

NEW YORK TIMES
January 7, 1967

White House Shift On Slums Denied By Johnson Aide

Special to The New York Times

WASHINGTON, Jan. 5—A high White House source said Thursday night that the Administration was still seeking new ways to lure private industry into the urban rehabilitation field in order to exploit new technological methods of rebuilding slums.

But the official, Joseph A. Califano Jr., said that a much-publicized plan for a nationwide, nonprofit corporation might not be the best mechanism for accomplishing this purpose.

Mr. Califano denied, however, repeated rumors that the White House, because of what some officials felt was a premature disclosure of details, had abandoned that plan.

The plan was first described in The New York Times of Nov. 27. It had been developed over a period of several months by private housing experts and officials of the Department of Housing and Urban Development.

Low-Interest Mortgages

The main purpose of the nonprofit group, which would be called the Urban Development Corporation, would be to lure private mortgage money and the private construction industry into the rehabilitation field on a large scale. The main inducement would be long-term, low-interest Government mortgages.

Several Administration officials said Thursday that the plan, which reportedly never reached President Johnson's desk, was viewed with considerable skepticism, in part because it called for acquisition of slum properties by the Urban Development Corporation itself.

This meant that the corporation might wind up holding a great many slum properties for which it could find neither buyers nor renters.

However, according to these officials, the notion of attracting private enterprise into the slum rehabilitation field is still very much alive.

A ranking housing agency official said privately earlier this week that versions of the plan were being refined to meet White House objections. But he conceded that the President's State of the Union Message would probably contain no request for Congressional action to set up a nonprofit housing group.