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ITEMS OF INTEREST RELATED TO HUD RAISED AT HEARINGS OF
RIBICOFF SUBCOMMITTEE ON EXECUTIVE REORGANIZATION

November 29, 1966 (morning)

The Ribicoff subcommittee resumed today its hearings on the proper role of the federal government in the attack on urban problems. Senator Ribicoff released a list of 37 witnesses who will appear before the Subcommittee during the period November 29-December 15. A copy of the list is attached.

David Rockefeller, President of the Chase Manhattan Bank, was the sole witness at this morning's session. Mr. Rockefeller described several efforts by private businesses in the field of urban rehabilitation which indicate that the private sector has the capacity for increased participation in the solution of urban problems. He discussed the factors influencing the amount of business involvement in the affairs of the city. The main points raised in his testimony and during the questioning period were the following:

1. The Need for Commercially Orientated Redevelopment

Mr. Rockefeller stressed that unless urban redevelopment projects in the central cities generate substantial tax revenues they will have a harmful impact on the financial position of the city as a whole.

2. The Proper Role of Business in the Solution of Urban Problems

Mr. Rockefeller declared that urban rehabilitation is primarily the job of private enterprise.

3. The Need for Government Encouragement of Business Participation in Urban Development

Mr. Rockefeller maintained that greater government encouragement of business participation in urban development is necessary. He called for tax incentives to encourage investment in urban rehabilitation as well as closer liason between government units and the private sector.

4. The Establishment of a Business Advisory Committee to the Secretary of Housing and Urban Development

Mr. Rockefeller urged that consideration be given to setting up a group from the business and financial community which would advise the Secretary of Housing and Urban Development. He noted that an advisory group assists the Secretary of the Treasury on International Monetary Arrangements.

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5. The Advisibility of Establishing a "Comsat" Type Corporation for Urban Rehabilitation.

[Senator Javits expressed the hope that the administration finally had realized the value of the "Comsat" approach to housing problems.

Mr. Rockefeller commented that the success of the original "Comsat" undertaking is no guarantee that a similar approach would necessarily succeed in the housing field. He stressed that participation by private business in urban rehabilitation will be assured only if a profit can be realized.

6. The Action of FNMA in Making Available \$250 Million in Special Assistance Funds.

Senator Ribicoff suggested that in view of the tightness of the money market the total amount of special assistance funds authorized by Congress should have been released.

Mr. Rockefeller stated that the administration policy on special assistance funds was reasonable.