

United States Commission on Civil Rights.

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HEARING
BEFORE THE
UNITED STATES
COMMISSION ON CIVIL RIGHTS



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

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THE REVEREND THEODORE M. HESBURGH, C.S.C., *Chairman*
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MAURICE B. MITCHELL
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MANUEL RUIZ, JR.

HOWARD A. GLICKSTEIN, *Staff Director*
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 Heshburgh.

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. CARDILLICCHIO. 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. CARDILLICCHIO. 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. CARDILLICCHIO. 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. CARDILLICCHIO. 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. Gulledge 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. CARDILLICCHIO. 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 exodused 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. CARDILLICCHIO. 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 DEVELOPMENT,
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 legis-lation 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 wind-mill, 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'CONOR. 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'CONOR. I am sorry, Mr. Powell, what kind of words?

MR. POWELL. Code words.

MR. O'CONOR. Code words?

MR. POWELL. Did the question come up of the meaning of the suburban classification in the Sun?

MR. O'CONOR. 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'CONOR. 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'CONOR. 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'CONOR. 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'CONOR. 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'CONOR. 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 realtists, 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'CONOR. 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'CONOR. 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 presumable 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 anywhere 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. MYERBURG. 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 \$61½ 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, Beneficient 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 delinquencies, 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, etcetera.

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 counseles, 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 then 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, PENN-
SYLVANIA**

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 go 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, smellless, 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. SCHOFFER. 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. SCHOFFER. 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. SCHOFFER. This is highly desirable.

CHAIRMAN HESBURGH. I think it's essential.

MR. SCHOFFER. 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. SCHOFFER. 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. SCHOFFER. 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. SCHOFFER. 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. Schoffer. 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. SCHOFFER. 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. SCHOFER. 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. SCHOFER. 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. SCHOFFER. 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. SCHOFFER. 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. SCHOFFER. 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. SCHOFFER. 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 anyone's 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 21½ 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—as 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 co-operative 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.)