

UNITED STATES GOVERNMENT

*Memorandum*Executive Office of the President  
Bureau of the BudgetTO : Phillip S. Hughes  
  
FROM : Commerce and Finance

DATE: April 5, 1961

SUBJECT: S. 345 (Williams and others), Urban Mass Transportation Act of 1961.

Eno  
Center for  
TransportationSummary of bill

S. 345 would authorize the HHFA Administrator to (a) undertake research on urban mass transportation problems, (b) give technical advice to States and local governments undertaking mass transportation planning, (c) make mass transportation planning and demonstration grants on a fifty-fifty matching basis to States, counties, municipalities and their instrumentalities (with authorization for appropriation of \$75 million, of which up to \$50 million would be for demonstrations), and (d) make direct loans to States, counties, municipalities, and to the instrumentalities of one or more States to finance acquisition, construction, or improvement of mass transit facilities and equipment to be operated or leased to others for operation in urban areas (with back-door financing of a revolving fund of \$250 million; not more than \$100 million to be available before July 1, 1962).

Agency views

Commerce strongly objects to various provisions of the bill. HHFA favors the objectives, but postpones specific comment pending the outcome of the HHFA-Commerce urban transportation study. Treasury similarly postpones comment. OCDM and ICC favor the bill, suggest amendments.

Commerce objects primarily because the bill would place sole responsibility for urban transportation planning and for related loan and demonstration grants programs in HHFA, holds that these responsibilities should logically be given to the Department by virtue of (a) its role as principal advisor to the President on transportation policy, assigned by Reorganization Plan No. 21, (b) its long experience in the transportation field, including participation in mass transit research and planning activities in various metropolitan areas, (c) the President's recent assignment of an urban transportation study to Commerce and HHFA jointly, and (d) the close relationship between highway planning and mass transit planning.

HHFA indicates it will promote mass transit planning as part of comprehensive urban planning under section 701 of the Housing Act of 1949, as amended, and will recommend that the Federal share of such planning costs be increased from one-half to two-thirds (see administration's housing bill).

ICC finds S. 345 a "step in the right direction", but asks that any assistance or information provided by other departments and agencies to HHFA under the Act be "on a fully reimbursable basis."

OCDM fears that loss of mass transit service in target cities will make it impossible to meet emergency evacuation needs and recommends amendment of section 2 to mention research and planning to meet civil defense transit needs.

#### Background

On an earlier version of the Williams bill (S. 3278, 86th Cong.), the Bureau, in the previous administration, gave informal "no objection" clearance to (a) an HHFA report favoring planning grants, (b) National Capital Planning Commission testimony favoring planning grants, (c) a Treasury report opposing the bill because of its loan provisions, and (d) a Commerce report opposing the bill. The Bureau's own comments, supporting planning grants, were forwarded to the Senate Committee by the Secretary of Commerce with his report. The bill was passed by the Senate, but was not acted on by the house.

As you know, Senator Williams hopes for Administration support of the revised and expanded bill, S. 345. At his request, a meeting was held in the White House on March 10th to discuss the bill. Williams expressed concern about the delay implied in the joint HHFA-Commerce study of urban transportation requested by the President in his Housing Message, and asked whether the administration would have a position by the time of the Senate Commerce Committee hearings, scheduled for March 20-22. Lee White committed Bureau staff to work with Commerce and HHFA with a view to developing a position as soon as possible.

Immediately thereafter, Fred Hayes and I discussed the issues with Schussheim (HHFA) and Owen (Commerce). We indicated to them that the administration (a) would not support the loan program, (b) might not support demonstration grants, and (c) strongly desired to avoid a jurisdictional dispute between HHFA and Commerce, which we thought could be deferred by limiting the program to planning grants, at least until decisions have been made on a Department of Housing and Urban Affairs and possibly on a Department of Transportation. We proposed that legislation be built on the agreement for joint financing of comprehensive planning, including transportation planning, worked out by HHFA and Commerce at the instigation of the Bureau last year. You agreed that we should draft a proposal along these lines. (A copy of a rough draft bill is attached.)

In subsequent meetings, Owen expressed satisfaction with this approach, but Schussheim reported that HHFA (a) would not accept a statutory requirement of joint financing of urban transportation planning with Commerce, (b) wants demonstration grants, and (c) wishes to give further consideration to the Williams loan program. We understand that an HHFA effort on Friday, March 31, to obtain White House approval for HHFA endorsement of a slightly

modified Williams bill was rebuffed. It is doubtful that further constructive steps can be taken at staff level.

#### Discussion of S. 345

1. Planning grants. The administration's housing bill contains an amendment of section 701 of the Housing Act of 1949 providing for (a) use of planning grants for transportation planning, (b) an increase of \$80 million in appropriations authorized, (c) an increase in Federal share from one-half to two-thirds of planning costs, and (d) interstate compacts to facilitate planning in interstate metropolitan areas. On the other hand, the Williams bill permits (a) grants to public agencies other than official State and metropolitan planning agencies, (b) generally greater flexibility in the use of planning funds than is permitted under the present law or under the administration's housing bill, e.g., detailed project planning.

In the Bureau draft bill, Commerce would be provided with additional funds for urban transportation planning by (a) increasing BPR's 1½ per cent research and planning funds to 2 per cent, and (b) earmarking 25 per cent of the larger amount for grants to local public agencies, through the State Highway Departments, for urban transportation planning projects to be financed jointly with HHFA.

While the Williams bill does nothing to strengthen the role of the Secretary of Commerce in transportation planning, the amendments proposed in the Bureau draft would strengthen the Secretary's authority, permitting adequate emphasis on metropolitan transportation planning. Highway planning, which remains the responsibility of the Secretary of Commerce, cannot be isolated from mass transportation planning. The Secretary of Commerce must be equipped to perform an adequate role in an expanded planning program if we are to (a) capitalize on the opportunity for executive coordination of Federal-aid programs in the transportation field, (b) build on the promising start made in joint HHFA-Commerce financing of comprehensive transportation planning begun administratively last year, and (c) retain an important source of planning funds.

2. Research, technical advice, and conferences. The Williams bill limits authorization for these activities to HHFA. The Bureau draft would enable both agencies to engage in research programs, and would also authorize local agencies to conduct research directly related to their planning process.

3. Demonstration grants. We have discussed the merits of the demonstration grants proposed by Williams with W. C. Dutton, Executive Director of the American Institute of Planners, and Alan Vorhees, Automotive Safety Foundation. Both strongly favor demonstration grants, but much of what they have in mind appears to be (a) research, or (b) substantial long-run

capital investment, rather than demonstrations. The Bureau draft does not include any provision for demonstration grants. If, however, the demonstration program is to be supported, it appears that \$5 million, rather than \$50 million, would be a more realistic initial authorization. This would finance, for example, fifty one-year demonstration projects at \$100,000 each, to test variations in mass transit schedules, to provide reduced fares or free transfers, to experiment with various traffic control devices, to restrict downtown rush-hour parking, to subsidize fringe parking, etc. Alternatively, authority could be provided for the use of planning grants by local agencies for demonstrations essential to testing planning assumptions or proposals.

4. Loans. In addition to providing for back-door financing, the loan section of the Williams bill has many technical flaws. Direct Federal loans would be obligatory whenever "equally favorable" financing is not available. This would virtually eliminate private financing. The prescribed interest rate would normally be a subsidized rate. Treasury may be expected to comment on these and other points when it reports in detail.

The more basic question is whether the Federal Government should embark upon a \$250 million loan program for urban mass transit facilities and equipment at this time in view of (a) the importance of holding down Federal expenditures; well organized metropolitan governments with borrowing and taxing powers could probably borrow directly, with tax exempt securities, at rates as low as those available to the Treasury for comparable maturities; (b) the doubtful readiness of the typical urban community to embark upon long-run capital investment in mass transportation; even Philadelphia, which appears to be far ahead in area-wide planning for transportation, will not complete its comprehensive transportation study for at least another two years; (c) the fragmentation of government in most metropolitan areas which makes extremely doubtful the ability of local people to agree on long-term development and operation of any area-wide facilities that might now be proposed, and (d) the increasing evidence, especially in the Northeast, of the willingness and ability of the States and cities -- even under present inadequate organizations -- to provide emergency financing of rail commuter equipment.

We understand that the Senate Commerce Committee will schedule an additional day of hearings on S. 345 soon after the preliminary report on the HHFA-Commerce urban transportation study has been issued.

#### Possible approaches

1. We would suggest the Bureau staff draft bill as a basis for developing an administration position. This provides for the following:

- (a) Identical authority in both HHFA and Commerce for (i) direct research and technical assistance, (ii) grants to local agencies for transportation planning and directly related research.

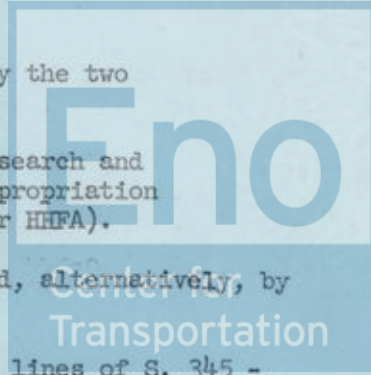
- (b) Requirement that grants be made jointly by the two agencies to the maximum extent feasible.
- (c) Financing through (i) expanded highway research and planning funds (for Commerce) and (ii) appropriation for section 701 urban planning grants (for HHFA).

2. The same basic program could be authorized, alternatively, by providing:

- (a) An amendment to the section 701 along the lines of S. 345 - authorizing HHFA to conduct direct transportation research and make grants for transportation planning subject to the proviso that planning grants shall be used to the maximum extent feasible for projects jointly financed with Commerce.
- (b) Amendments to the Federal Highway Act increasing the funds available for urban transportation research and planning subject to the same proviso for jointly financed projects as proposed for HHFA's 701 program.

3. The draft bill approach has the advantage of scrupulous neutrality between the two agencies. The alternative avoids a clumsy statutory construction (identical authorizations to two agencies) and would be preferred by HHFA and Senator Williams -- but at the price of giving HHFA the major role in mass transportation planning. Either of the two packages could be expanded by permitting planning grants to cover the cost of directly related demonstrations.

4. In our view, any further movement toward S. 345 is subject to serious question and would, moreover, be impractical without a resolution of the jurisdictional issue.



A BILL

To authorize Federal assistance to State and local governments and their instrumentalities in planning for new or improved public transportation facilities and services as part of comprehensive planning for the development and redevelopment of urban and metropolitan areas.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Urban Transportation Planning Act of 1961."

FINDINGS AND PURPOSE

SEC. 2(a) The Congress hereby finds that

(1) the greatest part of the Nation's population, economic wealth and defense productivity is located in the rapidly expanding urban and metropolitan areas of the country, many of which are interstate in character;

(2) the welfare and vitality of such areas, the satisfactory circulation of people and goods in and between such areas, and the efficacy of highway, urban renewal, and other federally-aided programs are being jeopardized by the deterioration of public transportation facilities and services, the intensification of traffic congestion, and the lack of integrated land-use and public transportation planning on a comprehensive and continuing basis.

(b) It is the purpose of this Act to stimulate area-wide transportation planning and related research, integrated with general land-use and community development planning in urban and metropolitan areas so as to assure (1) more effective coordination of housing and urban renewal planning with urban transportation requirements and planning; and (2) planning of Federal-aid highways and other forms of transportation (a) consistent with sound

community development, and (b) meeting urban transportation needs most economically and effectively.

ADMINISTRATION

SEC. 3. (a) In order to carry out the purposes of this Act, the Secretary of Commerce (hereinafter referred to as the "Secretary") and the Administrator of the Housing and Home Finance Agency (hereinafter referred to as the "Administrator") are authorized

(1) to call upon and confer or participate in conferences with interested governmental departments and agencies, State and local officials, industry representatives, and independent experts to assist in formulating plans and programs to further the objectives of this Act. Persons participating in any such conference may be reimbursed for actual travel and subsistence expenses incurred in attending any such conference.

(2) to obtain services as authorized by section 15 of the Act of August 2, 1946, at rates not to exceed \$100 per diem for individuals.

(3) to request directly from any executive department, agency, or instrumentality information necessary to carry out the purposes of this Act; and each department, agency, or instrumentality is authorized to furnish such information directly to the Secretary or the Administrator.

(4) to provide technical assistance to State and local governments and their instrumentalities undertaking comprehensive transportation planning and, by contract or otherwise, to make studies of and publish information on such questions as may be pertinent to the purposes of this Act, and

(5) shall make comprehensive and detailed annual reports to the Congress of their operations under this Act for each fiscal year beginning with the fiscal year ending June 30, 1962, which shall be printed and transmitted to the Congress not later than January 3 of the year following the fiscal year for which such reports are made.

#### PLANNING GRANTS

SEC. 4(a) The ~~Secretary~~ Secretary and the Administrator are authorized to make grants for transportation planning and for directly related research and survey activities to States, counties, municipalities, and other political subdivisions of States; to public agencies and instrumentalities established under State or local laws or interstate compact; and to other agencies and instrumentalities designated by the Governor of the State and acceptable to the Secretary and to the Administrator.

(b) Such grants shall, to the maximum extent feasible, be made jointly by the Secretary and the Administrator in accordance with standards and procedures developed by them, from funds available to the Secretary and the Administrator as provided in section 5 of this Act.

(c) The Secretary and the Administrator shall require adequate assurance that activities financed by such grants shall cover the entire urban or metropolitan area involved.

(d) Such grants shall be used in accordance with appropriate regulations prescribed by the Secretary and the Administrator which may include but need not be limited to requiring





(1) inventory and evaluation of existing transportation facilities and traffic management procedures; (2) estimates of present and future transportation needs; (3) population and population density projections; (4) study of and coordination with local and regional land use and economic development plans and where necessary their further development; (5) studies to evaluate ~~the~~ the relative social and economic costs and benefits of alternative transportation programs and plans to meet total urban transportation needs; (6) formulation of a mass transportation improvement program and preparation of a detailed physical plan including design and location criteria of new mass transportation facilities and their coordination with highway, parking, and other transportation facilities; (7) a determination of mass transportation improvement priorities based on relative urgency, together with cost estimates for such improvements; and (8) development of necessary financing plans and administrative and organizational measures necessary to carry out the foregoing.

(e) In processing applications for planning grants, the Secretary and the Administrator shall give preference to those applicants best qualified to make a continuing contribution to the fulfillment of plans made pursuant to such grants and shall encourage cooperation in the formulation of such plans by all interested municipalities, political subdivisions, public agencies, or interested parties in order to achieve maximum acceptance of such plans by the area as a whole. To the maximum extent feasible, previous pertinent and related plans and studies for the area involved shall be utilized so as to avoid unnecessary repetition or duplication of effort.

(f) Planning grants may be made to an applicant for that portion of an interstate metropolitan area lying within the State of the applicant but in such case the Secretary and the Administrator shall specify such requirements for cooperation and coordination with grantees in portions of the same metropolitan area lying in another State or States as they deem appropriate.

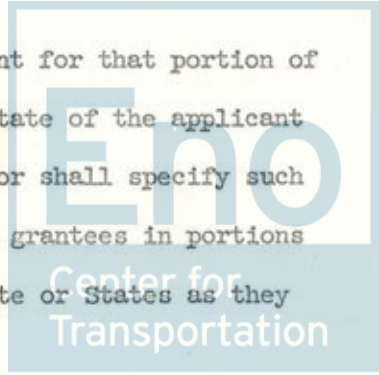
#### FINANCING

SEC. 5(a) Chapter 3 of Title 23, United States Code, is hereby amended by:

(1) Revising section 307(a) by inserting in the third line after the words "the effect thereon of State laws" a semicolon and the words "on all economic aspects (except regulation) of the interrelationship between highways and (a) other forms of transportation in urban and metropolitan areas, (b) general community planning and development activities in such areas," and by deleting in the third line the words "and is" and substituting the words "The Secretary is also" before "authorized to test, develop. . . ."

(2) Revising section 307(c) by substituting "2" for "1 $\frac{1}{2}$ " in the first line, and by adding at the end of the subsection the following: "Provided, that at least 25 per cent of such sums apportioned for any year to any State shall be available solely for research and planning on the economic aspects of transportation in urban and metropolitan areas."

(b) Notwithstanding any other provision of law, funds appropriated to the Administrator pursuant to section 701 of the Highway Act of 1954, as amended, shall be available for studies and grants pursuant to sections 3 and 4 respectively of this Act Provided that grants made pursuant to section 4



may not exceed two-thirds of the estimated cost of the work for which the grant is made after deduction of any amount financed under any other Federal program.

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