level consistent with the healthy growth of the Company's business in a highly competitive economy, it is also the policy to take affirmative action to seek out individuals whose potential has not been developed, with the objective of assisting them to meet these standards. Affirmative action will include finding additional sources of applicants who can become qualified, utilizing appropriate training which will assist these individuals towards full qualification, and developing programs to assure upward mobility for qualified individuals.

A major goal of the Company is also to become a civic leader in programs and activities which enhance equal employment opportunities within the various communities in which the Company operates and throughout the Nation.

APPLICATION OF POLICY

Each manager is responsible for the application of this Policy within his component. This includes initiating or supporting programs and practices designed to develop understanding, acceptance, commitment and compliance within the framework of this Policy. All employees and specifically each manager will be responsible for complying with all the requirements and laws of the government, and in applying this Policy to achieve Company objectives.

Specifically, each Manager will be responsible for:

- Making certain that individuals in his components who make or recommend employment and other personnel decisions are fully aware and comply with this Company Policy
- Notifying both applicants and sources of applicants that the Company is an "Equal Opportunity Employer."
- Taking affirmative steps to encourage the application and qualification of individuals for available job openings
- Assuring that promotion and development opportunities at all levels within his component are made without regard to race, religion, color, national origin, sex or age, except where sex or age are essential bona fide occupational requirements
- Cooperating with compliance reviews by appropriate government agencies
- Demonstrating leadership among other responsible business and civic leaders in observing the spirit and intent of federal, state and local laws concerning nondiscrimination.

Each Division General Manager, Department General Manager and Corporate Staff Officer will assure that this Policy on Equal Employment Opportunity and Affirmative Action is appropriately communicated and uniformly applied by all levels of management.

At least once each year progress and performance in the area of Equal Opportunity and Affirmative Action will be measured for each Department, Division, Group, Corporate Staff, as well as the Company as a whole.

RESERVATIONS OF AUTHORITY

Presidential Executive Order requires affirmative action plans within the Company. These must be updated yearly. Copies of these plans should be sent to Corporate Industrial Relations Staff - Equal Opportunity/Minority Relations (EOMR). Corporate EOMR working with Corporate Employee Relations and Management Manpower Development has responsibility for auditing performance under this Policy. Proposed EOMR actions or programs which could have significant effects on the Company's public posture, as well as any proposed settlement or agreement resulting from a compliance review shall be reviewed with Corporate EOMR and appropriate Corporate Staff.

RESPONSIBILITY OF OPERATIONS

Division General Managers, Department General Managers and Corporate Staff Officers are responsible for measuring progress and assuring that effective equal employment opportunity practices and programs are developed in accordance with this Policy and implemented for their component. Advice and counsel should be obtained from Corporate Industrial Relations, Employee Relations, Management Manpower Development and other functional components as appropriate during various phases of designing, revising, documenting and implementing the component's Equal Employment Opportunity/Affirmative Action plans and programs. Compliance reviews and complaint cases initiated by governmental agencies at the operating level should be communicated to Corporate EOMR for appropriate advice and counsel.

RESPONSIBILITY OF CORPORATE FUNCTIONAL COMPONENTS

Corporate Industrial Relations Staff (EOMR), working with Corporate Employee Relations and Management Manpower Development has responsibility for the following:

- Providing advice and counsel on the interpretation and implementation of this Policy
- Reviewing proposed plans and programs and preparing written recommendations to operating components and/or the Corporate Executive Office
- Recommending policy to the Corporate Executive Office
- Searching out and evaluating new concepts and approaches in the field of equal employment opportunity/minority relations
- Working with Company components in appraising the effectiveness of equal employment opportunity/minority relations programs and practices, as well as recommending changes through appropriate management channels
- Auditing effectiveness and recommending needed changes in affirmative action programs of operating and staff components
- Developing guides, criteria, measurements and needed communications to staff and field.

Other Corporate staff components are responsible, as appropriate, for developing, recommending and supporting effective plans and programs in their specific areas of responsibility which will further the Company's Equal Opportunity/Affirmative Action programs.

APPENDIX DEQUAL OPPORTUNITY/MINORITY RELATIONSMEASUREMENT FORMATINSTRUCTIONS

1. Most of the statistics requested are similar to those required by the Government so they should be available. Estimate 5 year projections from business plans and past progress.
2. Each Department should complete the attached format and use the information for answering the "Agenda" items during Session II discussions. The information will then be consolidated for the Division, and then the Group. Session II discussions will be conducted "in line" - not by Plant city. Where a Department has several plants, it is suggested that each plant fill out the "Format" and then the information be consolidated for the Department. Information about many small sales offices can be consolidated at Headquarters.
4. In multi-Department and Division locations, the organization having Area responsibility should complete Part I, Analysis of Community Climate. This should be reviewed and reconciled with components in the area, noting exceptions or differences where appropriate.
5. Use the "Format" as the basis for answering the "Agenda" items. Since time will be limited, discuss major trends, programs and accomplishments. Don't get bogged down in detail. Give an overview. Discuss plans for obtaining future progress.
6. Send a copy of completed format for your Department to F. J. Toner, Manager-EO/MR, Room 1609, 570 Lexington Avenue, New York, N. Y. 10022.
7. Available to assist you are:

Frank J. Toner - Dial Comm 8*222-2362
Robert G. Ripston - Dial Comm 8*222-3302
Frederick H. Black - Dial Comm 8*222-3391
G. Roy Fugal - Dial Comm 8*222-3338
Frisby Euell - Dial Comm 8*222-3620
8. In the near future you will receive a formalized version (along the lines of the attached) of a "Measurement Form" to assist you in your Session II discussions and review. Meanwhile, it might be helpful to you if you will obtain the information along the lines of the attached. Suggested modifications should be sent to Robert G. Ripston, Room 1609, 570 Lexington Avenue, New York, N. Y. 10022.

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FORMAT
Equal Opportunity Minority Relations
Session II Measurements - Department/Division
Part I Analysis of Community Climate

Statistics

Name of Plant City _____ Population in Labor Market Area _____

Department _____ * Labor Force in Labor Market Area _____

Present and Projected Population Growth in Community (SMAS)

<u>Year</u>	<u>% Negro</u>	<u>% Minority</u>	<u>Total Labor Market Population in Numbers</u>
1969	_____	_____	_____
1970	_____	_____	_____
1971	_____	_____	_____
1972	_____	_____	_____
1973	_____	_____	_____
1974	_____	_____	_____

Current Unemployment Rate: Total % Unemployed in Community _____
 % of Non-White Unemployed _____

Qualitative Community Analysis

- A. Give a brief summary of the Minority situation in this community, during 1969. What are the major priority needs in the Community? What role is General Electric playing?
- B. List the more significant programs and activities related to EO/MR which the Company and/or its employees are involved in this community. What leadership role has local management taken?
- C. List the minority organizations active in this community with a brief assessment of leadership.
- D. How does General Electric's performance compare with that of other major employers in this community (i. e., other Plans for Progress Companies, NAB, with regard to such things as minority employment, community participation, etc.)?
- E. Support to minority business in your community

a. Estimate the number of purchasing dollars given to minority \$ _____
 enterprise in 1969.

b. If deposits have been made in minority banking institutions \$ _____
 in 1969, estimate the total dollars deposited.

* The Labor Force is the number of people employed in the Labor Market area (estimate if necessary).

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- c. What other programs and assistance have been developed to aid minority enterprise?

Part II Management Involvement and Leadership

1. When and how has the Corporate Policy on EO/MR been communicated at this Department or location?
2. Have written EO/MR objectives and goals been included in the overall business goals, budgeting and long-range planning processes? Please attach or give examples.
3. Has responsibility for implementing EO/MR objectives and Affirmative Action Plans been assigned? Has responsibility been defined in managerial and supervisory position guides? Describe briefly.
4. In what manner has the fulfillment of EO/MR responsibility been audited and measured?
5. Describe any programs (i. e., cross-cultural - Social Awareness Training) designed to improve managers', supervisors', and employees' understanding of the Company's EO/MR objectives.
6. Are managerial and employee EO/MR accomplishments encouraged and recognized? Give examples.

Part III Minority Recruiting

Statistics

<u>Number of Applicants Interviewed in 1969</u>	<u>All Minority</u>	<u>Total</u>	<u>% Minority to Total</u>
Exempt	_____	_____	_____
Non-exempt	_____	_____	_____
Hourly	_____	_____	_____
Total	_____	_____	_____
<u>Number of Persons Hired in 1969</u>			
Exempt	_____	_____	_____
Non-exempt	_____	_____	_____
Hourly	_____	_____	_____
Total	_____	_____	_____

List the special programs and sources for candidates that have been utilized to encourage the recruiting of Minority Professionals and other salaried people. What have been the results (i. e., schools, colleges, employee referrals, advertising, etc.)?

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Part IV Employment, Placement and Orientation

<u>Employment Statistics</u>			% of % of		% of	
A. 1969	Total #	# of	# of	Minorities	Females	** Minority
* <u>Employment Category</u>	<u>Employees</u>	<u>Negro</u>	<u>Other</u>	<u>to total in</u>	<u>to total in</u>	<u>Participation</u>
				<u>Category</u>	<u>Category</u>	<u>Index</u>
Managers and Officials	_____	_____	_____	_____	_____	_____
Professionals	_____	_____	_____	_____	_____	_____
Sales	_____	_____	_____	_____	_____	_____
Office and Clerical	_____	_____	_____	_____	_____	_____
Technicians	_____	_____	_____	_____	_____	_____
Skilled (Craftsmen)	_____	_____	_____	_____	_____	_____
All Other Employees	_____	_____	_____	_____	_____	_____
Total	_____	_____	_____	_____	_____	_____

** Minority Participation Index = $\frac{\text{Percentage of Minority in Category}}{\text{Percentage of Minority to Total in Labor Market Area}}$

Example: SMAS Community has 500,000 people
 SMAS Community has 50,000 minorities
 Plant has 1,000 employees
 Plant has 50 minority employees
 Plant has 4 minority professionals
 Plant has 100 Total Professionals

$$= \frac{50/1,000}{50,000/500,000} = \frac{5\%}{10\%} = .5 \text{ (Total "Employee" Participation Index)}$$

$$= \frac{4/100}{50,000/500,000} = \frac{4\%}{10\%} = .4 \text{ ("Professional" Minority Participation Index)}$$

* Use EEO - 1 Report Definitions

B. Total Minority Work Force Five Year Estimate

	<u>Total #</u>	<u>% Minority</u>
	<u>Employees</u>	<u>to Total</u>
1969 (Actual)	_____	_____
1970	_____	_____
1971	_____	_____
1972	_____	_____
1973	_____	_____
1974	_____	_____

C. Five Year Estimate of Disadvantaged Placement*

1969	_____
1970	_____
1971	_____
1972	_____
1973	_____
1974	_____

Percentage retention rate of disadvantaged people hired (1969) _____ %
 (Of all the disadvantaged people hired in 1969, what percentage are still on the payroll?)

*Give the actual number of disadvantaged persons (as defined by the National Alliance of Businessmen) hired in 1969 and estimate the numbers for 1970-1974.

D. Government Funding to Offset Training Costs **

	<u>Total dollars</u>	<u># of people hired under contract</u>
1969	_____	_____
1970	_____	_____
1971	_____	_____
1972	_____	_____
1973	_____	_____
1974	_____	_____

**Include Federal (MA-5, MDTA, etc.) and State/Local programs. In the case of consortiums give the number of persons placed and multiply that number by the average cost per trainee to estimate the "Dollars". The "Dollars" should reflect the total money payed to the contractor during the year 1969 (Actual) to 1974 (Estimated).

Part V Developing and Upgrading

	% (1)		%		% Other		%	
	<u>Total</u>	<u>Minority</u>	<u>Total</u>	<u>Sales</u>	<u>Other (2)</u>	<u>% Other</u>	<u>Total (3)</u>	<u>%</u>
	<u>Managers</u>	<u>Managers</u>	<u>Sales</u>	<u>Minority</u>	<u>Total</u>	<u>Minority</u>	<u>Exempt</u>	<u>Exempt</u>
	<u>#</u>	<u>%</u>	<u>Exempt</u>	<u>Exempt</u>	<u>Exempt</u>	<u>Exempt</u>	<u>#</u>	<u>%</u>
1969	_____	_____	_____	_____	_____	_____	_____	_____
1970	_____	_____	_____	_____	_____	_____	_____	_____
1971	_____	_____	_____	_____	_____	_____	_____	_____
1972	_____	_____	_____	_____	_____	_____	_____	_____
1973	_____	_____	_____	_____	_____	_____	_____	_____
1974	_____	_____	_____	_____	_____	_____	_____	_____

1. % of total by category; i. e., # minority managers/total # managers
2. Excluding manager and sales
3. Include all exempt (manager, sales, etc.)

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What programs or plans are in place to identify and upgrade minority people at all levels?

What programs or plans are being or have been made to remedy any situations involving complaint cases of sex or age discrimination?

Are any programs in place to assist minority professionals with housing problems when they are transferred to this location? Explain.

Describe and list the special training and development programs available to minority employees at all levels (Professionals, Managerial, Non-Exempt, Salaried, and Hourly).

Part VI Government Review

Have you had a Government Compliance Review during the year 1969?

YES _____ NO _____

Summarize the major recommendations of this review.

Describe any innovative approaches to Affirmative Action at this location.

List the discrimination complaints during 1969 (if any) at this location and results.

<u>Agency for Complaint</u> (i. e. EEOC OFCC State, etc.)	<u>Nature of Charge</u>	<u>Disposition</u>
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EOMR Measurement Other Supporting Information

1. Describe any other special measurement and/or local procedures utilized, i. e. quarterly reports, monthly staff meeting discussions, special communications, etc.)
2. Give any examples of EO/MR goals and/or details of current Affirmative Action Plans.
3. Any unique program which might be adapted to other locations.

12/8/69

CORPORATE INDUSTRIAL RELATIONS

GENERAL  ELECTRIC

For Circulation Among General Electric Management

January, 1970

A Decade of Tensions and Decisions:**THE MINORITY ENVIRONMENT IN THE SEVENTIES**

Compared with the situation twenty (or even ten) years ago, present conditions on the minority relations front are very fluid. There is virtually unanimous agreement that changes in this situation are inevitable: it is too volatile and unstable to persist in its present condition for any length of time. Many of those interviewed in this study, therefore, professed their inability to offer specific predictions for 1980 because they found the future, in many important respects, so uncertain.

There was, however, substantial

agreement on the broad nature of the forces that will be shaping the minority environment in the next decade. These forces range from the relatively simple and concrete (e.g., certain demographic and labor force projections) to the complex and subtle (e.g., changes in attitudes and aspirations).

1. Growing numerical importance of minorities: Perhaps the best starting point for a discussion of these forces for change is the simple fact that minorities will represent a growing proportion of our population and our labor force. Coupled with their con-

centration in urban areas, this will strengthen their economic and political bargaining power in the next decade.

The minority community is projected to account for *approximately one-fifth of the net increase in population between now and 1980*. By that year minorities will represent at least 12.9 percent of our total population.

This increase will be particularly marked in the age groups from which the labor force is drawn. Dr. Seymour Wolfbein of Temple University has pointed to the huge white-nonwhite differentials in labor force increases by 1975, and noted that "*at the earlier ages, nonwhites are going to make up one out of every seven workers in the U.S.*" (emphasis added)

Over the next decade, therefore, the minority population will represent a growing percentage of the labor force potential—particularly among the younger age groups, and most especially in urban centers. Regardless of other considerations, business will become increasingly involved with minority problems as it searches for new sources of manpower in a period of continuing tight labor markets.

If minority manpower resources were developed to the point where their share of each occupational category was equivalent to their over-all percentage in the labor force, large numbers of additional white collar and skilled workers would become available. For example, on this assumption, the labor force of 1975 would have 605,000 more professional and technical workers, 765,000 more managers, and 441,000 more skilled craftsmen.

ABOUT THIS STUDY

"Our Future Business Environment" (April, 1968), the first in a continuing series of reports of informed opinion on major environmental trends, identified the urban minority problem as "the dominant one on the domestic social, political and economic scene for the next ten years". The current study, reported here in summary form, has focused our first in-depth research on the "dominant" problem of the future of race relations in this country.

Like the first study, this report is based upon extensive interviews with informed people, white and nonwhite, at the national and community level, and upon a review of the available literature. The predictions contained in this report are, therefore, those of the people surveyed, not those of General Electric.

This study represented one element in the systematic analysis, by the Equal Opportunity/Minority Relations component in Corporate Industrial Relations, of minority relations problems and of the corporate role in their solution. Working with an executive-level Policy Panel and an Advisory Panel of key Relations managers, this component has studied and produced recommendations for corporate action in six major areas: environmental trends, corporate rationale, management support, employee relations aspects, social problems, and business opportunities.

Copies of the full report are available, on request, from Business Environment, 570 Lexington Avenue, New York, N.Y. 10022.

It is highly improbable that occupational shift trends can be accelerated enough in the next six years to realize this potential fully. However, this large reserve of underdeveloped manpower in the minority community will clearly continue to act as a spur to an increasing number of public and private programs of training and upgrading.

Comparable potentials will exist in consumer markets and in political power as a result of this growth and development of minority groups. For instance, their personal income is projected to increase relatively faster than whites' through 1975, and to represent a market of some \$52 billion in that year. Again, assuming that their per capita income was brought up to the whites' level, an *additional* \$36 billion would be brought into this market, i.e., it would be 69 percent greater even than the level currently projected for 1975. Such a hypothetical calculation of this potential should serve only to indicate the benefits that would accrue, to business and to minorities, from accelerating this trend beyond the pace that now seems likely.

2. Rising Tide of Youth: Another demographic trend of considerable future significance will be the rising tide of youth.

A wave of 58 million children aged 5-19—nearly one third of our total population—was poised, in 1966, to sweep over our institutions in the Seventies. By 1980 they will be in the 20-34 age groups—more than 21 million over the number in those age groups in 1966. Among nonwhites, the surge will be even more marked: the 8 million children in these groups in 1966 represented over 34 percent of minority population.

Another way of looking at this phenomenon is by way of the median age of the population. In 1966 it was 28.7 years for whites, and 21.4 for nonwhites. Quite simply, this means, for instance, that in that year nearly half the minority community was not yet old enough to vote. The political power potential of minorities has, therefore, yet to be realized.

The potential effect of this youth wave on social attitudes, institutional action and political programs dealing with the minority problem will certainly be a force to reckon with—especially if a real generation gap in thinking on this issue does reveal itself and is then translated into action. For the moment, a number of general observations can be made about the probable impact of youth:

- a. The younger blacks, who have come of age in a decade of revolt, will clearly be more impatient with the status quo, or even with progress, than their elders. There is a sense of momentum, and a conviction in the necessity of pushing hard for equality, that they are not likely to abandon.
 - b. The better educated among white youth will be more likely than their parents or their less well educated peers to be supportive of the minority cause (see box p. 3). Further, they will fairly rapidly get into positions where they can do something about it, working on institutional change from the inside.
 - c. The children of white blue collar workers, on the other hand, will be far more likely to carry into the Seventies their parents' resentment of minority progress and "affirmative action" programs. In part, this resentment is born of a feeling that "special favors" are not called for, or deserved by minorities; in part, of the heightened competition that will ensue for their jobs.
- 3. The Urbanization Phenomenon:** A third demographic fact with which we shall have to live in the Seventies is the phenomenon of "black cores, white fringes" in many of our major cities.

The recent past (1940 to present) has witnessed the twin trends of minority in-migration and white out-migration in our major metropolitan areas. Puerto Rican immigrants, for instance, have tended to concentrate in New York City and neighboring cities; Mexican-Americans in San An-

tonio and other Western metropolitan areas; and an entire racial group—the blacks—has been converted from a rural to a predominantly urban population.

The remarkable fact to emerge from this study is not so much that 69 percent of blacks live in metropolitan areas, itself only a slightly higher percentage than for whites. It is rather that, within these areas, *twice as large a percentage of blacks live in central cities, while only slightly more than one-third as many live in suburbs.*

These differentials would not have been so marked without an accompanying out-migration of whites. The "escape rate" of whites from the central cities has recently tripled to approximately 500,000 a year. In the past eight years the white population in cities has dropped by nearly two million—from 47.5 million in 1960, to 45.8 million in 1968.

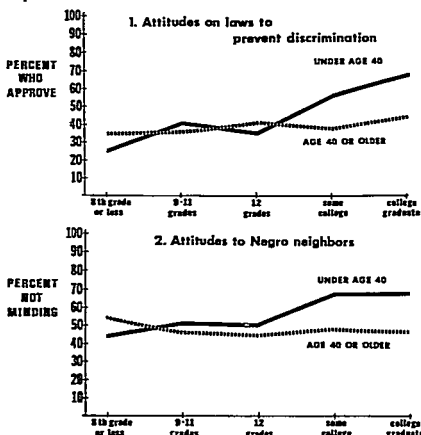
Admittedly, a number of new trends are emerging to change the total picture:

- a. In the first place *the farm-city migration may be ending:* certainly, the crest of the wave has passed.
- b. There is some evidence that *the black population in central cities has started to level off*, while still increasing in the suburbs. In the two year period 1966-68, for instance, blacks actually decreased their central city population by some 300,000 and increased their suburban representation by half a million.
- c. *Central cities will account for a declining percentage of our population.* As a result of the leveling-off among the black population and a continued out-migration of whites, the suburban-central cities population gap will widen.

However, these factors can only, at best, be said to slow the future worsening of the problems, rather than to reverse them. For instance, the spread in growth of the black population, and their migration out of central cities, will mean that the potential problem of racial confrontation will extend to

EDUCATION: HOPEFUL SIGN FOR A SOLUTION

Quite obviously, the prospects for working toward a solution of minority problems in the next decade depend greatly upon the climate of opinion supporting or opposing such a movement. In this regard the attitudinal changes of college people in the younger white population are potentially an encouraging sign, particularly as these are the ones who will increasingly assume positions of leadership and influence, in their organizations and communities, during the Seventies. The following two charts, taken from a study by the Survey Research Center at the University of Michigan, illustrate this trend in two specific instances.



Similar differences in attitudes between the over 40's and under 40's show up in repeated instances. Among the over 40's level of education does not seem to have appreciably affected racial attitudes. But in the younger generation those who have attended college (and their numbers will be increasing) show a strong swing toward a clearer recognition of racial discrimination, a seemingly greater acceptance of racial integration, and stronger support of Negro civil rights.

suburbs and other towns that have so far not been directly affected to any extent. Such a movement can also, of course, lead to the creation of new "suburban ghettos" if the segregated housing patterns of the cities are allowed to recur.

Again, while the slower growth (or leveling off) in central cities might seem to make the problem fractionally more manageable, there is little chance of changing, in the next ten years, the pattern of "black cores, white fringes"

established by twenty-five years of counteracting white and black movements. Future moves by blacks and other minorities to the suburbs are not likely to change the racial mix there. The prospect is, therefore, for a continuing imbalance between cities' problems and their tax resources to deal with these problems.

4. The growing militancy of minorities: It is necessary at the outset to make a clear distinction between the massive, cataclysmic outbreaks of the

type seen in the 1964-67 riots and after Martin Luther King's assassination, and the more selective and more persistent assaults on white authority and institutions that are seen as roadblocks to minority progress. Whether violent or non-violent, the latter are equally expressions of a new militancy and of a conviction that equality will be won only by a struggle.

The virtually unanimous expectation is that a recurrence of Detroit-type riots is unlikely; but there is an equally universal prediction that we must anticipate continued outbursts of some sort. The massive outbreaks in Detroit, Newark, Watts and Washington are seen in retrospect as largely self-destructive convulsions of the black ghettos, born of bitterness, alienation and despair.

The outbreaks are not expected to occur again in their past form, because they have cost the black community too much in deaths, destruction and shattered businesses. Yet many believe them to have been an inevitable part of the black revolution: one black leader has likened them to the shock waves that come from breaking the sound barrier. And most blacks believe that riots have, in fact, brought results, at least in the form of increased national attention to those conditions against which they think the riots were a largely spontaneous protest.

If violence does develop, the expectation of those interviewed is that the pattern will be one of more calculated and selective attacks rather than of general, indiscriminate uprisings (though these are still possible in cities that have not yet experienced riots). Targets for these attacks would be police and fire stations (the proximate symbols of white authority); businesses, black as well as white, that overcharge ghetto inhabitants or discriminate against minority employees; and white homes. The likelihood of such attacks is seen to be in direct proportion to the lack of minority progress and the strength of white "backlash."

It would, however, be a blatant misreading of the new mood of militancy to interpret it exclusively in terms of

such violence. Violence will be the exception, rather than the rule, in urban/minority relations. The true meaning of the growing militancy will be found in a pervasive activism in pushing, hard and persistently, for rights, representation and economic equality. As such, this militancy will affect communities and institutions of all types and sizes, and so will touch the lives of many more millions than will outright violence.

5. The swing from integration: From 1954 to 1964 there was a virtually single-minded concentration, on the part of the minority community, on integration—particularly school integration, in the wake of the Supreme Court's *Brown* decision. Two effects flowed from this exclusive focus for activism. In the first place, many now see that, in the process, attention was diverted from the essential business of building up political participation and leadership, and developing social and economic organizations. The second consequence was the wave of bitterness and frustration that was caused by the slow progress in school desegregation.

Not surprisingly, therefore, integration has lost some of the appeal it had in the "old" civil rights days. For the greater number of minorities, integration still stands as an *ultimate* goal—certainly as contrasted with the notion of a separate nation—but even here its terms of reference are in process of being re-defined. And other goals, other motivators will be more powerful forces in the Seventies.

For one thing, the mere facts of population distribution (as already analyzed) make full integration a highly improbable achievement in the next decade. The literal as well as figurative segregation of minorities in central cities has both practical and psychological consequences for the future.

For another thing, the new militancy of the minority community is prone to interpret integration as a goal that has been set by whites, and toward which progress is controlled by whites. To some, "integration" (in quotation marks) is itself a condescending gesture of white superiority.

For all these reasons, there is some radical re-thinking going on about the future course and objectives of minority relations with whites. Yet the pendulum has not swung over to separatism in its most extreme form. By far the greater number of minorities are likely to continue to argue that America is their homeland and that they will press for their position of equality in it as a matter of right.

Somewhere between old style integration and new style separatism lies a concept that will be a dominant motivator of the future, particularly in the black community. Perhaps best described as an emphasis on "separateness," it will represent something of a *voluntary* segregation or withdrawal within racial and cultural boundaries, for the purpose of strengthening blacks' sense of pride, identity and purpose.

This "separateness" will not, of course, be a withdrawal from activism—for that would be at odds with the militant pressuring of the majority that has been predicted—but rather a withdrawal from efforts to integrate into, or merge with, white social, cultural and (to some extent) political institutions. The contrast with the past is pointed up by the difference between efforts to "pass" into the white community (popular until a few years ago) and the new emphasis on "black is beautiful."

This period of "separateness" seems likely to be a transitional phase, for minority groups to find themselves and gain their own forms of political and economic power, before any possibility of coalescing as equals in society.

For blacks it will be a period of rediscovering and strengthening their cultural roots and identity. Slavery required the development of a mentality that was compatible with servitude and white domination, and the uprooting of cultural and historic ties with their original homeland. The next ten years will be devoted, in part, to undoing the culture of slavery and reversing the process of social disintegration.

The immediate objective, then, is not integration, but equality—and equality in an open, pluralistic society.

The two goals are not the same, and the distinction between them should be clearly made. The tactics and the consequences of each are different. For the foreseeable future there is no prospect of a "melting pot" society that obliterates racial and cultural differences: they will have to be recognized (and dealt with) for what they are, *not* as badges of innate superiority and inferiority.

6. The thrust toward shared power: Power—economic and political power—will be the dominant criterion by which the minority community will judge the value of public and private programs and the extent of its progress. The main struggle in race relations in the Seventies will not be over integration and legal rights, but about a just and proportionate sharing of power in society. That is what the increasingly popular slogans of "community control," "black power" and "maximum feasible participation" are all about.

The crisis of recent years has created a beleaguered community of the ghetto, but (as is so often the case) has strengthened it as a social and political force. Although differences as to means and tactics remain, the previously fragmented organization and leadership has started to coalesce around a common sense of purpose—the acquisition of power. The immediate demand has been for a measure of community self determination comparable to what white suburbs possess. The ultimate power that most minorities (like most whites) want is the power to direct the course of their own lives.

To achieve this power they are seeking control of their community institutions, to set their own goals and chart their own course, free of white interference. The struggle has been joined, in a few cities, primarily over control of the local school system and poverty programs. We have been told to expect that it will spread very quickly to many other communities, and be extended to other community services (fire, police, hospital, sanitation, recreation) and businesses (real estate, supermarkets, credit). The trend will rather be hastened forward by an in-

creasing sense of pride and a sense of community rather than individual success.

An indicator of this new mood can be seen in the growing movement toward various forms of cooperative organization, most notably the so-called community development corporations (CDC's). Although minority capitalism enjoys some popularity, it does so more for its contribution to community control than as a presumed panacea for economic development.

The advantages seen for CDC's and other types of cooperatives are that, through them, economic development becomes part of *total* development and enterprise profits are re-cycled for community benefit.

Acquisition of power will become fiercely important to the minority community, both for the control that is gained and as a symbol of progress. Any transfer or sharing of sovereignty within a system is at best a difficult operation; and the fierce urgency of minority demands for power will make the next decade a particularly troublesome one for the present economic and political Establishment.

7. Divided reaction in the white community: With 89 percent of the population and close to a monopoly of power, the white community obviously is the key factor in determining the future course of race relations and minority progress. *Whether there will be progress toward a pluralistic open society or regression into polarized warring camps depends predominantly on the attitudes and action of this majority.*

Yet the signals about probable future action and reaction by whites are so divided and confusing that few clear-cut predictions can be made. *This trend, above all others, will be susceptible to leadership influence.* Executives in government and business, in particular, will have a marked responsibility for determining the outcome, by their statements, their actions and the programs they develop and support.

The hopeful signs for racial reconciliation are to be found, as has already

been mentioned, among the better educated white youth and in the fact that they will soon be assuming leadership positions. But any assessment of the future must take explicit notice of two potentially strong negative forces—one, the alleged "racism" of white society; the other, the threat of white "backlash."

If one were to define racism in terms of overt and extreme actions and statements by individuals—such as joining a lynching or bombing party, or referring to blacks as "niggers"—a relatively small percentage of the white population might be said to be "racist." However, this extremism is only the tip of the iceberg: there are much more widespread, but often latent, attitudes of hostility, fear, resentment and superiority.

To a large extent, of course, individuals are a product of their institutions, and much of this thinking is derived from the prevailing set of values embodied in the institutions of culture, education and work (among others). Therefore, the real problem for the future is assessed by the experts interviewed in this study as correcting a different and far more subtle form of racism in white institutions. Whereas institutions in the South, where originally virtually all the black population was concentrated, evolved in a more overt form of racism (to keep slaves "in their place"), those in the North were cast in a racial mold in a quite different sense. They were established and passed their formative years at a time when the population was almost totally white, and they were designed to serve local or regional (i.e., white) interests. In each case this character tended to be reinforced, to varying degrees, by an assumption of white superiority that springs from the fact that slavery did, indeed, treat blacks as inferior beings.

In each case, too, the character and practices of institutions have been slow to change in recognition of changing circumstances. In the South the civil rights movement and national legislation may have established black rights more clearly, but have done little to change the segregated nature of institutions (as already noted in the case of

school desegregation since 1954). In the North and West institutions are not perceived to have changed adequately to reflect the interests of the nearly one-half of the black population that now resides there as the result of a century of migration. It is from this lack of institutional responsiveness that the momentum for the drive for black power and community control has (and will continue to) come.

It will be a prime task of leadership in the Seventies to make all types of institutions more representative of, and responsive to, the rights, needs and aspirations of both the white and minority population. This task will involve nothing less than an "interruption" of the present system of operations and a conscious re-design of many traditions, standards and practices. Progress will undoubtedly be slow—slower than minority aspirations would wish—because of institutional inertia and a widespread failure (or reluctance) to recognize the inherent bias toward white interests.

The other potentially negative force is the much discussed "white backlash". The Wallace movement in 1968, opposition to school bussing and open housing, recent mayoralty races in Los Angeles, Minneapolis and New York City—all are cited by commentators as evidence of a growing white reaction to minority militancy. However, while not inclined to deny the reality (and, in some locations, the strength) of this threat, there was substantial agreement among those interviewed that this would probably *not* develop into a major national problem. Two major points made in their reasoning were:

a. much of the reaction of blue-collar whites is basically economic rather than racial. These are people who have encountered very real economic problems over the past five years or so (due to inflation and high taxes), and who feel—with some justification—that their interests have been largely neglected by the major political parties. Their resentment has been sparked by what they consider "special treatment" for the minority community—at *their* expense; and it could be moderated

by consideration being given to their legitimate grievances.

- b. the "taxpayer revolt" (e.g., rejection of bond issues, pressure for tax reform) is also largely economic and political rather than racial, being directed against high taxes, and the mismanagement and failure of many government programs (including welfare and the "War on Poverty"—a disillusionment they share with minorities and the poor in general).

Over-all, then, most of those interviewed thought that there was less chance, now and in the immediate future, of thoughts of repression being translated into political action than there was immediately after the 1967 riots; and that the term "backlash" was something of a misnomer—at worst, what might happen would be a slow-down rather than repeal and regression. In this sense, then, backlash would represent the differential between white and minority ideas on the rate of progress.

This view of the future, relatively optimistic though not by any means complacent, is predicated (it must be emphasized) on a number of other predictions or assumptions—that large-scale riots will not recur; that legitimate grievances of working class whites will be redressed; that public and private programs dealing with welfare, poverty and urban renewal will operate more effectively in the future; and that white leadership will, in fact, exercise a constructive influence. There were, however, those who felt that these assumptions were unfounded or unrealistic; and they were, as a consequence, much more pessimistic about the future.

APPROACHES TO A SOLUTION

This section aims at pulling together, from the many inputs we have received, the principal guidelines that were recommended to help determine constructive responses and initiatives on the part of white institutions. It does not presume to catalogue—let alone analyze and evaluate—the multitudinous specific programs that have been suggested for implementation by gov-

THE RELEVANCE OF BROAD SOCIAL TRENDS

It would be unrealistic to consider future developments in the minority environment totally divorced from social change in the United States as a whole. To some extent, therefore, the developing trends identified in "Our Future Business Environment" will help shape the future minority environment. The full report of the current study considers the specific relevance of each one of those trends to the problem under discussion. What follows are some excerpts from this discussion:

1. The "lower frustration tolerance" that was seen as becoming more prevalent in public attitudes will be a highly significant force in this context. The late Sixties and early Seventies are likely to prove once again the accuracy of de Tocqueville's observation that the chances of unrest and revolution are greatest, not when conditions of an aggrieved group are at their worst, but when progress has begun to be made and aspirations have been raised.

2. The projected economic growth and further stabilization of the business cycle, with its lower unemployment rates and tight labor markets, is of such direct relevance to the minority problem that many experts consider it to be an essential prerequisite to further nonwhite economic progress. The validity of such thinking is supported by current fears that production cutbacks as a result of the anti-inflation program would fall most heavily on the last-hired—in many cases, the hard-core unemployed among minority groups.

3. The growing emphasis on pluralism, and the opportunities of an "open society", are likely to prove far more potent as motivating forces in the minority community in the next decade than either integration or separatism.

4. The growing role of government will be felt, particularly by business and unions, in minority relations. In the immediate future there will be sharply increased emphasis by the Executive branch of the government on equal opportunity, affirmative action, upgrading.

5. The projected unions vs. civil rights conflict has come to pass. As minority representation in traditionally unionized sectors increases, more and more black employee federations will most likely be set up in opposition to established white leadership in unions. In the resulting struggle management will, all too frequently, be caught in the middle.

ernment, business, labor, education, welfare organizations and the like; that is a vast and separate task beyond the scope of this report.

A general comment on the future role of business may help to underscore the growing importance of managerial decisions in this area. There is virtually unanimous expectation that business will greatly increase its in-

volvement with the minority problem, primarily as the result of three interacting forces:

- (a) from within the corporation itself: not only will younger managers be personally more inclined to step up the pace of equal employment opportunity, but future labor needs will impel companies toward more effec-

tive utilization of minority manpower. Simultaneously, business will be drawn by the developing market opportunities both for consumer goods (as minority personal income levels are raised) and for the products, systems and services needed for urban renewal.

(b) *from the government:* there is ample evidence of a trend toward much stricter interpretation and enforcement of equal employment opportunity regulations as part of the Nixon Administration's focussing of its civil rights program on jobs rather than schools. In addition, as noted in our original study, governments at all levels will be seeking the assistance of the private sector, either as contractors or in partnership ventures, in solving urban/environmental problems.

(c) *from the minority community:* business and industry are seen by the minority community as its "last hope" (to use Dr. Kenneth B. Clark's often-quoted phrase). Having been so often disappointed by the subjectivity of political motives, minorities now appear inclined to turn to the objectivity of programs based on business needs. Business' involvement is seen now as being "for real."

If, then, business involvement is scheduled to increase, and the role of leadership decisions is likely to be determinative of the outcome, it follows that business leaders must ensure that their decisions and actions are formulated with the broadest possible social and community implications in mind.

1. *The approach to a solution must be as complex and comprehensive as the problem itself.* In only the loosest sense is it possible to talk of "the" problem (and "the" solution) for it is, in fact, a complex of many problems. The social, cultural, economic and political aspects are inextricably interwoven, so all must be dealt with concurrently.

All facets of development are im-

portant—though not equally so, clearly; few, if any, can be neglected. To take the single example of employment: opening up a job to one of the hard-core unemployed can entail solving any or all of the following problems—basic literacy; skill training; motivation; orientation to the world of work; transportation to work; health; housing; family problems; racial attitudes of supervisors and/or fellow employees. A comparable cycle of problems could be cited in the areas of "black capitalism," education, political organization, and so on.

The scope and complexity of these problems, combined with the need for simultaneous action, means that nothing less than a *total* effort by *all* institutions will be adequate. At the same time, this total effort will be the sum total of a great number and variety of individually manageable solutions: it will *not* be—could not be—a single, centralized program of the Federal government.

2. *Solutions must be sought mainly in terms of specific economic, political and social needs, rather than in purely racial terms.* Before amplification of this point, one exception to it must be noted—namely, the fact of antagonism based on color. Individual racism (white or black) of this form has to be faced up to and dealt with (mainly by education) as the racial problem it is; and over the short-term perhaps the best that can be hoped for is a modification of behavior rather than a change in attitudes on this point.

Much of the white "backlash," however, is predominantly economic and political in origin, rather than purely racial. It is economic, for instance, in the resentment of competition for lower skilled jobs and in the fear of depressed real estate values if Negroes move into a neighborhood. It is political in its outburst against the major political parties for their neglect of the interests of lower middle-class whites and their preoccupation with minorities "just because they've made trouble." It is also emotional in its resentment of preferential and allegedly "undeserved" treatment for minorities.

The main thrust of action must, therefore, be toward correcting spe-

cific economic, social and political conditions that impede the progress of minorities and poor whites alike. In large part, these are the conditions that also breed racism, on both sides; and eliminating or ameliorating these conditions will, in the process, alleviate racial tensions. Indeed, in sheer numbers, poor and working class whites have more to gain from programs in these areas than do nonwhites.

3. *Priority needs to be given to the areas of employment, education and housing.* Though the total problem is all-encompassing, these three areas are selected most frequently as the essential priority targets for action to achieve the goals of equality and an equitable sharing of power. Many other programs—particularly health and welfare—were cited as important, but the pre-eminence of these three stems from general agreement that:

- education is an essential prerequisite to living, working and being influential in a highly complex society;
- meaningful employment (not entry-level or dead-end jobs) is the surest route to economic betterment: in what is still essentially a work-oriented society, this is probably the *only* way of getting into the mainstream of American life;
- good housing, available in a wide variety of locations is needed to keep families together and to give dignity and quality to living. In this context, housing involves two separate but related elements—one, the actual construction (or renewal) of accommodations; two, the enforcement of "open housing" regulations to ensure freedom of choice.

4. *The immediate goal is no longer integration per se, but equality in an open, pluralistic society.* The key concepts toward which action programs should be oriented are:

- a. a true equality of opportunity, overcoming the historical legacy of obvious inequalities;
- b. an openness of society which gives maximum freedom to individual choice;

- c. a pluralism which values cultural diversity rather than homogeneity;
- d. an equitable and proportionate sharing of power.

However unexceptionable the basic concepts may be, there will obviously be room for debate and controversy on some of the implications for action. For instance, if minorities are indeed to be given an opportunity to compete on an equal basis, special programs of preparation (skill training, basic literacy, etc.) will be required for the foreseeable future. Charges of "preferential treatment" will proliferate, and increase the disruptive potential of white backlash, unless:

- it is made clear that the "preferential treatment" is designed only to put people on an equal footing, and stops at the *preparation* stage. Dr. Kenneth B. Clark and other minority spokesmen have stressed that the same standards of *performance* and discipline should be expected of all employees: to apply a double standard, with lower requirements for minorities, would only perpetuate the belief in black inferiority, and establish a new form of segregation.
- this preparation is keyed to individual need rather than to racial considerations, i.e., it is flexible, and available to *all* employees.

Similarly, in working toward a more equitable sharing of economic and political power, problems of transfer will occur. If greater use is to be made of community control in metropolitan areas, for instance, there will be some diminution of the power and prerogatives of established city governments. In all types of institutions, the upgrading of minority personnel to positions of decision-making responsibility will inevitably impact on present power-holders.

5. *Solutions must both recognize the need for short-term separateness, and preserve the long-term option of integration.* The debate about the rela-

tive merits of "ghetto enrichment" and "ghetto dispersal" does not revolve around an "either/or" proposition. Almost certainly it will be desirable *both* to improve conditions directly in the ghetto *and* to ease mobility of minority groups into suburbs, smaller cities and towns so that there may be a more balanced distribution of population. The real objective is not so much to eliminate the ghetto as a separate community, as to eliminate its prison-like characteristics and deprived conditions.

In general, solutions should be designed to meet both the short-term and long-term criteria in this guideline statement. Despite the current disenchantment with integration, the expectation is that most minorities will continue to reject outright separatism and to work within the overall societal system (that, after all, is implicit in the demand to be brought "into the mainstream"). Thus, programs of community control, for instance, should be devised as integral parts of the local political power structure, and not be allowed to emerge as segregation under a new name.

6. *Commitment and action by white leadership must play a key role in bringing about needed institutional*

changes. Leadership in the white community must be largely responsible for recognizing, and gaining understanding of, the complexity of the problem; and for marshalling the commitment and resources for needed programs of change.

Among the many tests for white leadership in the next decade, perhaps the key ones in this area will be:

- a. its willingness and ability to prepare for, and implement, an equitable sharing of its own power;
- b. its willingness to work with black leadership in developing solutions rather than making unilateral decisions, however well intended;
- c. its ability to change the pattern of institutional racism.

Here, as elsewhere, success in meeting these tests will lie in seizing, and keeping, the initiative. A policy of delayed reaction will only invite confrontations, and so lead to a polarization of attitudes. Only by taking constructive initiatives will leaders have a chance of success in the delicate task of balancing the legitimate claims of minorities against the equally desirable objectives of institutional stability and continued progress for the majority.

It is not unreasonable to assert that the decade of the Seventies will see a new testing of the American system. Just as our political system was tested and adjusted in the 1860's, and our economic system in the 1930's, so our social system will be tested in the 1970's for its ability to provide opportunities for all minorities to move into the mainstream of American life.

Since there is no inevitability about the outcome of this test, *leadership decisions will have a determinative effect on the future course of events.* This is true of leadership in both white and nonwhite communities, in government, education, labor and business. To reduce it to a single specific instance, *General Electric's managerial decisions and actions can be effective in helping to shape the minority environment in which the Company will have to operate.*

CORPORATE INDUSTRIAL RELATIONS

GENERAL  ELECTRIC

Room 310, 570 Lexington Ave., N.Y., N.Y. 10022

Exhibit No. 29

SOCIAL SECURITY ADMINISTRATION EMPLOYMENT STATISTICS - BY RACE

NUMBER OF SSA NEGRO EMPLOYEES WORKING AT WOODLAWN AND IN DOWNTOWN BALTIMORE

IN RELATION TO TOTAL BALTIMORE EMPLOYMENT

983

TOTAL EMPLOYEES (Woodlawn and Downtown) = 15,997 Negro = 32.2%

TOTAL HDQTRS. EMPLOYEES (excluding those in downtown Baltimore) = 12,883 Negro = 26.6%

TOTAL HDQTRS. EMPLOYEES in downtown Baltimore = 3,114 Negro = 55.3%

..... S. O. C. I. A. L. S. E. C. U. R. I. T. Y. A. D. M. I. N. I. S. T. R. A. T. I. O. N. M. I. N. O. R. I. T. Y. E. M. P. L. O. Y. M. E. N. T. R. E. P. O. R. T.

MARCH 30, 1970

TOTAL HEADQUARTERS

GRADE	TOTAL		MINORITY		NEGR0		SPANISH AMERICAN		AMERICAN INDIAN		ORIENTAL AMERICAN		ALL OTHER		
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	
1	13	2	15.4	2	15.4	0	0.0	0	0.0	0	0.0	0	0.0	11	84.6
2	747	301	40.3	391	52.3	0	0.0	0	0.0	0	0.0	0	0.0	356	47.7
3	3303	1718	52.0	1711	51.8	3	0.1	0	0.0	4	0.1	0	0.0	1585	48.0
4	2724	1020	37.5	1080	39.7	7	0.3	1	0.0	2	0.1	0	0.0	1614	59.7
1-4	6757	3201	47.5	3184	47.1	10	0.1	1	0.0	6	0.1	0	0.0	3566	52.7
5	2064	693	33.6	685	33.2	3	0.1	2	0.1	3	0.1	0	0.0	1371	66.4
6	1480	420	28.4	484	33.4	0	0.0	1	0.1	5	0.3	0	0.0	250	16.9
7	1389	420	30.2	413	29.7	2	0.1	1	0.1	4	0.3	0	0.0	959	69.8
8	313	83	26.5	82	26.2	0	0.0	1	0.3	0	0.0	0	0.0	230	73.5
5-8	5216	1686	32.3	1664	31.9	5	0.1	5	0.1	12	0.2	0	0.0	3530	67.7
9	742	115	15.5	112	15.1	1	0.1	1	0.1	1	0.1	0	0.0	627	84.5
10	282	33	11.7	32	11.3	1	0.4	0	0.0	1	0.1	0	0.0	249	88.3
11	1089	132	12.1	118	10.8	11	1.0	2	0.2	1	0.1	0	0.0	957	87.9
9-11	3113	280	8.9	282	9.1	13	0.4	3	0.1	2	0.1	0	0.0	1033	33.2
12	1482	103	7.0	89	6.1	10	0.7	1	0.1	3	0.2	0	0.0	1359	92.0
13	1604	77	4.8	60	3.7	10	0.6	2	0.1	5	0.3	0	0.0	927	58.1
14	573	20	3.5	17	3.0	1	0.2	1	0.3	1	0.3	0	0.0	543	94.8
15	249	15	6.0	13	5.2	1	0.4	0	0.0	1	0.4	0	0.0	234	94.0
12-15	3023	215	7.1	179	5.9	22	0.7	4	0.1	10	0.3	0	0.0	2803	92.7
16	20	1	5.0	0	0.0	1	5.0	0	0.0	0	0.0	0	0.0	19	95.0
17	10	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	10	100.0
18	5	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	5	100.0
16-18	35	1	2.9	0	0.0	1	2.9	0	0.0	0	0.0	0	0.0	34	97.1
TOTAL GS	17229	5383	31.2	5209	30.2	51	0.3	13	0.1	30	0.2	0	0.0	11336	65.8
TOTAL WG	298	219	73.5	218	73.2	1	0.3	0	0.0	0	0.0	0	0.0	79	26.5
OTHER	3	1	33.3	1	33.3	0	0.0	0	0.0	0	0.0	0	0.0	2	66.7
TOTAL	*17530	5603	32.0	5508	31.4	52	0.3	13	0.1	30	0.2	0	0.0	11427	65.0

*This includes Wilkes-Barre, Pa. employees and Washington, D. C. employees. We have a

large group of clerical employees in Wilkes-Barre who are part of the Baltimore organization.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
SOCIAL SECURITY ADMINISTRATION
BALTIMORE, MARYLAND 21235

REFER TO:
OA:PR

Dear

The Social Security Administration has established a Housing Service to help those of our over 16,000 Baltimore-area employees who seek housing. As part of this service we are trying to offer employees as much information as we can about the availability and costs of homes in the Baltimore-Washington metropolitan area.

We would like to add the homes you list to our files. An employee thus could identify homes in which he was interested and contact you for further assistance. Because we want our referrals to be as up to date as possible, we would appreciate it if you could supply us with your current listings on a biweekly basis. Please send the information to:

Housing Officer
Room 4112 Annex
Social Security Administration
6401 Security Boulevard
Baltimore, Maryland 21235

Since our request for the Multiple Listing System has been granted, it will not be necessary for individual members to supply us with this information. However, we would still be interested in receiving listings from those brokers who are not members since we want to have available as complete information as possible concerning costs and availability of housing.

Sincerely yours,

Louis Zawatzky
Deputy Assistant Commissioner for
Employee Relations



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
 SOCIAL SECURITY ADMINISTRATION
 BALTIMORE, MARYLAND 21235

REFER TO: OA:PR

Dear Retirees:

The Social Security Administration recently expanded its housing program for employees. Special effort is being made to assist employees who encounter discrimination in obtaining housing and employees who seek housing in multiracial neighborhoods. We also advise employees about price ranges, taxes, leases, financing, and community facilities. In addition, SSA is participating in and initiating programs to inform our employees and the community-at-large about fair housing and is cooperating with local Government and non-Government agencies promoting fair housing.

Our Housing Service assists not only our Baltimore-area employees who seek housing but also field employees who are promoted or detailed to positions in central office. We are in great need of rental accommodations for those employees who come to central office for a short period.

If you have space in your home that you would like to make available for rental, our Housing Service would welcome your listing. Please call 944-5000, extension 6558, or send the information to:

Housing Service
 Room 4112 Annex
 Social Security Administration
 6401 Security Boulevard
 Baltimore, Maryland 21235

Sincerely yours,

Louis Zawatzky
 Deputy Assistant Commissioner for
 Employee Relations

SHARED HOUSING COMPLAINT INFORMATION

Baltimore Community Relations Commission
 Baltimore County Human Relations Commission
 Baltimore Neighborhoods, Inc.
 Maryland Commission on Human Relations

Community Relations Service,
 U.S. Justice Department
 Social Security Administration,
 Department of Health, Education, and Welfare

RESPONDENT	ADDRESS	PHONE NUMBER
RESIDENT MANAGER	ADDRESS	PHONE NUMBER
MANAGEMENT FIRM	ADDRESS	PHONE NUMBER
OWNER	ADDRESS (City and State)	PHONE NUMBER
COMPLAINANT	ADDRESS	PHONE NUMBER

Complainant alleges discrimination because Respondent: (Check appropriate boxes)

Refused to rent, sell or show

Discriminated in the conditions or terms of sale, rental or occupancy

Advertised in a discriminatory way

Falsely denied housing was available

Engaged in blockbusting

Discriminated in financing

Discriminated in broker's services

Other (Explain under Remarks)

REMARKS:

Date alleged discrimination occurred _____

Date complainant notified this office _____

FOR FURTHER INFORMATION CONTACT:

AGENCY	FILE NUMBER
CONTACT PERSON	PHONE NUMBER AND EXTENSION

As per our mutual agreement, we shall pursue this matter and advise you regarding disposition. Date: _____

*Exhibit No. 30***SUMMARY OF THE HOUSING SERVICE ACTIVITIES**

Since its inception in November the Housing Service has developed expertise in most aspects of housing and has made inroads into each activity in which it was charged to become involved.

HOUSING REFERRALS

The Housing Service has sent over 1000 personal letters to apartments and major management companies and now has current information on the costs and accommodations of almost all apartment houses in the Baltimore metropolitan area as well as Harford, Prince Georges, Montgomery, and Carroll Counties. We have maps readily available for employees indicating the locations of schools, religious institutions, public transportation, and shopping centers in proximity to convenient housing and SSA employment centers. The Housing Service is prepared to provide employees with information on estimated costs for homes and apartments, real estate taxes, local closing costs, lending institutions, and furniture rental.

The Housing Service receives the Multiple Listing Service twice weekly. This Service, coupled with listings we receive from nonmember brokers, provides us with the most current information available on homes in the Baltimore metropolitan area. The granting of the Multiple Listing to SSA set a precedent for the use of this Service by Government agencies nationwide.

The Housing Service has become an integral part of the Personnel Counseling Branch and has in many instances supplemented the other functions of this Branch. The Housing Service is being utilized by employees of all ethnic groups. Most requests have been from Central Office employees in grades GS-1 to GS-7. Employees at the upper grade levels will probably continue to seek housing on their own or seek assistance elsewhere until the Housing Service builds up a reputation for expertise that inspires confidence. The Housing Service has been asked to help with a variety of problems including evictions and disputes with landlords. The Service has assisted both those offering and those seeking housing for sale or for rent. By far the most requests have been for assistance in finding apartments.

Because of the demand for homes, rooms, and apartments for rent the Housing Service has placed on bulletin boards within SSA fliers soliciting rental listings.

The Housing Service has contacted several nearby apartment complexes to encourage them to make available furnished units on short-term arrangements for students coming to SSA under the Student Cooperative Program. We also plan to explore the possibility of securing legislative authority for quarters for temporarily assigned employees. The Public Health Service already has this authorization.

To better meet the needs of our field personnel, a member of the housing staff meets with individuals who are in Central Office for training prior to being permanently assigned 3 to 4 months later. Personnel and training specialists

in each of the operating bureaus have been informed of the range of services available so they may refer new employees accordingly. In addition, the Housing Service has set up a system whereby it receives in advance the name of anyone coming to Central Office for work or training. By matching this information against employee requests, we have some indication of the extent to which our Service is being made known and utilized.

The Housing Service staff consulted with representatives of other Government agencies charged with responsibilities in the area of housing to learn about special programs that might meet the housing needs of SSA employees. Liaison has been established with the Housing Authority of Baltimore City, who are helping us find suitable housing for some of our lower-grade employees with very limited income. This agency has also provided us with printed material on their various public housing projects. Bureau and office heads are granting administrative leave in situations deemed emergencies by the Housing Service for employees to visit the Housing Authority.

The Housing Service staff met with Mr. Sylvan Gershen, Assistant Loan Guaranty Officer of the Veterans Administration, to learn about the VA guaranteed home mortgage program. Mr. Gershen supplied our housing office with forms by which veterans may apply for Certificates of Eligibility and is providing us with listings of VA-repossessed homes which are offered for sale to the general public. As a result of this meeting with Mr. Gershen, the Housing Service placed a notice in the Central Office Bulletin to alert World War II veterans to the impending expiration on July 25 of their eligibility for GI loans.

Although it was anticipated that our Housing Service would assist only SSA personnel, employees from the Office of Education, Post Office Department, Federal Highway Administration, and Fort Detrick have also availed themselves of our services. We are attempting to meet the needs of employees from other agencies as long as such assistance does not become burdensome.

Since its full-time staff is small and the demands of its program great, the Housing Service sent a letter to all employees in the Central Office complex asking them to join a workforce of part-time volunteers. All 180 applicants, representing a cross section of bureaus, offices, and grades, were accepted as members of the Housing Service Corps. Letters were also sent to 500 SSA attorneys, 55 of whom volunteered to serve on our Legal Services Panel.

Members of the Housing Service Corps have been given training on the goals and methods of implementation of SSA's fair housing program and are now being utilized on the basis of their preference. These individuals will assist our housing staff by acting as sources of data on neighborhoods with which they are familiar, serving as guides, particularly for employees new to the area and those who want to live in multiracial communities, and helping to cope with emergency housing situations. They will help plan their own training and participate in and develop educational programs for the community-at-large.

Volunteers will also be called upon to represent SSA at hearings and at meetings of neighborhood associations and keep the Housing Service informed of developments in their sections of the city or county.

Members of the Legal Services Panel have been supplied with information on fair housing law and are already making valuable contributions to our program. The assignment of cases to member attorneys is being based on their area of legal expertise. These attorneys, acting on official time, provide legal counseling to employees on housing matters such as interpreting and negotiating leases, inform employees of their rights when they are evicted in retaliation for complaints about housing code violations, and advise employees who encounter discriminatory practices.

EDUCATIONAL PROGRAMS

The Housing Service has initiated various programs to inform SSA employees and the community-at-large about fair housing.

Employees seeking housing are being counseled on discriminatory practices that may be encountered and how such actions should be dealt with. A Home Finders Directory and letter explaining the Housing Service are being included in the "So You're Moving to Baltimore" kit sent to employees transferring from the field to Central Office. In addition, time is allotted for the Housing Service to address new employees during their orientation.

The Housing Service was especially active during "Housing Opportunities Month." Members of the Legal Services Panel and Housing Service Corps attended an SSA Fair Housing Conference - the third in a series - as part of their training as volunteers. Following a discussion of the legal foundations of fair housing, presentations were made by representatives of the major groups concerned with complaints of housing discrimination. The groups were the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, the Maryland Commission on Human Relations, and Baltimore Neighborhoods, Incorporated. Speakers talked about the legal mechanisms and processes available for seeking relief from housing discrimination. A question and answer period followed. A number of our housing volunteers expressed interest in serving as testers for Baltimore Neighborhoods, Incorporated.

Also in observance of "Housing Opportunities Month," the Housing Service arranged for an exhibit sponsored by Baltimore Neighborhoods, Incorporated, to be displayed in our various Woodlawn and downtown buildings. The booth was manned primarily by members of the Housing Service Corps, but several of the founding fathers of the Housing Service--Mr. Donald B. Hill, Mr. John Michener, and Mr. Donald Blomquist--also took a tour of duty. Several thousand passersby paused to ask questions. Purchases of fair housing literature totalled \$137.00 for the week.

Publicity has been given to Housing Service activities in the HEW Field Letter, the Sunpapers, the Afro-American, the Central Office Bulletin, the Northwest Star,

the EEO Bulletin, the Oasis, the Federal Times, and the Commissioner's Highlights for the Secretary. In addition, Christopher Gall of WJZ-TV and Larry Schultz from WBAL-TV have expressed interest in covering Housing Service activities.

A pamphlet, "Fair Housing and You," has been published jointly by SSA, Baltimore Neighborhoods, Incorporated, and the Lawyers' Committee for Civil Rights under Law for use by all three organizations. This pamphlet explains rights and responsibilities under fair housing laws by answering questions most frequently asked by individuals who are buying, renting, selling, or financing homes or apartments. The pamphlet has been distributed initially to all housing volunteers and to anyone seeking assistance or listing property with the Housing Service. Copies were disseminated at the fair housing exhibit and were offered through press releases to the general public. During April, as a result of publicity given in the Central Office Bulletin, the Housing Service received over 300 employee requests for this new pamphlet. Organizations and members of the general public requested 1,575 copies. Requests were received from the States of Wisconsin, New York, and California. Letters were also received from H. Oliver Welch, State Planning Officer, Office of the Governor of the State of Georgia and from John A. Flemming, Chief of the Area Office of Special Staff Services, Public Health Service, Division of Indian Health, Billings, Montana. These gentlemen were made aware of our pamphlet through a release in the HEW Field Letter.

The Housing Service is also collaborating with Baltimore Neighborhoods, Incorporated, on a booklet on landlord and tenant rights which will be distributed to members of the Legal Services Panel and to SSA employees, particularly those at lower grade levels. This pamphlet will explain rent escrow, the obligations of both the landlord and tenant in an eviction, and specific procedures for stopping an eviction. The draft is presently being reviewed by the Baltimore Housing and Community Development Agency and various attorneys throughout the city.

To equip our volunteers to serve as community resources, the Housing Service is exploring means of providing them with career development training which will cover the nature, basis, and extent of the housing problem facing minority persons and the interactions of this problem with the overall urban crisis. DTCD is negotiating on our behalf with local institutions of higher learning and the Adult Education Division of the Baltimore County Public Schools to offer evening classes at SSA on housing and related subjects.

The Housing Service is planning a public workshop to be sponsored jointly by SSA, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, Baltimore Neighborhoods, Incorporated, the Maryland Commission on Human Relations, and the Community Relations Service of the U.S. Department of Justice. Members of the Apartment House Owners Association, the Real Estate Commission, and the Multiple Listing Service will be invited to participate.

COOPERATION WITH OTHER ORGANIZATIONS

The Housing Service is seeking out and cooperating with other Government and non-Government agencies promoting fair housing. We are working with them to develop and implement positive programs in support of fair housing, such as identifying patterns of discrimination and means to persuade the real estate industry and community-at-large to comply with fair housing law.

The Housing Service holds regular monthly meetings with representatives of Baltimore Neighborhoods, Incorporated, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, the Maryland Human Relations Commission, and the Community Relations Division of the Justice Department. During May, SSA sent a delegate to the Founding Conference of National Neighbors in Dayton, Ohio, to represent the aforementioned allied groups. Methods have been developed for cooperation between these groups in sponsoring and drafting Fair Housing legislation for the State and in sharing information about complaints of discrimination.

Representatives of the Housing Service attended a series of meetings of Baltimore Neighborhoods, Incorporated, with members of the Real Estate Board of Greater Baltimore and representatives of major lending institutions to make known SSA's firm commitment to fair housing and its plans to help employees encountering discrimination. An effort was made to gain a free flow of ideas concerning the problems created in the area of race relations due to changing neighborhoods. Those present agreed that the Real Estate Board, which represents approximately 80 percent of all realtors in Baltimore, is in a very influential position and should assume some responsibility for educating the public about fair housing. In addition, greater employment of Negroes by Board members would serve to demonstrate good will on the part of the Board. It was also suggested that the Real Estate Board and Real Estate Commission should request sponsorship from HUD in supporting an educational program for brokers. Represented groups agreed to promote a change in the law to require a course in human relations for real estate license renewal in 1971.

The Housing Service has sent a letter to all neighborhood associations and human relations councils explaining our services. We asked them to notify us of their meetings so that we may send representatives. We also informed these groups that we will make bulletin board and employee newsletter space available for announcements of programs or meetings related to fair housing. The Housing Service has already assisted in gaining publication of a fair housing pamphlet for the Reisterstown Fair Housing Council. Also, our Housing Service Staff has attended numerous fair housing meetings, one of which was held by the Liberty Road Community Council. At this meeting consideration was given to the role SSA could play in helping the many organizations represented by this council handle various housing problems.

The Housing Service is working to provide for suitable housing near SSA employment centers for employees in all income and ethnic groupings. Representatives of the Housing Service were asked to attend the Baltimore Urban Coalition Housing Action Workshop. This conference dealt with the need for

adequate low-income housing, current efforts to add to the supply of this type of housing, and solutions for other problems with respect to providing housing for low and moderate income families.

The Housing Service Staff met with Mr. Robert J. Brown, Executive Vice-President of the Home Builders Association, and Mrs. E. Cardaliccio of the Community Action Agency to explore ways in which SSA might assist them in determining the availability of property for the construction of multiracial housing open to persons of low income. They also consulted with Mr. Leslie Graef, Deputy Director of Planning for Baltimore County, to learn what SSA might do to encourage the future development of such housing in this county.

The Housing Staff met with Mr. Lon Gore, the Assistant Executive Director of the Greater Baltimore Committee, to discuss how we might assist them in securing funding for the construction of low-income housing accessible to Woodlawn. We learned that they have an option on some land within 4 miles of headquarters on which they hope to build a smaller version of Columbia, including townhouses, high-rise apartments, individual homes, and shopping centers. It appears that we might be able to help by approaching some of the major insurance companies having Medicare contracts with SSA to gain a commitment for the \$25 million needed. Many of these companies have in the past expressed an interest in participating in this type of project. We would also be able to help maintain a multiracial balance once the community is built.

With an eye to the future, the Housing Service has discussed with the Department the necessity of utilizing Housing Service informational data prior to any decisions on future sites of new or expanded SSA facilities. This monitoring is necessary to insure that housing in these locations is available to employees on an open occupancy basis.

On behalf of SSA, our Housing Officer spoke at a hearing before the Metropolitan Affairs Committee in Annapolis on House Bills 684 and 497. He indicated SSA's desire to have the intent of these bills--to inhibit real estate agents and brokers from engaging in mass solicitation--enacted into law. On a separate occasion, Mr. Zawatzky spoke in favor of a similar bill recommended to the Baltimore County Government.

Our Housing Officer testified before the Baltimore County Council on behalf of SSA during hearings on the proposed 1970-71 budget for the Baltimore County Human Relations Commission. He indicated that SSA fully supports the requested budget since the Commission needs increased funds to correct present inadequacies. That is, a human relations commission of a county of over 600,000 people should have a full-time executive and a budget of more than the presently allotted \$13,000.

Mr. Zawatzky and our Housing Officer have been attending board meetings of Baltimore Neighborhoods, Incorporated. Mr. Zawatzky, recently appointed as a member of this Board, volunteered the cooperation of our Housing Service in

gaining the support of other major Baltimore employers in the public and private sectors. A letter has been prepared requesting that employers meet with us to explore the possibilities of a joint effort to promote fair housing.

The Housing Service staff met with Mr. Paul Alexander, an attorney for the U. S. Commission on Civil Rights, who had heard of our Service through other contacts in the Baltimore area and had requested a briefing. The Office of Economic Opportunity requested assistance in establishing and developing a housing program modeled after our SSA program.

ASSISTANCE TO EMPLOYEES ENCOUNTERING DISCRIMINATION

The Housing Service, with the approval of General Counsel, has finalized formal procedures for housing counselors in investigating complaints of discrimination. Upon receipt of an employee's apparently justified complaint of discrimination in housing, the Housing Service, by means of staff or volunteer attorneys, contacts the parties concerned to determine whether the matter can be settled to the satisfaction of the complaining employee. In all cases to date the intercession of the Housing Service on behalf of the employee has served as a strong inducement to resolution of the problem without further referral.

The Housing Service is maintaining a file of incidents of possible discrimination in housing experienced by SSA employees to be better able to discern patterns of discrimination and refer them to the appropriate agency. A "Shared Housing Complaint Information" form has been developed to be used jointly by SSA, the Baltimore Community Relations Commission, the Baltimore County Human Relations Commission, Baltimore Neighborhoods, Inc., the Maryland Commission on Human Relations, and the Community Relations Service of the U. S. Department of Justice. These other agencies are called upon by the public only when there is a case of alleged discrimination. Our records, however, may reveal the acceptance of some minority persons into the areas in question. By sharing information, all parties will gain a more complete picture of the situation.

The Housing Service is providing assistance to employees wishing aid in identifying discriminatory treatment and in preparing, documenting, filing and pursuing complaints under various housing and real estate laws. The Housing staff recently met with tenants of Melvin Park Apartments and representatives of Henry J. Knott, owner, to resolve a list of tenant complaints needing immediate attention. There are 20 SSA employees among the 290 residents of this development. The situation possibly could be a case of discrimination in the maintenance of black developments as compared with the maintenance of other all-white developments under the same ownership. However, the management did agree to take corrective action based on individual requests from the tenants and to date has acted in good faith.

Our Housing Officer attended a Testing Workshop of Baltimore Neighborhoods, Inc. to gain a better understanding of testing procedures.

The Housing Service was instrumental in eliminating the requirement that employees sign statements certifying that the housing they offer for sale or rent on our bulletin boards is available on an open occupancy basis. By refusing to accept a listing without a signed statement, we were in essence affording the individual a choice as to whether or not he would adhere to the law. It was felt that we would most effectively promote fair housing by no longer attempting to protect our employees, since we now have the machinery at hand to take appropriate legal action on their behalf if necessary. As a result of this thinking, the open occupancy certification above the signature line has been removed from the Employee Request for Bulletin Board Posting. The employee is now signing a request for posting not a statement of nondiscrimination. We have eliminated as well the requirement that the landlord also sign a nondiscrimination statement in the case of a sublease. However, to make clear SSA's posture regarding open housing and for continuing educational purposes, a nondiscrimination "reminder" has been retained on the form.

COOPERATION WITH THE FIELD

The Housing Service is assisting both the Bureau of Hearings and Appeals and the Regional Commissioners in implementing their housing services. We met with the Regional Commissioners to discuss guidelines developed for the establishment of housing services in the field. We have also spoken to groups of district managers at conferences held as part of the Headquarters Field Management Program.

We provided the Regional Commissioners with sample letters and forms utilized in initiating the Housing Service in Central Office. In hopes of fostering greater fair housing activity in the field, we also sent them a memorandum, sharing our experiences in housing at Central Office and inquiring about activities in the regions. Information received has been shared with the Assistant Commissioner Field, and plans are being made for someone from our Central Office Housing Staff to go into the field to give first-hand assistance.

Part of the problem with implementation of the housing service in the field is (1) a lack of experience in this area on the part of those charged with administering the program, and (2) an uncertainty on the part of district office managers as to just how far they should go with the program. Consequently, the Housing Service is presently developing materials for field use. Included among these materials is a kit to contain fair housing literature as well as canned press statements of SSA's posture on fair housing that can be adapted as news releases by the local district manager. We are also designing an exhibit and posters to be sent throughout the field and a slide-tape presentation for district managers to show to local civic groups. We are exploring the possibility of producing our own film on fair housing since there are no up-to-date films available on this subject.

The following statistics reflect Housing Service activity to date:

Employee requests to find housing	<u>667</u>
Employee complaints and grievances	<u>39</u>
Requests to list homes and apartments for sale or for rent	<u>257</u>
Evictions	<u>11</u>
Miscellaneous	<u>41</u>

We now have a basic housing program at SSA. We will proceed to expand available services to continue to supply current and valuable information upon request and will further engage in and initiate projects designed to make fair housing a reality for all SSA employees.

Exhibit No. 31



Department of Education *Archdiocese of Baltimore*

Catholic Center • 320 Cathedral Street • Baltimore, Maryland 21201

OFFICE OF THE SUPERINTENDENT

August 19, 1970

Rev. Theodore M. Hesburgh, C. S. C.
 Chairman
 United States Civil Rights Commission
 Social Security Building
 Woodlawn
 Baltimore, Maryland

Dear Father Hesburgh:

Recently testimony was presented to the Commission which you chair in reference to the racial composition of the students attending the non-public schools in Baltimore City and Baltimore County. As Superintendent of Schools for the Archdiocese of Baltimore, I represent approximately 90% of the non-public schools in those locations and consider it my responsibility to provide the Commission with a statement of policy and statistics reflecting the Catholic Schools in Baltimore City and County. Such is the intent of this letter.

On both the elementary and secondary school levels, the Archdiocese of Baltimore has an open enrollment policy relative to race and religion. Originally the Catholic parochial and private elementary and secondary schools were built through the people's contributions to the local parish and the various Religious Communities. The day to day operation of these schools has been made possible through student tuitions, contributed services of the religious administrative and teaching personnel, the willingness of lay teachers to work for a salary less than the public school system, Archdiocesan subsidies, Parish subsidies, and Religious Community subsidies. In the spirit of true justice Catholic children traditionally have been admitted first and then the remaining available places were offered to children not of the Catholic faith. Children of another faith have not been excluded when space was available. Because of the purpose and character of the Catholic school, there has never been a serious problem of over-application on the part of non-Catholic students. However, it is noteworthy from the enclosed statistics that the non-Catholic Black Students in Baltimore City have taken remarkable advantage of the educational services of the Catholic School.

Rev. Theodore M. Hesburgh, C. S. C.

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August 19, 1970

Whereas the Archdiocese has an open enrollment policy relative to race, statistics indicate that the student racial composition of the elementary school reflects the racial residential pattern of the Parish Community. Remember the parishioners built and operate their parish school by their weekly contributions and tuitions. However, the secondary schools purposely have never been confined to their particular vicinity and therefore their enrollments demonstrate a representation of many more residential areas of both Baltimore City and County than the elementary schools. Again, it might be well to mention that most of the secondary schools within the Archdiocese have been established by the Religious Communities and the Archdiocese and only several are parochially orientated.

Special efforts have been made by the Archdiocese of Baltimore, and the various Religious Communities to accommodate Black Students in the Catholic elementary and secondary schools. Mostly all of the inner city parochial schools are subsidized by the Archdiocese to varying degrees. The Archdiocese recently instituted a generous Grant-in-Aid program to provide opportunity for Catholic High School training for those who could not afford the tuition either partially or totally. Although we do not keep records of the recipients (there were 668 in 1969-1970 and 994 so far for 1970-1971) according to race there is no doubt that more Black Students are provided the opportunity to attend the Archdiocesan High Schools. Also, the Religious Communities (Sisters, Brothers, Priests) have not been reluctant to make scholarships available to Black Students to attend the private Catholic High Schools. Despite the constant and annoying financial crisis plaguing the operation of the Catholic Schools, their administrators are doing their level best to provide equal opportunity for all prospective students.

I might interject here that the Department of Catholic Education is a member of the national program entitled "Project Equality" and currently is working with the director of the program for the Baltimore area to provide equal employment opportunities for all people in professional, para-professional, and non-professional school positions.

I am not going to admit there is absolutely no prejudice on the part of the Catholic School Community toward the Black People. Unfortunately, the White People associated with the Catholic Schools in the Archdiocese must live down their societal heritage of racial prejudice toward the Black Community. Lamentably the religious beliefs of some White People have not corrected their attitudes in this respect. The fact remains, however, the Catholic schools are teaching racial equality and respect for all people and their administrators are doing everything humanly and financially possible to provide education for the Black Community as well as the White.

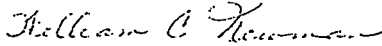
Need I say in ending this letter that, if the Catholic Schools fail to provide equal admission opportunities to all students, it is not because of racial prejudice but economic need. As I have said previously, the operation of the Catholic

Rev. Theodore M. Hesburgh, C. S. C.
Page 3
August 19, 1970

Schools is sustain by self-sacrificing parents, religious, and lay teachers who provide the necessary financial and personnel resource. (No wonder petitions are before State Governments for aid for children attending non-public schools.)

I trust this correspondence and the enclosed statistics will help provide the Commission with the comprehensiveness and perspective necessary for your deliberations concerning racial prejudice and the non-public schools, especially the Catholic Schools, in Baltimore City and County. Also, I am indeed grateful to the Commission for whatever attention this letter receives from you. Through it I sincerely hope I have been of service to you, the Catholic Community and the total Community of Baltimore City and Baltimore County.

Sincerely yours,



Very Rev. Msgr. William C. Newman
Superintendent of Schools

WCN:mea

Enclosure

**ADDITIONAL DOCUMENTS ENTERED
INTO THE HEARING RECORD**

MARYLAND LOBBY
2524 Old Frederick Road
Catonsville, Md. 21228

AUG 26 1970

August 24, 1970

United States Commission on Civil Rights
1405 Eye Street, N. W.
Washington, D. C. 20425

Gentlemen:

The impression seemed to be developed at your hearings in Woodlawn August 17-19, 1970, that racial discrimination was the reason for the petition to referendum of Maryland's House Bill No. 1090 (1970 Session). Therefore, we of Maryland Lobby desire to hereby inform you that we led the petition drive to place this bill on the ballot in November, 1970 not because of racial discrimination but because of objection to the bill's depriving owners and tenants in Maryland of their right to keep their home or business at the location of their choice, or to retain their open land until it should please the owners to sell, rather than to have their property condemned and purchased by the government. The newly created Community Development Administration would be granted the power of eminent domain for each development project by ordinance of the local governing body.

We further believe that free enterprise should be encouraged to build houses of various price ranges, including less expensive construction for persons of low and moderate income, rather than having higher taxes made necessary to subsidize more valuable construction for purchase by persons unable to afford it. The newer cost-saving methods and materials should be utilized to keep cost to a minimum, and longer-term loans with consequently smaller payments could be guaranteed by government.

We shall appreciate your considering our views and including our statement in your publication of the hearings.

Very sincerely yours,

Dessa Leister
Dessa Leister, Chairman
MARYLAND LOBBY

Enc.: 6 carbon copies

PHONE: 682-4040

SECURITY MANAGEMENT CORP.

805 LANNERTON ROAD
BALTIMORE, MARYLAND 21220

HOME OFFICE:
1601 W. 24TH STREET
MIAMI BEACH, FLORIDA 33140

November 12, 1970

Mr. John H. Powell, Jr.
General Counsel
United States Commission on Civil Rights
Washington D.C. 20425

Dear Mr. Powell:

In accordance with your letter of October 30, 1970, in which you requested Security Management Corp. to supply the United States Commission on Civil Rights with information as far as the racial composition of the apartment units that we have constructed in Baltimore County, which information was also requested on August 18, 1970 at the hearings, please be advised that the delay in getting you this information was due to the fact that we had to make a door to door canvas of all developments and we find that in Glenmont we have two Negro tenants out of 510 occupied apartments. In East Roc, out of 370 occupied townhouses and Maple Crest, 110 occupied townhouses, we have no Negro tenants.

I hope that the above information is what was requested of me at the hearing.

Very truly yours,

SECURITY MANAGEMENT CORP.



By Melvin R. Colvin
Vice President

1004

Telephone: 666-0040

CARL AND EDWARD JULIO

10 PARKS AVENUE
COCKEYSVILLE, MARYLAND 21030

September 17, 1970


United States Commission on
Civil Rights
Washington, D. C. 20425

ATTENTION: Rev. Theodore M. Hesburgh, Chairman

Dear Sir:

In response to the request of the United States Civil Rights Commission, on August 18, 1970, for the minority groups mix in the Developments owned by this Company, the attached information is respectfully submitted.

Very truly yours,


Carl T. Julio

CTJ:bv

Enclosure

<u>APARTMENT NAME</u>	<u>NO. OF UNITS</u>	<u>MINORITY</u>
Bentalou Court Apartments	42	41
Arbuta Arms Apartments	189	18
Clifmar Townhouses	8	1
Church Lane Townhouses	14	2
Franklin Park Apartments - 299 apts.	Under construction	8 apps.to date
Garrison Apartments	5	5
Hyde Park Apartments	263	7
Hilmar Townhouses	10	0
Rosalind Apartments	65	58
Winston Apartments	255	230
Elgin Apartments	30	30
Liberty Garden Apartments	158	8
Fox Ridge - 111 apts.	Under construction	3 apps.to date
Mosher Court Apartments	64	62
Pall Mall Apartments	46	46
Pioneer City	100	34
Rockdale Apartments	231	49
Woodland Apartments	47	45



CITY COUNCIL OFFICE OF FINANCIAL REVIEW
321A CITY HALL **BALTIMORE, MARYLAND 21202**

JANET L. HOFFMAN
 FISCAL ADVISER

August 20, 1970

The Reverend Theodore M. Hesburgh
 Chairman
 United States Commission on Civil Rights
 1405 Eye Street, N. W.
 Washington, D. C. 20425

Dear Father Hesburgh:

At the August 17, 1970, hearing of the United States Commission on Civil Rights at which I testified, I was requested to submit the basis on which Baltimore City water sales to consumers in Baltimore County are made without profit or loss.

Attached is a photocopy of Sections 506, 507, 508, 509 and 510 of the Code of Public Local Laws of Baltimore County (1955 Edition). These provisions are in essentially the same form as enacted by the General Assembly of Maryland in 1924 when the Baltimore County Metropolitan District was first created. It should be recalled that in 1924 Baltimore County was a rural county and the responsibility accepted by the City to supply water at cost to a limited area of the County did not seem significant. (Census statistics put the 1920 Baltimore County population at 74,817 as compared with 733,826 for Baltimore City.)

The obligation to purvey water to the County was taken at a time Baltimore City was seeking authority from the General Assembly for further water source development in Baltimore County. In effect, the City was tapping the County's own water, purifying it at locations in the County, and selling some of it back to the County on the way toward the City.

This is very similar to the situation some years later when seeking to develop the Susquehanna River (in Harford County, north of Baltimore County) as a water source and to convey it by pipeline across Harford and Baltimore Counties, the General Assembly exacted in behalf of Harford County a commitment to supply up to 20,000,000 gallons per day to Harford at its demand and at cost. The capital cost of the extra capacity required to be available under this arrangement would be recoverable only in accordance with volume of actual usage, if any.

Baltimore City's main concern in recent years has been to avoid future commitments to finance the capital requirements of the counties for water and sewerage. Recently we have concluded agreements that recognize the principle that each using subdivision should finance the part of any new source, distribution or treatment facility that is constructed or acquired for its benefit.

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The Reverend Theodore M. Hesburgh

August 20, 1970

The City's central thrust has been to secure equity in its new arrangements; it probably would not be practical to pursue the possibility of making a profit on water and sewer operations; neither does there seem reasonable opportunity to renegotiate previous agreements in order to secure reimbursement for capital facilities in accordance with design capacity rather than volume of use.

Respectfully,



Janet L. Hoffman
Fiscal Adviser

JLH:fj

1949, ch. 178.

505. (a) Any agent, servant or employee of the County Commissioners of Baltimore County shall have the right to enter upon any private lands or property for the purpose of cleaning out the bed of any stream or other water course, provided that no substantial change in the alignment, course, width or depth of such stream or other water course shall be hereby authorized.

(b) No such agent, servant or employee shall, when acting under the authority of this section, damage or destroy any property or lands entered by them in the performance of their work.

(c) No owner, occupant or agent of private property or lands so entered shall obstruct, impede or annoy such agents, servants or employees in the performance of their work under this section. Any owner, occupant or agent violating the provisions of this section shall be guilty of a misdemeanor and upon conviction thereof shall be subject to a fine of not less than Twenty-five Dollars (\$25.00), nor more than One Hundred Dollars (\$100.00), or to imprisonment for not less than thirty (30) days nor more than sixty (60) days, or both fine and imprisonment, in the discretion of the Court.

P. L. L., 1930, Art. 3, sec. 333. Balto. Co. Code, 1928, sec. 333. 1948, sec. 344. 1924, ch. 539, sec. 7. 1939, ch. 729, sec. 333.¹

506. (a) The Commissioners of Baltimore County shall have full power and authority to enter into any contract or agreement with the proper authorities of Baltimore City and/or Anne Arundel County, and/or with any person, firm, corporation or association, including any private or public service corporation, for the disposal of sewage or drainage or for the establishment, construction, operation or enlargement of water supply, sewerage or drainage systems. Such contract or agreement may be for the disposal of sewage or drainage by connecting the sewers or drains of Baltimore County with sewers or drains of Baltimore City and or Anne Arundel County, and/or with those of any person, firm, corporation or association, including any private or public service corporation; by contracting for the use of

¹ Although Chapter 729 of the Acts of 1939 purports to repeal the prior law, it is actually a re-enactment, and consequently prior statutory references are included.

any disposal plant of Baltimore City and/or Anne Arundel County, and/or of any person, firm, corporation or association, including any private or public service corporation; or by any means which the Commissioners in their judgment may deem necessary and proper. The proper authorities of Baltimore City and/or Anne Arundel County are hereby authorized to enter into any such contract or agreement with the Commissioners of Baltimore County or with each other, or with any person, firm, corporation or other association, including any private or public service corporation.

(b) The Commissioners of Baltimore County and/or the proper authorities of Baltimore City and/or Anne Arundel County and/or any person, firm, corporation or association, including any private or public service corporation, may determine by agreement from time to time the costs, rentals, service charges or other fees in contracts and agreements entered into under this section.

(c) This section shall be given retroactive effect, and every contract or agreement heretofore made or entered into by the Commissioners of Baltimore County with the proper authorities of Baltimore City, or with any person, firm, corporation or association, including any private or public service corporation, for the disposal of sewage or drainage or for the establishment, construction, operation or enlargement of any water supply, sewerage or drainage system, is hereby authorized, ratified and confirmed.

This section, as it existed prior to amendment, is referred to in *Dinneen v. Rider*, 152 Md. 343, at. p. 349.

P. L. L., 1930, Art. 3, sec. 332. Balto. Co. Code, 1928, sec. 332.
1948, sec. 345. 1924, ch. 539, sec. 6. 1945, ch. 1017, sec. 332.

507. (a) The operating control of water extensions in the Metropolitan District shall be in the hands of the Mayor and City Council of Baltimore who shall bill and collect the water rates established as hereinafter provided, and shall maintain the water distribution system in as good a condition, and the water service in as efficient a manner as the remainder of the water system owned and operated by the City of Baltimore so that there shall be at all times an adequate flow of water fit for human consumption, none the less pure than the water furnished by the Mayor and City Council of Baltimore to the inhabitants of Baltimore City, and sufficient to supply to the inhabitants of Baltimore

County, water for all public, private, domestic, manufacturing or other needs which the water mains were designed or intended to supply.

(b) The rates to be charged by Baltimore City for furnishing water to consumers in Baltimore County shall be established by agreement between the City of Baltimore and the Commissioners, subject to approval by the Public Service Commission of Maryland. In case of disagreement as to the rates to be fixed, the Public Service Commission of Maryland, shall, upon the application of the Commissioners, review the rates proposed by the City of Baltimore, and the findings of the Public Service Commission shall be final, except that there may be an appeal to the Courts by either party, as is provided by law in the case of rates for Public Service Corporations fixed by the Public Service Commission. The rates, however, established, shall be subject to revision from time to time by agreement of the City of Baltimore and the Commissioners, subject to the approval of the Public Service Commission. In case of disagreement as to a rate revision, either the City or the Commissioners may institute proceedings before the Public Service Commission for a review of the existing rates, with the subsequent right of appeal to the Courts as herein provided.

(c) The Mayor and City Council of Baltimore shall furnish water to the Metropolitan District of Baltimore County at cost and entirely without profit or loss. The Commissioners and the Mayor and City Council of Baltimore shall, from time to time, determine by agreement, if possible, the cost to Baltimore City of furnishing water to consumers in the Metropolitan District of Baltimore County. If no agreement is reached, then cost shall be determined by arbitration in the manner herein provided in Section 502. Cost, however, determined, shall be subject to revision from time to time by agreement of the respective authorities, or by arbitration on the demand of either of them.

(d) The Mayor and City Council of Baltimore shall maintain proper records and books of account to adequately and correctly reflect the amount of all income received from furnishing water service to consumers in Baltimore County: and annually shall render a statement to the Commissioners showing the total revenues received from Baltimore County water consumers during the period covered by the statement and the actual cost of furnishing such water, determined as

hereinbefore provided. The excess of the income over actual cost shall be transmitted by said Mayor and City Council of Baltimore with the statement to the Commissioners, to be expended by them in furtherance of the uses and purposes authorized by the Metropolitan District Act. If in any year the revenues aforesaid should be less than the cost, the deficit shall be deductible from future payments accruing to the Commissioners and shall be taken into consideration in any revision of consumer rates. The account books and accounts relating to consumers of water in Baltimore County shall be subject to audit by agents of the Commissioners upon request of said Commissioners.

NOTE: This section, as it existed prior to amendment, is referred to in *Dinneen v. Rider*, 152 Md. 343, at pp. 349, 350. *Home Owners' Loan Corp. v. Baltimore City*, 175 Md. 676, 686, also cites the former section in holding that Baltimore City water service charges for property in Baltimore County do not constitute a lien. Chapter 258 of the Acts of 1947 empowers Baltimore City to discontinue water service to any person or property in or outside the City limits because of non-payment of fees or charges. Ch. 235 of 1955 relates to the authority, powers and duties conferred upon the County Commissioners of Anne Arundel, Baltimore and Howard Counties to restrict the use of water supplied by Baltimore City. See Ann. Code of Maryland, Art. 25, sec. 163 (1955 Supp.).

P. L. L. 1930, Art. 3, sec. 330. Balto. Co. Code, 1928, sec. 330.
 1948, sec. 346. 1924, ch. 539, sec. 4. 1937, ch. 186, sec. 330.
 1945, ch. 1017, sec. 330. 1949, ch. 719. 1953, ch. 677.
 1955, ch. 406.

508. The Commissioners from time to time shall cause surveys, studies, plans, specifications and estimates to be made for water supply, sewerage and storm water drainage systems in all those parts of the Baltimore County Metropolitan District in which there is, in their judgment, a need for water supply, sewerage or drainage. Whenever plans shall have been completed for a water supply, sewerage or storm water drainage system, or any part thereof, in any part of the District the Commissioners shall proceed to construct or cause to be constructed such systems, or parts thereof, by contract, after public advertisement, or by day labor, if no satisfactory contract can be made after public advertisement, as they may deem advisable, so that said system or systems may be constructed at a minimum cost, provided, however, that the cost of such work carried out by day labor shall not exceed, at any time, Twenty-five Hundred Dollars (\$2,500.00). No water or sewer lines or systems, or any part thereof, shall be constructed, except

upon the written recommendation of the Chief Sanitary Engineer. Before making his recommendation in writing with respect to the construction or extension of any water or sewer lines or systems, or any parts thereof, the Chief Sanitary Engineer shall make a thorough field inspection of the territory proposed to be served by the new construction or extension, and shall prepare sufficient plans upon which to make an adequate cost estimate of the proposed construction or extension, together with conservative estimates in writing of the revenues to be expected therefrom by assessments and charges of any kind authorized by this sub-heading. Such plans and estimates shall accompany his written recommendations and shall be filed by him in the office of the Commissioners. If said plans and estimates fail to show that the proposed new construction or extension will be financially self-supporting within a reasonable time after completion, the Commissioners shall not order the construction of said new lines or extensions, unless property owners requesting them shall finance their cost upon a basis that will make them a permanently self-supporting part of the Metropolitan District. The requirement that a project be financially self-supporting shall not apply to any exercise by the Commissioners of the general powers and authority to establish, construct and maintain facilities conferred upon them by Section 502, provided the Chief Sanitary Engineer finds that: (a) the cost or expense involved in the exercise of such power and authority is not readily or fairly susceptible of allocation among property owners in the affected area in accordance with the terms of Section 516, and (b) the exercise of such power and authority is for a purpose necessary and useful to the operation or maintenance of a water system, sewer system, or part thereof, constructed or to be constructed in the Baltimore County Metropolitan District, and (c) the Chief Sanitary Engineer prepares a schedule of equitable apportionment of cost among the property owners in the drainage area benefited by such project in order that the difference between cost of said project and capitalized assessment may ultimately be recovered in lump sum payments from said property owners as and when their lands are subdivided. All property owners benefited by the construction of the project shall be notified of the proposed apportionment of cost contained in said schedule and after hearing, the Commissioners may adopt the schedule as prepared or subsequently amended.

No levy shall be made against any property owner of the amount apportioned to his property until his lands are sub-divided.

This section as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 348, 350, 358.

P. L. L., 1930, Art. 3, sec. 331. Balto. Co. Code, 1928, sec. 331.
1948, sec. 347. 1924, ch. 539, sec. 5. 1945, ch. 1017, sec. 331.
1949, ch. 740.

509. (a) Plans for extensions of water supply lines by the Commissioners in the Metropolitan District shall be submitted to the Director of Public Works of Baltimore City for approval. The work shall be subject to inspection by a representative of the Mayor and City Council of Baltimore. The proper authorities of Baltimore City are hereby empowered, authorized and directed to make installations of water supply service pipes from the water mains to the curb line or, lacking such limit at the time of installation, to a corresponding appropriate location within the public way, whenever and wherever requested in writing by the Chief Engineer of the Metropolitan District. Before a request for the installations of such water supply service pipes shall be submitted by the Chief Engineer of the Metropolitan District to the proper authorities of Baltimore City, the individual, firm or corporation desiring the installation of a water supply service pipe of a diameter of 1-inch or less shall make application for the same to the Metropolitan District and shall pay to it such amount, or comply with such terms as shall be fixed and established from time to time by the County Commissioners of Baltimore County as the reasonable cost of or the terms upon which such installation shall be made, including the cost of a meter of a make and design approved by the Water Engineer of Baltimore City. Any individual, firm or corporation desiring the installation of a water supply service of a greater diameter than 1-inch shall make application for the same to the Metropolitan District but shall not be required to make any advance payment therefor. The installation of such larger water supply services shall be made on a time and material basis, including the cost of a water meter of a make and design approved by the Water Engineer of Baltimore City, plus a reasonable percentage for the cost of overhead which total cost shall be paid by the said individual, firm or corporation to the Mayor and City Council of Baltimore.

(b) The sums of money paid to the Metropolitan District by individuals, firms or corporations applying for the installation of water supply services of 1-inch in diameter or less shall be transmitted monthly to the Mayor and City Council of Baltimore with sufficient information so that each payment for water supply service can be identified. The Mayor and City Council of Baltimore shall keep a record of the actual cost of making such water supply service installations and each year shall credit or charge the difference between the amount received from the Metropolitan District for such water supply service installations and the cost thereof to or against the statement of the actual cost to Baltimore City of furnishing water to consumers of the Metropolitan District of Baltimore County, and an itemized statement thereof shall be transmitted to the County Commissioners of Baltimore County as a part of the statement of such actual cost as required by Section 507 hereof.

(c) In case of disagreement between the City of Baltimore and the Metropolitan District of Baltimore County as to the cost of any such service pipe installed by said City the Public Service Commission of Maryland shall review said cost upon application, and the findings of the Public Service Commission shall be final, except that there may be an appeal to the Courts from such findings as is provided by law in case of other determinations by the Public Service Commission.

This section, as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 349, 350, 364.

P. L. L., 1930, Art. 3, sec. 334. Balto. Co. Code, 1928, sec. 334. 1948, sec. 348. 1924, ch. 539, sec. 8. 1945, ch. 1017, sec. 334.

510. (a) When any water main or sewer is declared by the Commissioners complete and ready for the delivery of water or the reception of sewage, and water or sewer connection pipes have been laid to the several lot lines, the Commissioners shall notify the owner or tenant of every dwelling house, public building, factory, manufacturing plant or other establishment where people live, assemble or are regularly employed, or of every building where sanitary fixtures are, or in the judgment of the Commissioners should be installed, that a connection of all hydrants or spigots, toilets and drains shall be made with said water main or sewer, the said connection pipes of which have been laid to the lot line

of such house, building, factory, plant or other establishment within a time prescribed by the Commissioners, such notice to be given by means of personal service upon such owner or tenant or person in charge of such house, building, factory, plant or other establishment, and where the aforesaid fixtures do not exist, or are of a nature which, in the judgment of the Commissioners, is improper or inadequate, the Commissioners shall give further notice by such personal service as aforesaid that satisfactory equipment shall be installed; and in all cases in which such connection shall be ordered as aforesaid the Commissioners may also give notice by such personal service as aforesaid that all wells, cess-pools, waste drains, and privies shall be abandoned, removed or left in such way that they cannot again be used nor injuriously affect the public health, said disposition to be determined by the Commissioners.

(b) Nothing in this sub-heading shall be taken to require any water company, whether incorporated or not, to close up, fill up or abandon the use of any spring or well used by it to supply therefrom to its customers or clients water fit for domestic uses or to cease to supply its customers or clients with such water or to connect its water supply system with the system to be established under this sub-heading unless and until the said Commissioners shall acquire the water supply system and property of such water company; and nothing in this sub-heading shall be taken to require any property owner having upon such property owner's premises any spring or well supplying water fit for domestic uses to close or fill up or abandon the use of said spring or well or to connect such property owner's property or premises with or (while the water of such spring or well continues fit for domestic use) to take the supply of water for his or her premises from the water supply system to be established under this sub-heading.

(c) Nothing in this sub-heading shall be taken to require any property owner having a private sewerage system upon such property owner's own premises of the general type known as or similar to the Waring System for the disposal of sewerage originating on such property owner's own premises, to abandon the use of the same, provided it shall be kept in efficient working and sanitary condition, or (while said private sewerage system is kept in efficient and sanitary condition) to require such owner to connect such property

owner's premises with the sewerage system to be established under this sub-heading, unless the State Board of Health shall so require. Any failure to make such connections, or to make such changes on the property, or to obey any such notice or order of the Commissioners within the time prescribed shall be punishable by a fine of not more than Twenty-five Dollars for every calendar month during which such connection shall not be made, or such work done, after the expiration of the time prescribed, such prosecution to be had upon warrant before any trial magistrate residing within Baltimore County, with the right of appeal to the accused to the Circuit Court for Baltimore County, said appeal to be taken within ten days from the date of conviction before the trial magistrate.

(d) The Commissioners shall formulate, publish and enforce a plumbing code, and shall prescribe such rules and regulations governing the use of said water and sewer connections, and for the maintenance and operation of their systems, as they may deem necessary; and every person who shall make the personal service above prescribed shall deliver to the person upon whom such service is made a copy of such plumbing code and of such rules and regulations, and shall obtain from such person upon whom such service is made a receipt of such copies as aforesaid, or in default of such receipt shall file with the Commissioners an affidavit that such copies have been delivered as aforesaid. Any violation of said code or of any rule or regulation prescribed by the Commissioners as above, upon the part of any person to whom such copies shall have been delivered as aforesaid, shall be punishable by a fine not exceeding One Hundred Dollars, upon conviction before any trial magistrate, residing within Baltimore County.

This section, as it existed prior to amendment, is discussed in *Dinneen v. Rider*, 152 Md. 343, at pp. 350, 363, 364. In addition to the authority for adoption of a plumbing code provided by this section, the licensing of plumbers is now vested in the Baltimore County Plumbing Board, appointed by the County Commissioners of Baltimore County, under the provisions of Section 315 of Article 43 of the Annotated Code of Maryland (1951 Edition).

Balto. Co. Code. 1948, sec. 349. 1937, ch. 326, sec. 334A.

511. The notice to connect toilets and drains provided for in Section 510 shall be left with the owner or occupier, or agent of the property mentioned in said notice, and if there be no owner or occupier, or agent of the owner of said prop-

Rev. Theodore M. Hesburgh



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

THE EQUITABLE BUILDING • 10 N. CALVERT STREET • BALTIMORE, MARYLAND 21202 • 301-727-3400

MAYOR

Thomas J. D'Alesandro, III

Mr. Arthur M. Sparrow, Jr.
Community Economic & Industrial Planner
Small Business Administration
1113 Federal Building
31 Hopkins Place
Baltimore, Maryland 21201

Dear Mr. Sparrow:

During your testimony before the U. S. Civil Rights Commission on August 17, 1970, you intimated that it was necessary to bribe public officials in order to obtain a building permit in Baltimore City. I was shocked to hear such a statement because in the two years this function has been administered by the Department of Housing and Community Development we had thought that such practices had been eradicated.

Because of this concern, I telephoned you on August 18 to learn if you had any evidence of such practice. You stated that the information you did have was second hand and that it did not arise from activities during the past two years. You further stated an unwillingness to reveal your source of information as to earlier incidents. I then urged you to bring to my attention any leads, no matter how indirect or anonymous, that would indicate illegal conduct by any of our employees. You agreed to consider the matter.

May I again assure you that HCD is jealous of its reputation for honesty and that we are anxiously soliciting any evidence of wrongdoing. We will do our utmost to protect any informant from embarrassment, our only desire being to correct the abuse.

Sincerely,

R. C. FMBRY, JR.

R. C. FMBRY, JR.
Commissioner

3121 Lugine Avenue
Baltimore, Maryland 21207
August 19, 1970

Mr. Robert Embry, Director
Baltimore City Housing Authority
Calvert & Fayette Streets
Baltimore, Maryland 21203

Dear Mr. Embry:

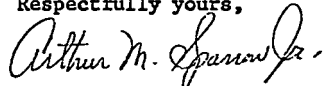
Thank you for your telephone call on August 18, 1970 in reference to my testimony before the Civil Rights Commission. I wish to again emphasize that the main thrust of my conversation was directed toward problems emanating in Baltimore County.

From my point of view, Baltimore City is blessed to have a housing commissioner such as you who have demonstrated his interest in the community's welfare in a positive way.

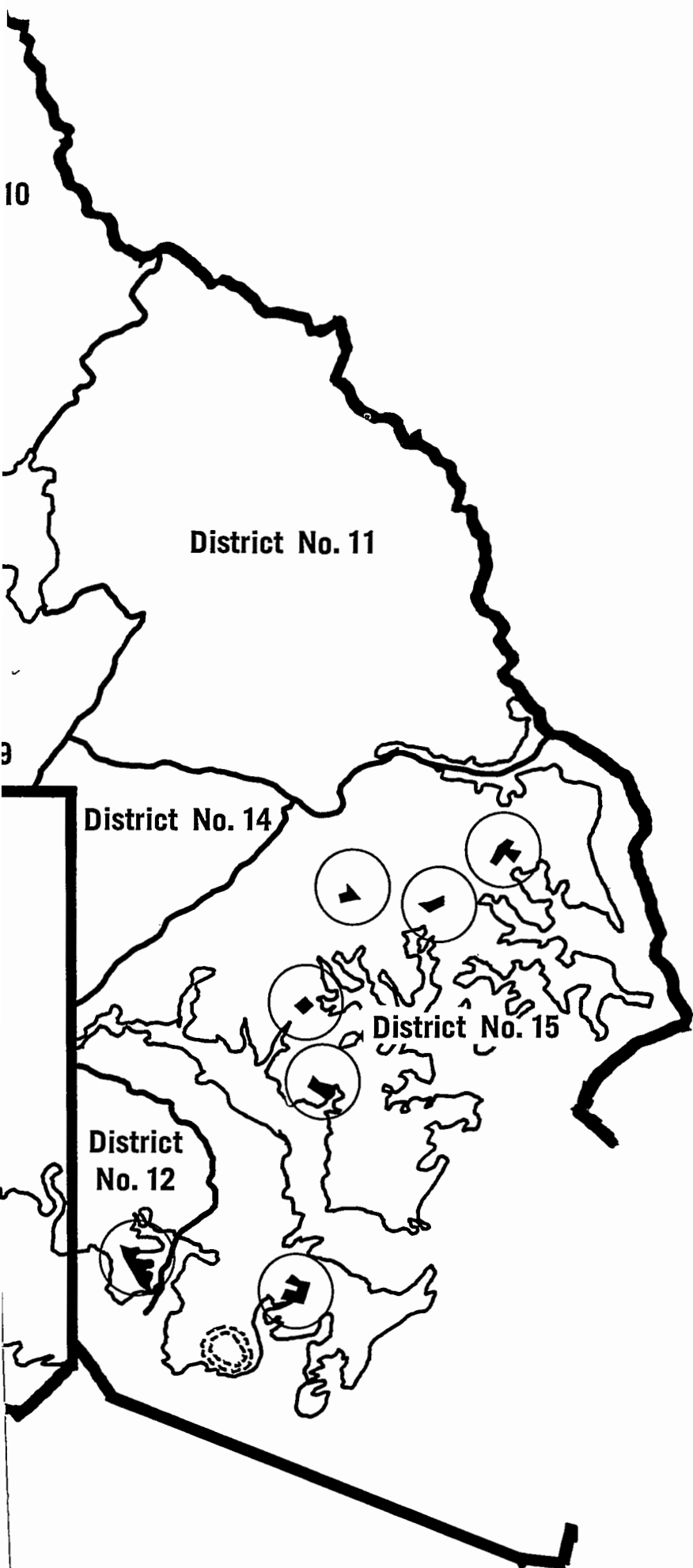
I believe, the community would join with me in stating my belief that your administration is the most effective one we've had in recent times.

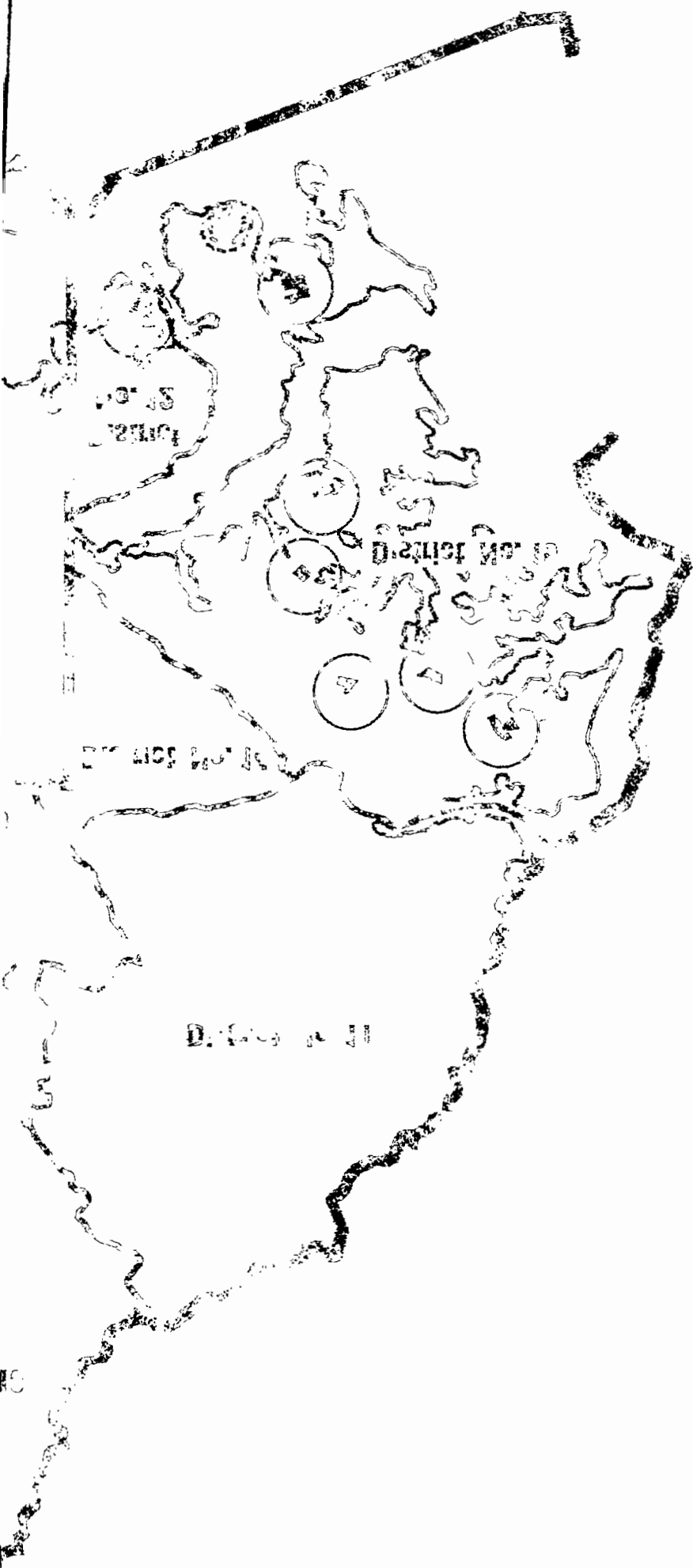
We admire your youth, courage and togetherness which has made its presence felt among us.

Respectfully yours,


Arthur M. Sparrow, Jr.

Baltimore City





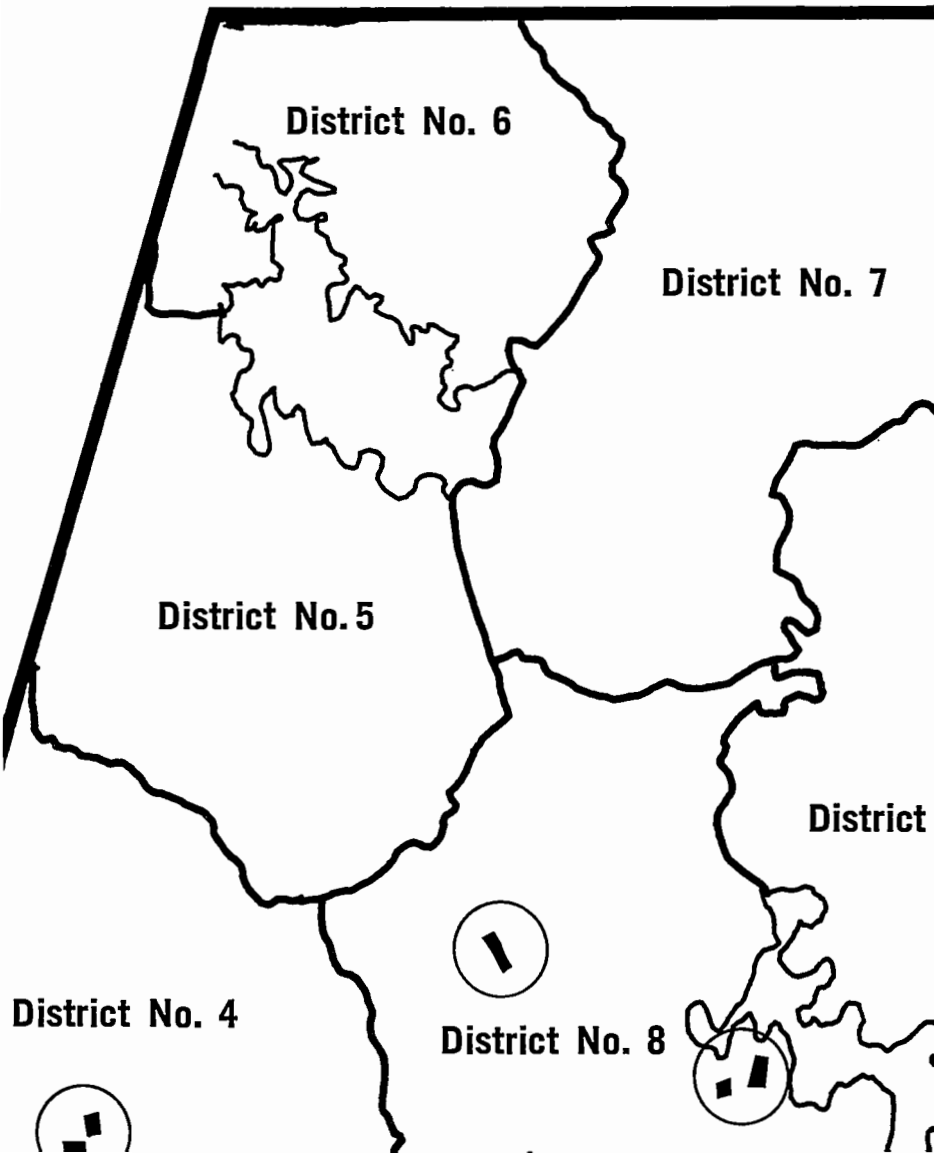
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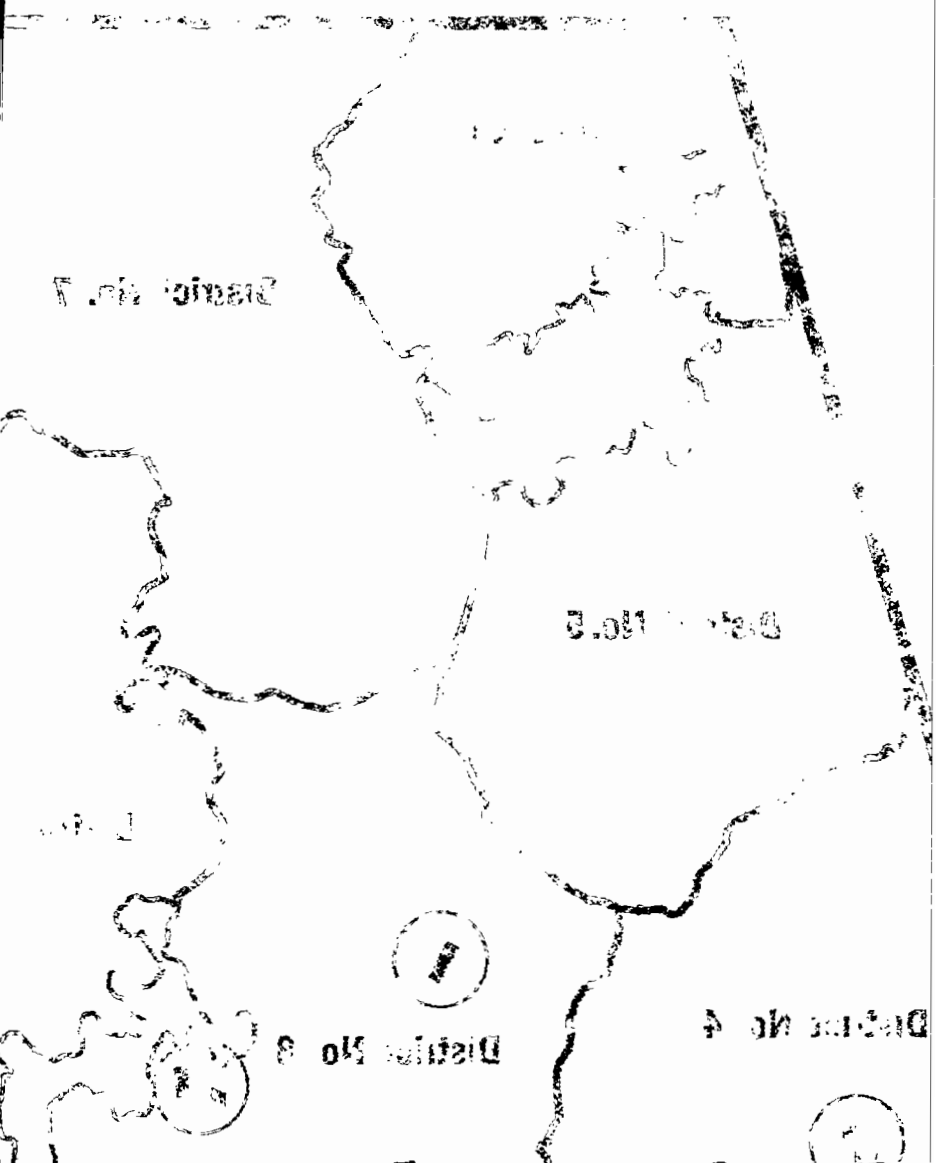
District No. 11

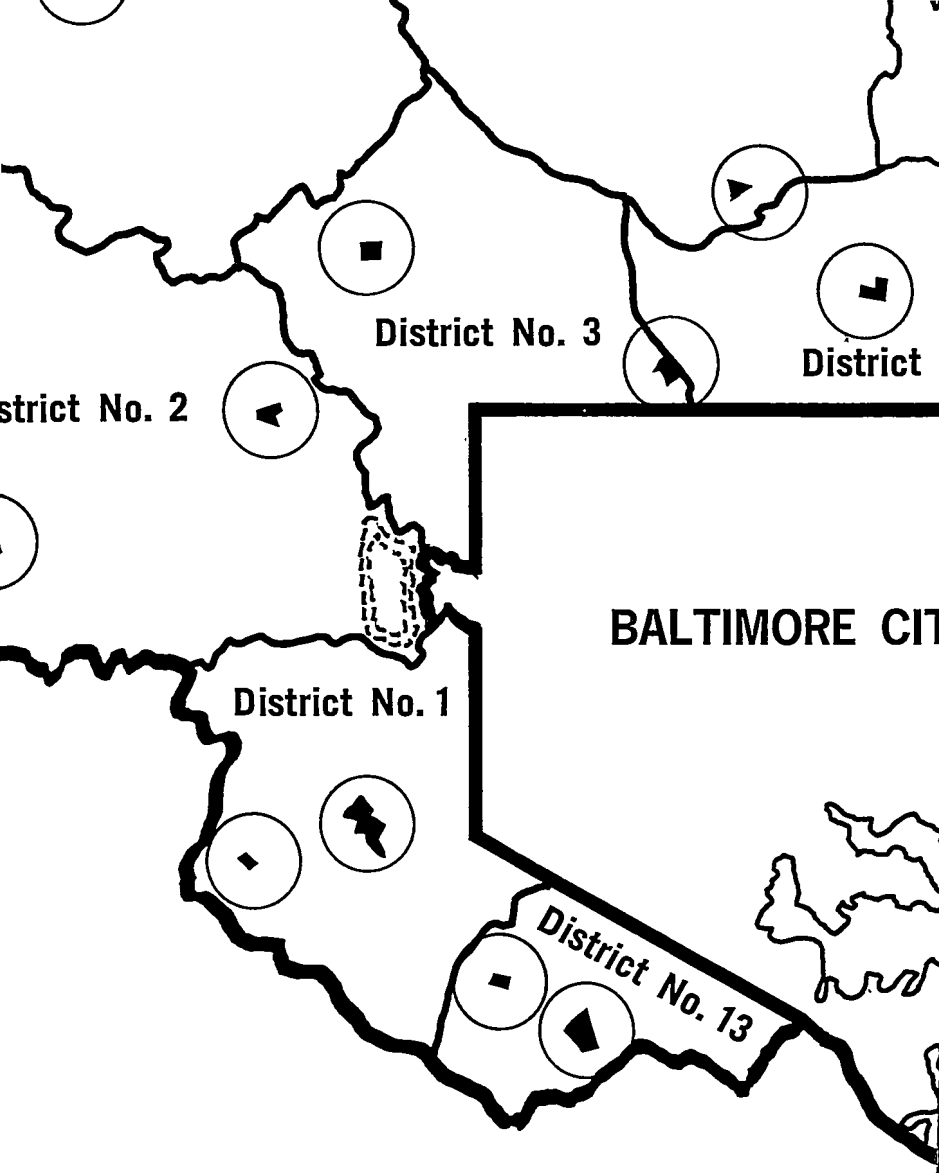
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Baltimore County and



Baltimore County and





District No. 2

District No. 3

District

District No. 1

BALTIMORE CITY

District No. 13

Black Residential Area

Presently Integrated Area



Black Federal Area
Presently Integ. to Area



,







FEDERAL HOME LOAN BANK BOARD

WASHINGTON, D. C. 20552

101 INDIANA AVENUE, N. W.

December 4, 1970

FEDERAL HOME LOAN BANK SYSTEM
FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION
FEDERAL SAVINGS AND LOAN SYSTEMDIRECTOR
OFFICE OF
EXAMINATIONS
AND
SUPERVISION

Howard A. Glickstein, Esq.
Staff Director
United States Commission on Civil Rights
1405 Eye Street, N. W.
Washington, D. C. 20425

Dear Mr. Glickstein:

In response to Vice Chairman Horn's request at the Commission's hearing at Baltimore, Maryland, on August 18, 1970, the following information is provided regarding the complaints received by this Board of alleged discriminatory lending practices by institutions subject to our supervision since enactment of the Civil Rights Act of 1968:

Eight such complaints have been received--six in 1969 and two in 1970. Of the six complaints received in 1969, two were direct complaints to the Board and four were referred to us by other Government agencies.

One of the direct complaints is contained in a letter from a realtor in Santa Clara County, California, alleging that certain savings and loan associations "arbitrarily" refused to make loans on property located in large areas of the city of San Jose, California. The second direct complaint received in 1969 was set forth in a letter from the president of an NAACP Local Branch in Tennessee which was forwarded to us by William R. Morris, Director of Housing Programs, NAACP Special Contribution Funds.

We referred both of the above-mentioned complaints to the Office of the Assistant Secretary for Equal Opportunity of the Department of Housing and Urban Development, the agency having primary enforcement responsibility under Title VIII (the "fair housing" title) of the Civil Rights Act of 1968. That Office informed us that the Tennessee case was dropped after

Howard A. Glickstein, Esq.
Page - 2

investigation because of failure by the complainant to adduce evidence of any specific discriminatory acts within the scope of Title VIII. The California case was recently recalled from the California Fair Employment Practices Commission to which it had been referred and is presently pending further action by the HUD regional office for California.

Of the four complaints referred to this Board by other Government agencies in 1969, one was from a lady in California who wrote to President Nixon complaining of difficulties encountered in refinancing a loan because of the "racial problem closing in on the property". This complaint, too, was referred to HUD, whose investigation disclosed that the property in question was commercial and therefore not covered by Title VIII. The other three complaints had all been previously received and investigated by HUD's Office of the Assistant Secretary for Equal Opportunity and were forwarded to us for information. We have been informed by HUD that of these three complaints one was dropped for insufficient evidence and another because the alleged discriminatory act occurred prior to the effective date of Title VIII. The third was dropped when HUD investigators were unable to obtain a verified complaint from the complaining party.

To date in 1970, two complaints of alleged discriminatory lending practices have been received by this Board.

Early this year, Senator Percy requested us to investigate a complaint from a constituent in Chicago alleging refusal of a loan application by a Federal savings and loan association in that city on the ground that the association preferred to limit its lending to suburban properties. Our investigation revealed that the association in question does very substantial lending in the inner city of Chicago, but does require FHA insurance or a VA guarantee on such loans. Refusal of the complainant's application had been occasioned by the mistaken belief of the association's loan officer that the property in question was not eligible for such insurance or guarantee. Upon learning that FHA insurance was available, the association offered the complainant a loan, but by that time he had obtained financing elsewhere.

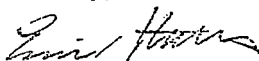
The only other complaint of alleged discriminatory lending practices by a savings and loan association brought to our attention in 1970 was received initially by HUD, which requested this Board's assistance in the ensuing investigation. The complaint was received from a borrower from a Federal savings and loan association in the District of Columbia. In cooperation with this Board, HUD investigators have learned that the borrower in question had a history of

Howard A. Glickstein, Esq.
Page - 3

continued delinquency in payments over a period of several years and that the association in question had apparently taken action regarding the delinquency in accordance with its rights under its deed of trust. Investigation is continuing, however, to determine the validity of the complainant's charge that the association's treatment of his loan was different from that accorded other delinquent accounts.

We trust that the above information will be useful to the Commission. If we can be of further assistance, please let us know.

Sincerely,



Eric Stattin
Director



LAWRENCE B. FENNEMAN, JR. . . .
President
 JAMES P. O'CONNOR
First Vice President
 PHILIP E. KLEIN
Second Vice President
 ROBERT M. SCHMIDT
Treasurer
 C. WILLIS HAMMOND
Executive Vice President
 HENRY AL DECKER, JR.
General Counsel

REAL ESTATE BOARD OF GREATER BALTIMORE

7 EAST LEXINGTON ST., BALTIMORE, MARYLAND 21202—PLAZA 2-8532

BALTIMORE COUNTY OFFICE — SUITE B, TOWSON PLAZA — P25-8228
 758 FAIRMOUNT AVENUE - 21704

November 5, 1970

Mr. John H. Powell, Jr.
 General Counsel
 United States Commission on
 Civil Rights
 Washington, D. C. 20425

Dear Mr. Powell:

This will acknowledge your letter of October 30, 1970, requesting data indicating the number of persons who have applied for Realtor membership in our organization during the past year.

Our records indicate that during the period, November 1, 1969 through October 31, 1970 (our fiscal year), a total of 50 individuals applied for Realtor membership. Of this group, 48 are white and two are black. Two white applicants failed to successfully complete orientation initially and one of these applicants was accepted after re-taking and passing our examination.

It might interest you to know that our newly-elected directorate includes two black members. This marks the first time in our history that our board of directors has included more than one black member.

It was an interesting and stimulating experience to testify before your commission last August and I hope that the information provided by those of us engaged in real estate and related businesses will be of assistance.

Sincerely,

C. W. Hammond
 Executive Vice President

CWH:blh

Baltimore City Retirement System Fund Investment: Summary in Lieu of Testimony*

The Baltimore City employee retirement system is comprised of the "Employees' Retirement System", with total investments of \$282.3 million as of March 1970, and the "Fire and Police Employees' Retirement System", with total investments of \$74.9 million as of March 1970.

Hyman Pressman, comptroller for the city of Baltimore, serves ex officio as chairman of the board of trustees responsible for the supervision of the Employees' Retirement System, and of the similar board of trustees responsible for supervision of the Fire and Police Employees' Retirement System. In the case of each board, additional members are: two employee participants in the pension fund, who are elected by the membership of the retirement system, two Baltimore citizens with banking experience, who are appointed by the mayor with the consent of the city council, and, in the case of the board of the Fire and Police Employees' Retirement System, the police chief and the fire chief.

* See below, letters to John H. Powell, Jr., General Counsel, United States Commission on Civil Rights, from Hyman Aaron Pressman (Jan. 14, 1971), and B. Carter Randall (Jan. 18, 1971).

2

The Equitable Trust Company, acting pursuant to general guidelines laid down by the boards of directors, manages the investment of pension fund assets. B. Carter Randall, vice president of Equitable Trust Company, is the company official with principal responsibility for administering investment of the city pension fund assets.

Each board of trustees, pursuant to a city ordinance, has established an advisory investment committee, the function of which is to formulate and recommend to the board of trustees investment opportunities. These committees have not been very active, however.

Approximately 5 percent of total carrying value, or \$13.9 million, of the Employees' Retirement System was invested in home mortgages as of March 1970. Approximately 10 percent of total carrying value, or \$7.2 million, of the Fire and Police Employees' Retirement System was invested in home mortgages as of March 1970. By law, no more than 25 percent of the total assets of each system can be invested in mortgages. The relatively low proportion of fund investments in mortgages is in part a reflection of the relatively higher return which in the recent past has at least potentially been available in alternative forms of investment and, in part, reflects the fact that mortgages were not a legal investment for the fund until 1965.

With respect to mortgage investments, Equitable Trust Company does not itself make the initial loan on mortgages which it purchases for the

fund, but rather buys mortgages for this purpose from mortgage brokers and similar sources. As a matter of policy, home mortgages are purchased for the fund only in Maryland, Delaware, Virginia, and the District of Columbia. Somewhat over 60 percent of fund home mortgage investment properties were located in Virginia as of March 1970. The bulk of these mortgages were purchased by Equitable Trust Company from First Mortgage of Virginia, which, in turn, purchased them from other parties. The Virginia suburbs neighboring the District of Columbia accounted for approximately 32 percent of mortgages held by the fund.

Of the total of 1,091 mortgages purchased for the fund by Equitable Trust Company through March 1970, about 10 percent were on properties in Baltimore City and Baltimore County, with probably the majority of these in Baltimore County.

Pursuant to policy guidelines set down by the fund's two boards of directors, all home loans purchased by the fund are insured either by the Federal Housing Administration or the Veterans Administration. In guidelines entitled "Minimum Mortgage Lending Requirements", the boards of trustees have spelled out the minimum requirements applicable to all mortgages to be purchased by the fund. The requirements include specifications with respect to the size of the house and lot, its physical condition, as well as services and other features and conditions in the neighboring area.

The requirements also include the following with respect to the borrower's income and credit. The monthly payment on the mortgage, including payment of taxes and insurance, must not exceed 22 percent of the borrower's recognized monthly income. In computing the borrower's income, the regulations provide that "[n]o credit shall be given for overtime pay, part-time jobs or other irregular earnings", and that no credit shall be given for the wife's earned income, except that "partial credit may be given" in cases where the wife "is clearly likely to be continuously employed".

This statement of minimum requirements, which is furnished to the parties from which mortgages are purchased for the fund, concludes with a section entitled "[g]eneral considerations", which states:

All of these minimum requirements shall be related to the climate, custom and consumer preferences of the area. By this it is intended that the property covered by a specific mortgage will be of a type of construction and layout in a location that will be acceptable to others residing in the general area in the event of resale.

There is no stipulation in these written requirements, none has been formally expressed by the boards of directors to the Equitable Trust Company, and none has been expressed by the Equitable Trust Company to its suppliers of mortgages, that racial discrimination must not have been practiced by sellers, real estate brokers, financial institutions, or others in connection with the underlying sale and mortgage transaction.

[The boards of trustees have considered and have expressed a willingness to buy mortgages backed by GNMA certificates without regard to any property and/or credit specifications on individual mortgages (an actual commitment for a \$2 million flow through certificate of GNMA was made in the last quarter of 1970 for settlement in the first quarter of 1971, backed by mortgages on properties in the State of Maryland, mostly properties in the city of Baltimore).]*

* See below, letter from B. Carter Randall (supra, preceding note).



DEPARTMENT OF THE COMPTROLLER

HYMAN A. PRESSMAN
COMPTROLLER

RICHARD A. LIDINSKY
DEPUTY COMPTROLLER

January 14, 1971

Mr. John H. Powell, Jr.
General Counsel
United States Commission on Civil Rights
Washington, D. C. 20425

Dear Mr. Powell:

As requested, I am returning the synopsis which you forwarded.

No amendments were deemed necessary.

Good luck.

Sincerely yours,

HYMAN AARON PRESSMAN
Comptroller

HAP:ps

Enclosure



THE EQUITABLE TRUST COMPANY

BALTIMORE, MARYLAND

JOHN A. LUETKEMEYER
CHAIRMAN OF THE BOARD

January 18, 1971

OWEN DALY, II
PRESIDENT

Mr. John H. Powell, Jr.
General Counsel
United States Commission
On Civil Rights
Washington, D. C. 20425

Dear Mr. Powell:

In answer to your letter of January 11, 1971 referring to testimony which would have been elicited from me if I had testified before the United States Commission on Civil Rights on August 18, 1970, I am enclosing the summary of information which you sent to me for review and amendment.

I have made a few changes in the statement, mostly to correct semantics except for a paragraph which I have written at the end.

I hope and trust that this is satisfactory.

Sincerely,

B. Carter Randall
Vice President

BCR:lc

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