

PRIVATE ATTACK ON SLUMS BACKED

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Senate Panel Endorses Bid
for Heavy Investment

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Proposals aimed at attracting huge sums of private capital into slum rehabilitation received strong endorsement today as the Senate Government Operations subcommittee began a second round of hearings on what has been called the crisis in the cities.

Senator Jacob K. Javits, New York Republican, a subcommittee member, said he was "encouraged" by recent reports that the Johnson Administration had such a plan under study.

Senator Abraham A. Ribicoff, the subcommittee chairman, declared that the task of providing decent housing in slums was "not going to be solved by Government alone."

He indicated that he would listen sympathetically to any proposal involving a joint public-private assault on ghetto housing.

A Tentative Proposal

The Administration's tentative proposal, developed over the last six months and refined by the Department of Housing and Urban Development, calls for creation of a national, nonprofit, semi-public Urban Development Corporation that, its sponsors hope, would attract heavy private investment into slum rehabilitation by providing a variety of Federal incentives and guarantees.

The substance of the plan was disclosed in The New York Times on Sunday.

Even though no member of the subcommittee would commit himself to a specific approach, today's hearings indicated a lively interest in the plan on the part of Mr. Ribicoff and Mr. Javits, as well as the committee's lead witness, David Rockefeller, New York financier.

Mr. Rockefeller, president of the Chase Manhattan Bank, declared that, "urban rehabilitation is primarily a task for private enterprise." But, in response to sustained questioning from Mr. Javits, he conceded that business would be reluctant to make heavy capital outlays in slum areas because the risk was great and the profit returns poor.

Role as Contractor

However, the New York banker also declared that business would probably be able to provide substantial help as a "contractor" acting for the Government—which is one of the roles for business envisioned the proposal now under study in the Administration.

Under the plan, the Urban Development Corporation would help acquire rundown housing—using money from private sources such as banks and foundations as well as Government funds—and then invite industry to rehabilitate it cheaply and efficiently.

In this way, the report describing the plan was, the corporation would "fuse the presently fragmented purchasing power" of the Government with the managerial and technological capacity of "American industrial organization."

The program's sponsors have said that neither new appropriations nor new legislation could be immediately required.

The plan, in its final form, recommends as a first step the purchase and rehabilitation of 30,000 units in several cities, requiring about \$400-million. Earlier versions of the plan predicted that in 10 years it could provide—assuming initial success—5 million rehabilitated or newly built slum units at an aggregate cost of \$50-billion.

Appears Pessimistic

Mr. Ribicoff urged Mr. Rockefeller, who at times appeared pessimistic about awakening business enthusiasm for large-scale investment in slums on anything other than a contractual basis, to examine not the obstacles to redevelopment but the "hopes and the possibilities."

He suggested that business, especially the construction industry, would find in slum rehabilitation an enormous market for supplies ranging from flooring material to disposal units.

Mr. Rockefeller also had kind words for local redevelopment plans such as that envisioned by Senator Robert F. Kennedy in the Bedford-Stuyvesant area of Brooklyn. The Kennedy plan calls for the establishment of a nonprofit corporation to engineer the rehabilitation of Bedford-Stuyvesant housing.

The New York banker described the approach as "most hopeful."

He also expressed considerable interest in Mr. Javits's suggestion that the Government help industry form a technological consortium similar to the supersonic transport program.

The New York Republican pointed out that the Government was currently pouring large sums of money into the aircraft industry in the quest for a successful supersonic line.

He suggested, and Mr. Rockefeller agreed, that some kind of "broad-scale management group" might be established with Government help and put to work devising answers to the

*Ribicoff
Hearings*