March 23, 1973

Al Louis Ripskis, Editor
Impact
The Department of Housing and Urban Development
Washington, D.C.

Dear Mr. Ripskis:

Your new communities article (April 1973) performs a public service in focusing attention on the wholly inadequate staff with which the Office of New Communities Development is attempting to discharge the mandate of the Urban Growth and New Community Development Act of 1970. It is unfortunate that the credibility of this message is undercut by the article's personal attack upon the Director of the Office, Ted Lamont.

Had I been included among those interviewed for the article, I would have convinced you:

1. That Ted Lamont did not "get his job" because he belongs to "one of the richest and most powerful banking families." I know because I brought him to HUD as my Deputy and recommended that he succeed me as Director of the Office of New Communities Development.

2. That, at the time of my resignation, Ted Lamont by virtue of his service for a year as Deputy Director of the Office had a much more comprehensive grasp of the many disciplines involved in the new community program requirements (including "real estate," "urban planning" and "social needs") than any other single individual inside or outside HUD.

No administrator could overcome the handicap of the critical understaffing with which the new community program has been plagued. I knew it and Lamont knew it. I chose to leave but Lamont had the guts to stay. He deserves support, not vilification.

Sincerely,

William Nicoson

WN:jcc
IS THE NEW COMMUNITIES PROGRAM GOING DOWN THE DRAIN?

(Editor's note: As part of OPERATION HUD, this is the first article of what we hope will be a continuing series on how well various HUD offices are fulfilling their missions and proposing recommendations for improvement. This article was written after careful research and extensive interviews with 12 knowledgeable sources--present and former members of the HUD Office of New Communities Development, and private developers.)

When it was first passed, the Urban Growth and New Community Development Act of 1970 was heralded as "clearly one of the landmark pieces of legislation on urban affairs in this generation."

Recognizing that this country's population might increase by as much as 75 million by the end of the century, Congress declared that "better patterns of urban development and revitalization are essential to accommodate" this future growth as well as to "prevent further deterioration of the Nation's physical and social environment..."

It is both tragic and ironic that this program, by failing to fulfill the Congressional mandate, is shortchanging millions of Americans--many of whom aren't even born yet.

The ironic part is that this program couldn't be more in line with President Nixon's philosophy of self-reliance, local initiative, and keeping federal expenditures to a minimum. Also, Title VII was one of the few programs that escaped the moratorium and the budget ax.

ARE WE TURNING INTO ZOMBIES?

Psychiatrists describe the "Zombie Reaction" as "apathy, withdrawal, lack of spontaneity and suppression of individuality."

One of the most dramatic examples of it occurred in New York City in 1964. Thirty-eight people watched Kitty Genovese screaming for help as she was being stabbed to death. No one so much as lifted a finger to help her. Nobody even bothered to call the police.

After reading the newspaper accounts, a woman resident of a high-rent apartment building could not believe that people could possibly be so brutally callous and indifferent. She decided to conduct an experiment of her own. In the evening, when most of her fellow residents were at home, she went out into the hallway and began screaming for help at the top of her lungs.

No one responded or called the police. Unusual occurrences? Hardly! We see too many reports of similar happenings in the media. On January 25, 1973, UPI carried the following story: "New York police have placed murder charges against a 6-foot-3 man who they said fatally beat his 5-foot-7 neighbor while 200 witnesses looked on from nearby housing project windows but didn't interfere." Just the other day the Washington Post reported how 76-year-old Max Michael was relieved of all his money on a bus in full view of a dozen fellow passengers who sat on their hands. Half an hour earlier on another bus, Michael saw the bus driver assaulted while the passengers did nothing.

Take something closer to home. In the spring of 1972 HUD was being "reorganized"...
If you knew Cindy only during office hours, chances are she'd have you completely fooled. Behind her model 415 Smith-Corona, she exudes loyalty, deference, crisp efficiency, and shallowness—all highly prized qualities by the bureaucrat employing her. But get her talking in a relaxed atmosphere over a drink after 5:15, and an entirely different personality emerges.

Cindy, looking over her two decades with the government, wonders how she has managed to retain her sanity in what she refers to as "the loony bin." Here is a fairly typical of the dozen of examples she has to relate:

Twice she had typed a long letter. Both times it was bounced back to be redone because the higher echelons decided to make a few minor modifications. Now, since the bigwig bureaucrat was catching a plane in an hour, the pressure was on to have the letter retyped in time to get his signature. In her haste, Cindy forgot to put "Enclosure" at the bottom. As it was routed up the line, the omission was spotted and filled in.

The letter was thrown back to be typed for the fourth time.

Why?

It seems that "Eagle-eyes," as the overseer of bigwig's correspondence is known behind her back, spotted a glaring discrepancy: the "Enclosure" didn't match the text of the letter—it had been typed in on a different typewriter.

Twenty years ago Cindy might have told them to shove it. But she didn't because, as she rationalized then, the job was to be only temporary—until she got married and the first kid came along. So there just wasn't much sense of raising a big stink over it. Besides, it didn't really matter that much what she was doing. As long as she kept busy, the day went by much faster.

But Cindy's game plan didn't work out. The galloping knight who was to extricate her from it all never showed. Now in mid-forties, she is still single, attractive, and stuck. She has too much invested in retirement benefits to pull out. She is also well aware that the market for middle-aged secretaries isn't that great these days.

As a youngster, she had been awed by her boss and the other "professionals" who seemed to know so much about the various programs. But after twenty years of correcting their spelling, straightening out their syntax, covering their hour-and-a-half lunches, taking raps for things she didn't do so they would look better, lying to their wives, she has had it. She doesn't understand how she had deluded herself for so long into believing that they couldn't possibly be the inept jerks they appeared to be. Unless, of course, she muses while stirring her third Tom Collins, the reason why the pedestal-like image took so long to crumble was that it served a deep psychological need. Did her boss represent the wise, surrogate father in absentia and the husband she longed for, but never had?, she asked in a way that would have done the good Doctor Freud proud.

As the delusion cleared, the painful reality cut through. Was she the modern-day Sisyphus—the mythical king of Corinth whom the gods punished for eternity by having him roll up a steep hill a giant stone, which perpetually rolled down?

Whenever Cindy inserts a batch of multi-colored papers in her typewriter, she wonders whether she is destined for the rest of her working life to keep cranking out one meaningless memo and letter after another.

She used to face that prospect with a mixture of resignation and despair. But she has gotten beyond that. Now, underneath the mask she dons from 8:45 to 5:15, Cindy just feels numb.

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IMPACT is a monthly publication.
Year's subscription: $5.00.
INTEREST, ENVY, AND PRAYER

We have had the opportunity to read a copy of your IMPACT newsletter. As attorneys who have very substantial dealings with HUD, primarily under its FHA subsidiary, many of the issues upon which you comment are, in the current vernacular, "right on". We find interest and amusement in your writing; envy of your courage; and devote periodic prayer for your job.

Joel L. Tonkin
Kansas City, Mo.

RESPONSE TO "THE BUREAUCRAT" ARTICLE

You must have gotten hold of my biographical folder. The only items you left out were my age and weight.

M.P.D.
Washington, D.C.

I never authorized you to disclose such intimate, private information about me, even down to the martinis I drink. Couldn't you at least have put whiskey sours?! You'll hear from my lawyer in the morning.

B.W.R.
Washington, D.C.

I didn't like your composite portrait of the bureaucrat. It's a stereotype of a stereotype.

G.M.
Washington, D.C.

As a former member of the bureaucracy, I must tell you that your portrait of the bureaucrat is a classic.

S.N.V.
San Jose, California

HOW TO WIN AN AWARD

A few years ago, Vincent A. Marino, Assistant Regional Director of Housing, Philadelphia Regional Office, received an impressive award—all framed and hand-carried by HUD's Central Office "dignitaries." His accomplishments? A record number of units in production!

Recently the Philadelphia Inquirer revealed that some of the "production" was not holding up too well. The HUD-sponsored Rehab program in Philadelphia, which started in 1968 and has cost the taxpayers $80 million, is in a state of collapse. A city councilman who has made an extensive study of the housing fears the Philadelphia Housing Authority may not be able to salvage more than half the properties they have rehabilitated.

In 1969 when the program had been under way about one year, the District Attorney conducted a grand jury investigation of the program because of fraud, corruption and shoddy work done on the houses—some of which were sold to the Authority for as much as $33,000. But the work went on and the figures on the production charts continued to look BIG and impressive.

We would like to ask Mr. Marino one question: "Would you like to return the award, as well as a few million dollars to the taxpayers?"

A Philadelphia Taxpayer
Not only did the program have great promise for controlling much of the country's burgeoning growth, but was also designed to make money for the government. Here is how it works:

HUD guarantees private loans, up to $50 million, to new community developers in return for the right to exercise stringent quality control over the projects and the payment by the developers of steep fees. These fees are kept in a revolving fund for covering the government's risk on the loans and "any other program expenditures, including administrative and nonadministrative expenses."

Yet, largely due to serious organizational misfunctioning, this program is on the verge of committing a form of administrative hara-kiri.

First, after a careful investigation, we found the Office of New Communities is managed very poorly. The director of the office is a scion of one of the richest and most powerful banking families in the country, the Lamonts. That tells you how he got his job, but it doesn't necessarily mean he is qualified for it. As it turns out, he isn't. A former vice president of Morgan Guaranty Trust Co. of New York, Mr. Lamont has plenty of background and experience in corporate finance which is a very important part of the new communities program. However, he knows little about real estate and hardly anything about urban planning, social needs or any other of the many elements of a new community.

In an apparent attempt to balance off Mr. Lamont's obvious inadequacy to run the program, William Sorrentino was made the deputy director of the office. However, the deputy has not had any practical new community experience either.

Second, there is an acute problem with understaffing in the Office of New Communities. "The Manpower Requirements for New Communities" study of January 1972 made this very clear. It called for 55 people to handle the projected workload for fiscal year 1973. Instead the office has 44 employees.

Considering that the development of a new community is a large and expensive undertaking, this is a very serious deficiency. Delays can be disastrous. Here is how William Nicoson, a former director of the office, who quit last year in total frustration, appraised this problem:

"At the stage of submitting a full application, the developer is committed to considerable operating expense related to the project without offsetting revenues. He has a substantial payroll derived from the staff he has assembled to plan and manage the project. He often will have significant interest expense related to borrowings incurred to finance land acquisition. There is the danger than premature publicity about the project during the period of delay may jeopardize future land acquisition. Thus, undue delay in processing full applications can generate considerable ill will against the program and the Administration. It is virtually standard practice for developers to involve their Congressmen whenever they feel their application is not being properly dealt with."

Mr. Nicoson's prediction has come true. Although some twenty-one projects were in the application pipeline as of the beginning of the current fiscal year, the office has processed only three to date. At this rate it is expected that only two more will be processed by June 30, making a total of five for the fiscal year. Many of the others have suffered severe hardships and have either dropped out with thousands of dollars down the bureaucratic drain or gone private as conventional developments. Some are continuing to hold on, but they are so much in debt from which they may never recover, and could eventually become a financial burden to the government. (Remember who is guaranteeing the debt!)

Third, there is another serious problem relating to staffing. Based on 55 employees, the manpower requirements study projected that twelve applications would be processed. Proportionally it would be expected that with the 44 employees, the
office could process about nine to ten applications. Instead, the efficiency of the office has slipped to such a degree that only five applications are being processed.

We were informed that since 1968 (under Titles IV and VII), HUD had projected that by now, 41 projects would be closed. As it turns out, the actual figure is only 15.

Discussions with staff members make clear what a sad state the internal conditions have reached. By their own admission, only about 10 of the professionals are competent.

Nicoson had intended to hire mainly professionals with experience in new community development. He managed to get some former employees from Columbia, Md. and Reston, Va. before the mid-1971 freeze hit. After that, he was forced to fill openings from within HUD with people who had no new community background and some with very little experience in their field at all. To make matters worse, some of the highly qualified people have left in disgust and a number of others are threatening to do the same if the situation doesn't improve soon. Vacancies are frequently not being filled. When they are it is often by someone with limited qualifications. There are some skills, environmental analysis for example, that are simply non-existent in the office. As a result, environmental impact statements are being written by people who really don't know what they are doing.

These problems are all compounded by the unworkable organization of the office. In the application review division there are two branches, the physical and social planning branch, and the financial and economic planning branch. Each of these has a branch chief who holds supervisory authority over his respective branch. This would be fine except that work is carried out in multi-disciplinary teams made up of people from both branches. Each project has a coordinator who is responsible for the work output. The project coordinator is typically not one of the branch chiefs, and teams are composed on an ad hoc basis. This means that a particular staff member could be working for three or more project coordinators plus his branch chief all at the same time. This is such an unwieldy arrangement--taking orders from several different people at once, none of whom seems to know the total workload or deadlines of the team members--that staff technicians find themselves putting almost more time and energy into trying to unravel the resulting confusion than into productive work. And the poor project coordinator, who has the responsibility for production, doesn't have the authority to really supervise those who are doing the work.

The tangled lines of authority and responsibility has been a major factor in producing an extreme state of bitterness and tension between the professionals and their secretaries.

"The office is in a permanent state of confusion. Everyone is trying to be a supervisor," remarked one of the secretaries interviewed. Another added: "They treat us like lower class people. Some of them regularly don't show up for work until 10 or 11 o'clock without charging leave, while we have to account for almost every minute off the job."

The four secretaries interviewed agreed that most of the professionals are waging a deliberate campaign of harassment against them. Some of the professionals in turn feel that the secretaries are incompetent and uncooperative.

After listening for an hour to charges and counter-charges, one is left with the impression that a guerrilla-type civil war is being waged between the professionals and their secretaries.

Judging from the present state of morale, it is difficult to believe that one and a half years ago this staff had a reputation for being one of the most dedicated and hardest working offices in HUD.

The result of all these problems is a tremendous backlog of work in the Office of New Communities. This is a serious situation because there are literally millions of dollars of both public and private
COMMUNITIES, from previous page

Investment already on the line in these projects. Knowing that delays could have disastrous financial consequences, the developers have reportedly resorted to using all the political pull they can muster to save their investments. The Administration is acquiescing to this pressure because it is afraid of defaults on the guaranteed loans if development is not allowed to proceed on schedule. To be sure, some of the Title VII projects being approved are innovative and better than the conventional development. But as to some others being given the green light, there is serious doubt as to whether they are even feasible. In the middle are projects for which the developers promised to do a lot, but a closer examination doesn't bear this out. Some developers treat the program as a profitable boondoggle but are clever enough to cover it up. Only in-depth reviews can bring that to light. Because of all its internal problems, the Office of New Communities is ill-equipped to do that kind of monitoring.

We were told that it is difficult to prove outright deception in any of these cases because when the developer signs a project agreement his commitment is often put in terms of making a "best effort." There may not be anything wrong, per se, with such an arrangement since, in innovative programs, many hoped-for results may not materialize. But such an approach requires close watching of the developers' efforts to make sure that they really are doing the best they are capable of. Human nature being what it is, "best efforts" are often made only insofar as there is profit involved. Title VII involves much more than profit, so these developers have to show that they are also concerned with the quality of life. But staff reports from the Office of New Communities indicate that the concern with the quality of life is often minimal.

The HUD staffers and private developers both agree that as far as standards are concerned, they are all working in the dark. No clear criteria have been developed against which the projects can be evaluated. This is one of the reasons why the program is so susceptible to political pressure.

Many of the project plans submitted by the developers are found very deficient in methodology and are not comprehensive enough. The only alternative is to send them back to be redone. This tends to produce an immense build-up of workloads since there are barely enough qualified people to go through the submissions once. The developers, finding themselves with expensive delays of up to one year, bring political pressure to bear on the director to speed things up. The staff resists this on the grounds that it doesn't want to compromise its professional standards and calls for hiring more qualified personnel as the only way to break the logjam. But the director does not really comprehend the technical issues involved. As a result, the supervisors begin pressuring the staff, going so far as to isolate some individuals by giving them insignificant assignments and even approving some projects over the objections of a majority.

After an hour's discussion with Mr. Lamont on the above problems, we were left with the impression that he was unaware of many, while downgrading the importance of others. However, he didn't provide any convincing arguments to support his assertions.

Although the problems plaguing the New Communities program are critical, they need not be fatal. The new HUD Secretary can straighten out the situation in fairly rapid order if he takes the following four steps: 1) Find capable, experienced people to manage the office, 2) Obtain 15 additional professionals along with adequate supportive staff, 3) Reorganize the office according to the Bennis model (see Warren G. Bennis' New Organizations), and 4) Help absorb some of the political heat coming from the White House.

New Communities is too important a program for the welfare of this nation to be permitted to go down the drain just because of political and administrative confusion which could be corrected by Secretary Lynn.

Investigative Reporters for IMPACT
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in a most blatant disregard of Civil Service regulations and people were forced to relocate or retire through various illegal machinations. Yet most HUD employees, except for a lot of griping, went docilely along. More recently HUD employees were asked to initial Standards of Conduct which clearly violated their First Amendment rights. Again the great majority signed without protest.

Lest we think that this kind of paralyzing apathy is common only to HUD employees, here is what a very knowledgeable HEW worker revealed to us: out of 106,000 people working for HEW, only about 20 to 30 are activists.

So what's happened? Why?

Americans have always been known for their fiercely independent spirit—that Yankee cussedness. And that reputation was deserved. History is replete with examples of Americans taking a stand for what they believed in, in spite of the most unfavorable odds, and of fighting and winning. That's why we refer to our country in our national anthem as the land of the free and the home of the brave.

Are we a different kind of people now? Nixon keeps comparing the Americans to children. Is he right? Has there been a drastic transformation of the American character?

Saul Alinsky once observed that for many people "the world's gotten to be too damn much; we don't know what the hell to do with it. So what do we do? You've got all these escape mechanisms, you've got a twenty-two-inch cell in a TV set to crawl into." Has the world really become too big and complex? We can no longer cope, so do we escape and withdraw?

Or are we so busy doing "our own thing" that we don't give a damn about anything else? And if we do care, we just don't see how we can make a difference. And all that might result from our effort is getting our tail caught in a crack. So why bother?!

There prevails in this country a buck-passing syndrome known as "Let Ralph do it." Whenever we become aware of a serious common problem, instead of putting our heads and shoulders together to resolve it, the discussion usually trails off with "Ralph Nader should be told about this" or "I hope Nader does something about it." Unfortunately, Nader is neither a miracle worker nor a magician. There are just too many problems demanding attention for his limited staff to deal with.

What is the personal consequence of non-involvement and loss of autonomy? For the bureaucrat, whether in government or so-called private industry, it is to slowly shrivel up within oneself and gradually turn into a walking zombie. After 30 to 40 years of paper shuffling, he putters around briefly in a somnambulate state of retirement while awaiting death.

Is there a worse fate that can befall us than realizing on our deathbed that we didn't really live our allotted 60 or 70 years—that we merely existed?

In his book, The Knowing Heart, Bruno Bettelheim explained why he survived his concentration camp ordeal reasonably intact while others by the thousands around him were first turned into psychological zombies and soon thereafter into physical corpses. He maintained an independent area of personal action—he studied the adjustment of his fellow inmates to camp conditions—despite all efforts by the guards to extinguish all independent action and autonomy among the prisoners.

There might be a message in this for all of us.

INVESTIGATIVE REPORTERS NEEDED

IMPACT needs additional reporters. Don't let the title "investigative reporter" put you off. If you can write reasonably well and have perseverance to bird-dog a story, we want you. Contact editor.

REQUESTS FOR REPRINTING OF THE H&H ARTICLE ON IMPACT

In response to the many requests from those of you who had heard of the House and Home article on IMPACT but were unable to get access to it, we have, by permission, reprinted it on page 8.
Making an Impact: An editor tells HUD's most embarrassing secrets

Al Louis Ripskis is a $21,000-a-year program analyst who is fast making a name for himself at HUD.

His fame springs from his role as the muck-raking editor of a monthly newsletter called Impact. It has carried a whole series of provocative stories to the effect that:

- A “very high HUD official cowered with his female assistant all over the country at taxpayers’ expense.”
- A confidential memo from one of George Romney’s area directors, William Whitbeck of Detroit, contained some of the severest criticisms ever made of Romney and his administration.
- The $7-million-a-year output of the Urban Institute, which is supported primarily by HUD funds, is nothing but a “torrent of verbiage.”
- Top officials at HUD hurriedly approved expenditure of $20,000 for two new 80-foot flagpoles which appeared across the street at the headquarters of the Department of Transportation.
- The newsletter is personal journalism of the Jack Anderson variety. Ripskis by HUD staffs in Washington and in regional and local offices. An official who has watched the operation concedes that Ripskis and his allies know enough about HUD’s operations to get in some sound licks—and for a lot of reasons it may be difficult for Secretary Lynn to fire or restrict his own critic.

Ripskis’ $5-a-subscriber newsletter is personal journalism of the Jack Anderson variety but it’s a rare variant, since the editor is openly engaged in hitting at the brass that run the department he works for.

Ripskis doesn’t think he’s hitting the hand that feeds him. He’s working for the taxpayers, he says, and they have first claim on his loyalty. He urges other HUD employees to look at things the same way.

Tipster network. Ripskis admits that he has already become a minor folk-hero at HUD for his zeal in needling top officials, including the secretary. The newsletter prints information fed surreptitiously to Ripskis by HUD staffers in Washington and in regional and local offices. An official who has watched the operation concedes that Ripskis and his allies know enough about HUD’s operations to get in some sound licks—and for a lot of reasons it may be difficult for Secretary Lynn to fire or restrict his own critic.

Ripskis says he is exposing “mismanagement, incompetence, waste and corruption at HUD.” He’s trying to organize an underground grapevine of like-minded bureaucrats to help him out. Besides his following at HUD—where employees give wide circulation, via Xerox, to his newsletter—Ripskis claims he’s getting subscriptions among the “builders, bankers and real estate speculators” who, he says, deserve the lion’s share of the blame for “the mess at HUD.”

Results. The newsletter is read attentively, and Ripskis claims he gets feedback indicating that his exposures have brought corrections of difficulties that would otherwise have been swept under the bureaucratic rug. But the question remains: How long can he keep it up without being cut down?

Ripskis says he is careful to do all his work on his own time, and he asks: “What grounds can they use?”

Siberia? Ripskis had a predecessor, Jay Thal, who edited, with Ripskis’ help, a newsletter called Quest. Thal suddenly drew a four-month assignment to Alaska, during which time Quest foundered.

Ripskis, who was born in Lithuania, says he was incensed at this treatment, which he compares to the exiling to Siberia of some of his relatives by the Russians. He stepped into the breach with Impact.

The new editor is frank about his willingness to put his job on the line. He’s a 35-year-old bachelor, and he is seemingly stirred by the same motivations that drive Ralph Nader. He thinks he can do a better job, since he’s already had 11 years experience with HUD. He also feels he can be more effective by working on the inside the way he does.

Pledge from Romney. Ripskis has even won recognition from Romney, who made both favorable and unfavorable comments about Impact during a holiday get-together with employees in the HUD cafeteria. People such as Ripskis have a right to publish, Romney said, and in no way would he try to block them.

Whether Secretary Lynn will find a way to squelch Ripskis remains to be seen, of course. Ripskis says he’s already getting information on Lynn from Lynn’s fellow bureaucrats at Commerce—data that could turn up at Lynn’s confirmation hearings.

With Romney gone and Lynn expected to be much more responsive to White House direction, Ripskis may find himself reorganized out of his job, or perhaps rife (for reduction in force) during the shuffle that Lynn is expected to make at HUD.

And yet again, Ripskis may continue to enhance his stature in the role he likes to describe as that of the taxpayers’ editor.

—D.L.
ENRICHING THE DEVELOPERS/INVESTORS AT TAXPAYERS' EXPENSE

(Editor's Note: Our April lead article focused on the Office of New Communities. Following is the second in this series—an expose of what is considered to be one of the best projects approved under this program, the Cedar-Riverside of Minneapolis. Charles Warner, the author, as a Community Development Representative in the HUD Minneapolis-St. Paul Area Office, is intimately familiar with the development of this project. We hope this will stimulate an inquiry into the extent of tax advantage abuse under HUD programs.)

In the New Communities program, taxpayers' money is certainly going, but not necessarily down the drain. Tax dollars are flowing into huge construction contracts, fat architect and legal fees, and padded management contracts. Meanwhile, rich investors are amassing ever bigger bank accounts by partaking in the juicy tax shelters which they buy with their limited partnerships. The millionaire heirs to Pillsbury flour and 3M Company fortunes and the other rich investors from Greenwich, Connecticut to Laguna Beach, California have invested well since they won't have to pay taxes to put up the buildings which they buy with their limited partnerships. The millionaire heirs to Pillsbury flour and 3M Company fortunes and the other rich investors from Greenwich, Connecticut to Laguna Beach, California have invested well since they won't have to pay taxes to put up the buildings which they buy with their limited partnerships. The millionaire heirs to Pillsbury flour and 3M Company fortunes and the other rich investors from Greenwich, Connecticut to Laguna Beach, California have invested well since they won't have to pay taxes to put up the buildings which they buy with their limited partnerships. The millionaire heirs to Pillsbury flour and 3M Company fortunes and the other rich investors from Greenwich, Connecticut to Laguna Beach, California have invested well since they won't have to pay taxes to put up the buildings which they buy with their limited partnerships. The millionaire heirs to Pillsbury flour and 3M Company fortunes and the other rich investors from Greenwich, Connecticut to Laguna Beach, California have invested well since they won't have to pay taxes to put up the buildings which they buy with their limited partnerships.

When you're talking New Communities in Minneapolis, you're talking Cedar-Riverside, a $24-million deal which loves to tout its uniqueness as the first new town-in-town ("living at the center of life," as the slick glossy Cedar-Riverside P.R. literature postures). But that's not cont. on p. 5

HAS CAESAR ARRIVED?

(Editor's Note: The media are often accused—and justifiably so—of lacking a historical perspective. Hopefully this will relieve the puzzlement of some of our readers in finding an article of this nature in IMPACT. If not, then we can point to the recent freeze on many federal programs and say that this is an attempt at a partial explanation of why Nixon has been able to thumb his nose at Congress and get away with it.)

Article I, Section 8 of the Constitution clearly empowers the Congress to declare war. Truman did not bother to get congressional approval before committing American forces in Korea. Likewise Johnson and Nixon carried on the Vietnam conflict for a decade despite mounting congressional and popular opposition. The Congress kept debating and voting on one end-the-war resolution after another, which Nixon ignored.

Currently the Congress is making a big to-do about the presidential impoundment of funds it has appropriated. Executive privilege has become another hot issue on the Hill.

Despite all the sound and fury, does it signify anything? Or is it merely an empty sideshow? A form of shadow boxing? Have the real issues been decided a long time ago?

In 1957 a remarkable little book came out entitled The Coming Caesars. It was written by a Frenchman named Amaury de Riencourt, whose predictions seem to be coming to pass more rapidly than even he had anticipated.

cont. on p. 8
"Cadmus slew the dragon and following the instructions of Athena, sowed its teeth in the ground. From these teeth a race of armed men presently sprang forth and fell to fighting each other..."

Cadmus, founder of Thebes

Every four years, with an uncanny regularity that borders on nature's cyclical rhythm, a strange drama unfolds at the Department of Housing and Urban Development.

Quadrennially, new minions, enthusiastic and self-confident, spring forth to take over the helm of the Department. They are cocky and contemptuous of their predecessors. "We will show you how HUD's mission should have been fulfilled!," they seem to be saying while pointing their stern finger of admonition at those battered, worn, and discredited former high HUD officials who left the field of battle bloodied and bowed.

The current crop, being more alike than different, fit the type the Harvard Law/Business School mass produces by the hundreds. They are bright, energetic, and sport LLB's, MBA's, or even PhD's after their names. But these were not the primary qualifications on which they were chosen. Neither do they have a breadth and depth of proven experience in the urban field. They were selected because they manifest unswerving loyalty and subservience to those up the chain of command.

The current crew, as those before them, go into their new jobs with the attitude that the way things were done in the past is all wrong, and those who ran the programs were a bunch of bunglers. (For why else are the HUD-related affairs in such a sorry state?!) Two characteristics are common during the first phase of their takeover. One, they set up a myriad of task forces to study the problems. But even before the reports start coming in, they begin to reshuffle personnel and restructure their respective organizations.

Normally, new administrators want experienced people around to help avoid the pitfalls of the past. But that's not how the current dragon slayers think. They hate to have reminders of past failures—they don't want to entertain the possibility that four years hence they might be the vanquished whom a new troupe will trample. But there is an even more practical reason for shunting the experienced guys to some out-of-the-way, insignificant, paper-shuffling operations. Under the guise of paring the deadwood, they eliminate possible rivals that might undercut or show them up for what they are. Also, they don't want to have anyone questioning their high-soaring theories and concepts with something like: "But we tried this ten years ago and here is why it didn't work..."

They want to work out their theories unhampered by "defeatism". Instead of subjecting their concepts to any large scale evaluation, they tend to rely on off-the-cuff, "instant evaluation".

Barring for a moment the possibility that Lynn's primary mission is to dismantle HUD and pass the buck to the states and localities, his chances of success are dim. He is likely to fall flat on his face—just as Weaver and Romney did. The urban problems are just too deeply ingrained, complex, and interwoven to be susceptible to a dose of fragmented nostrums administered by a bunch of overzealous amateurs—no matter how high their I.Q. wattage, or how superbly they solved their case studies in graduate school.

Four years from now we'll witness another crew of whiz kids contemptuously brushing aside the Lynn team for bungling their mission. But even before that happens, we can expect to see conflict and strain within the inner sanctum. Some will bail out quietly. Others will turn on their colleagues, Lynn, or Nixon. A few, wanting to hedge their careers and keep their self-esteem intact, will fling the dead albatrosses off their necks onto some handy scapegoat, never for a minute entertaining in their minds the wisdom of Pogo: "We have met the enemy and they are us."

In 1977, the cycle will begin again.
NEW COMMUNITIES

Your new communities article (April 1973) performs a public service in focusing attention on the wholly inadequate staff with which the Office of New Communities Development is attempting to discharge the mandate of the Urban Growth and New Community Development Act of 1970. It is unfortunate that the credibility of this message is undercut by the article's personal attack upon the Director of the Office, Ted Lamont.

Had I been included among those interviewed for the article, I would have convinced you:

1. That Ted Lamont did not "get his job" because he belongs to "one of the richest and most powerful banking families." I know because I brought him to HUD as my Deputy and recommended that he succeed me as Director of the Office of New Communities Development.

2. That, at the time of my resignation, Ted Lamont by virtue of his service for a year as Deputy Director of the Office, had a much more comprehensive grasp of the many disciplines involved in the new community program requirements (including "real estate," "urban planning" and "social needs") than any other single individual inside or outside HUD.

No administrator could overcome the handicap of the critical understaffing with which the new community program has been plagued. I knew it and Lamont knew it. I chose to leave, but Lamont had the guts to stay. He deserves support, not vilification.

William Nicoson
Washington, D.C.

EDITOR'S RESPONSE: We showed Mr. Nicoson's letter to three knowledgeable people in the Office of New Communities. Their response to point No. 2 was surprisingly uniform: they used the same exclamation, which is considerably stronger than "horsefeathers".

As to point No. 1, there are a number of things that need to be cleared up. Some time ago, a HUD employee came to us and alleged that Nicoson, after his resignation, had obtained an assignment from HUD to develop a handbook for the Office of New Communities—a handbook which had already been pretty well completed by HUD staff. At that time, the person involved could not show us a copy of the handbook in question or to provide any other substantiating evidence, so we did not pursue the matter further.

Recently we obtained a copy of Chapter 3 (288 legal-size pages) and Chapter 4 (30 pp.) of the original handbook. To our untrained eye, the two chapters looked quite comprehensive and complete. For comparative purposes, we attempted to obtain a copy of the newer version from Nicoson. Our intention was to have both versions evaluated by a person who has expertise in this field to help determine whether there was any substance to the above allegation. Nicoson indicated that he would very much like us to have access to the handbook, but he didn't think it was proper for him to show it to us, considering that HUD had not accepted his work. Our attempts to obtain the Nicoson version of the handbook from the Office of New Communities were unsuccessful.

According to Nicoson, HUD owes him in excess of $20,000 for the work he has put into it. The HUD Office of Contracts and Agreements contends that no contract, that complies with GSA regulations, has been executed between HUD and Nicoson.

Nicoson, besides working on the handbook, has been serving as consultant to new community developers. We question the propriety of a former director of the Office of New Communities performing these functions, even though Nicoson is barred from serving developers whose contracts he had formerly approved.

In all fairness, from talking to Nicoson as well as hearing reports about him, we have gained the impression that he is a conscientious and dedicated individual very much committed to bringing into reality cont. on p. 4
Let's say you're a political appointee heading up a HUD Area Office with a reputation for working closely with local builders and investors who vie for the fat tax shelters of the rapid-depreciation, HUD-subsidized projects.

There's just one catch: you have a subordinate who keeps blowing the whistle on you by pointing out that these projects are not economically feasible, or that they have been fraudulently approved after the January 5 freeze via back-dated feasibility letters.

Fortunately, the subordinate is new to Civil Service and is still in his first year probationary period. So you try to can him for "not being on the team." But through bureaucratic bungling and other circumstances, the firing memo is dated too late—after the probationary period has expired. So you try to remedy that by altering the records. But that doesn't work either. Your subordinate obtains two decisions from the Civil Service Board of Appeals and Review ordering his reinstatement.

Not being easily daunted or permitting such things as silly Civil Service regulations to stand in your way, you remember that you have a friend of last resort—beloved by all agency personnel directors—direct appeal to the Civil Service Commissioners. You know that you will get a favorable ruling from them—after all, they are not known as the President's private personnel office for nothing.

Meanwhile, while you're waiting for the favorable decision, just for the sport of it you try to soften your subordinate. You delay his paychecks and harass him in many other ways.

And you nearly succeed. Your subordinate is pushed into such a financial bind that his telephone and other utilities are shut off. His pregnant wife has a couple of near nervous breakdowns.

Then the decision you expected arrives from the Commissioners overruling their own Board of Appeals and sustaining you.

With relish you're poised to sink the knife in your subordinate's back and twist it for the coup de grace. But your subordinate doesn't stand still. He sues HUD and CSC in a Federal Court.

And this is where the matter stands now, another true case from the annals of the Civil Service Commission pointing out how it works hand-in-glove with the federal departments to the detriment of the federal employee. (For a more detailed elaboration on this theme, see Robert Vaughn's Nader's Task Force Report "The Spoiled System--A Call for Civil Service Reform" to be published in the fall.)

And finally, we want to present the cast of characters in our drama: Frank D. Cerabone, Director, HUD Buffalo Area Office; Vincent L. Shaw, Director, Housing Management Division—the tenacious, whistle-blowing subordinate.

(Footnote: Prof. Vaughn, a highly respected authority on the CSC, after examining carefully the basis upon which the Commissioners reversed the previous Board of Appeals rulings in the Shaw case, told IMPACT that he considered the Commissioners' action "outrageous." Shaw says that if he had to do it over again, he would have taken his case to court much sooner rather than waste all that time and money ($3000) battling against the stacked deck of the CSC.)

RESPONSE, from p. 3

the concepts embodied in Title VII of the 1970 Act. Nevertheless, we feel that a careful investigation should be conducted and made public in order to clear up the cloud of doubt that has developed over this situation.

Meanwhile, the civil war we reported about in the Office of New Communities has escalated: wires to telephone switching equipment have been cut. Two secretaries who were suspected of being involved in the wire-cutting incident have been summarily transferred to another office—against their will—even though they deny any connection with the episode, and no formal charges have been placed against them.
all that's unique about C-R. The tax shelter aspects which are common to all 236 fast depreciation projects are just the beginning. Other Federal categorical grants which are being added to this multi-building cluster of drab, right-angle concrete are also coming out of the taxpayers' pockets and into the real estate value.

So far, there's a $600,000-plus "legacy of concrete" open space grant for a roof and deck over the central parking facility, even though there's supposed to be a maximum limit of $250,000 to one grantee. There is also supposed to be $340,000 more coming in the form of Neighborhood Development Program project improvements, including $175,000 for a bridge connecting the concrete "public" open space in the midst of the developer's private property to the other side of an adjacent street. All this is courtesy of NDP despite Under Secretary Hyde's prohibition against using those funds for improvements unless specifically related to disposing of project-acquired property, which is not the case here. They're also talking about $200,000 for a Neighborhood Facility; whether the freeze can be thawed for this special situation remains to be seen.

There is one pill which the Feds haven't swallowed--yet--and that's the land write-down subsidy which C-R asked for but didn't get through NDP. Seems the developers wanted the NDP project to buy their land and then sell it back to them for over $800,000 less than the $1.1 million selling price to the project. The transparent shuffling of ownership to another corporate identity composed of the same people was a bit too gross for the pre-Lynn Central Office and the pre-Vavoulis Regional Office and the deal was scotched.

These very special considerations given to the Cedar-Riverside New Community do not end at the Federal level. For example, under Minnesota State Law, moderate income housing (i.e., 236) gets a 50% tax abatement as an inducement to production. As a liberal social experiment, C-R has proposed scattering their 552 units of 236 subsidies throughout the complex--that way you can't tell where the rich people leave off and the poor people begin. It also must make it pretty hard to the assessor to tell where the abatement starts and stops because all these mixed-up units have been given the 236 property tax break. This was accomplished by dubbing the non-236 units as "unsubsidized 236" and then convincing the tax man that it's really all the same thing even though they're collecting market rentals on half the units.

This ability to create substance from shadow is the truly unique feature of this New Community. There is even one building in the group which was constructed as a turnkey public housing project (117 2-bedroom units of family public housing in a high-rise). The building was under construction at the same time HUD was blowing up Pruitt-Igoe as a social failure. The waiver on this one was given on the condition that when the kids get to be five years old, the family has to move out. It was built as public housing but it's now transforming itself into another 117 units of 236 tax shelter for syndication. All this happening at the developer's instigation and with appropriate positive response from the Office of New Communities. Incidentally, the mortgage amount requested on the butterfly 236 was about $400,000 more than the contracted price for the caterpillar turnkey. Something else miraculous must have happened to this structure during the metamorphosis to add 400 grand to the price. Anyway, this deal is now in limbo even though the authority to convert to 236 has been approved by Central Office--after the freeze, of course.

And what is the public benefit returned which warrants such a lavishing of public largess and assistance upon the Cedar-Riverside development? Well, it's surely not all the traffic it will create nor the prospect of 30,000 people living in high-rise isolation where there now resides a community of one-sixth that population. These and other environmental aspects were totally ignored or glossed over in the impact statement filed by the HUD
A BILL OF RIGHTS FOR PUBLIC EMPLOYEES

(EDITOR'S NOTE: In addition to our other efforts to have the repressive HUD Standards of Conduct overturned, we are countering them by publishing the public employees' bill of rights advanced by the American Civil Liberties Union. IMPACT wholeheartedly supports all of its provisions, save one: the right to strike.

Should you have any questions, contact National Capital Area, ACLU, 3000 Connecticut Avenue, N.W., Washington, D.C. 20008.)

The ultimate loyalty of our thirteen million civilian public employees is to the public—not to the party in power, or to a particular bureau, or to special interest groups. To serve this public interest, public employees ought to be encouraged to speak and act as freely as other Americans.

But instead, public employees have long been treated as second-class citizens by the governments for which they work, and are often required to sacrifice their rights as the price of their employment.

The denial of rights to public employees is two-fold: there are rights recognized by the legislatures and the courts, but which are often abridged by arbitrary and capricious action by managers and supervisors; there are other rights that legislatures and courts have taken away from public employees or have not recognized.

Public employees should be free to strive individually and collectively, within their agencies, in the legislatures and in the courts, and through appeals to the public, for the exercise of the rights they have, and for the restoration of those they are denied.

RIGHTS THAT EXIST, BUT ARE OFTEN ABRIDGED:

1. The right to free expression on all issues, including those affecting the public welfare and the stated policies of their agencies, subject only to narrow limitations on disclosure of information which: is vital to national security; would violate a confidential relationship involved in the decision-making process; would invade personal privacy; would impair individual civil rights; or would reveal business information submitted to the government in confidence in pursuit of required licenses or patents.

2. The right to assemble at appropriate times in available space on government property for the free discussion of matters that concern them. Time and facilities should be made available equitably to all groups.

3. The right to freely chosen personal life styles, to privacy and freedom from coercion in all matters not connected with official duties, including choice of activities, associates, dress, physical appearance and financial affairs except insofar as disclosure of activities and financial affairs may reasonably be required under conflict of interest statutes.

4. The right to examine all files and other records, including security and suitability files, concerning oneself; the right to submit materials to correct, rebut or clarify; the right to exclude materials not related to official duties.

5. The right to full and equal consideration for employment and career development opportunities on the basis of demonstrated or potential ability for the job, without regard to race, color, age, physical appearance or handicaps, sex, religion, national origin, criminal record not related to job qualifications, or sexual preferences.

6. The right of non-probationary employees to due process in all written adverse and disciplinary actions before the action is taken, including the right to counsel during the investigatory and all subsequent stages of the action, notice of charges, the right to confront, the right to rebut, the right to exclusion of all evidence which is the fruit of illegality, and a written decision on the record.

7. The right to form and join organizations of public employees on professional cont. on next page
Government has an affirmative duty to secure and defend these rights. To assure compliance, each government agency should adopt procedures to:

- Resolve disputes involving these rights promptly and fairly;
- Impose sanctions against employees responsible for infringements of these rights;
- Make full restitution to any employee whose rights are infringed, including counsel fees and other expenses reasonably incurred to secure these rights.

Rights Taken Away or Not Recognized by Legislatures and Courts:

1. The right to full, active and uncoerced participation in the political life of the nation and the community, including partisan politics.
2. The right to strike.
3. The right to a public hearing before an impartial official before written adverse or disciplinary action is taken.
4. The right to a personally chosen and— for persons who meet standards for appointment of counsel in Federal criminal cases— publicly paid defense in cases where deprivation of pay is substantial or where one's job is at stake.
5. The right of probationary employees to the same due process to which nonprobationary employees are entitled in all written adverse and disciplinary actions not related to the demonstration of competence to fill the job to which appointed.

American Civil Liberties Union

Charles Warner
Monsieur de Riencourt, after making an exhaustive study of all the major civilizations that have inhabited this globe, told us the following:

"Our Western world, America and Europe, is threatened with Caesarism on a scale unknown since the dawn of the Roman Empire...expanding democracy leads unintentionally to imperialism and that imperialism inevitably ends in destroying the republican institutions of earlier days; further, that the greater the social equality, the dimmer the prospects of liberty, and that as society becomes more equalitarian, it tends increasingly to concentrate absolute power in the hands of one single man. Caesarism is not dictatorship, not the result of one man’s overriding ambition, not a brutal seizure of power through revolution. It is not based on a specific doctrine or philosophy. It is essentially pragmatic and untheoretical. It is a slow, often century-old, unconscious development that ends in a voluntary surrender of a free people escaping from freedom to one autocratic master."

A year after de Riencourt's book came out, Charles de Gaulle was called out of retirement to become France's Caesar.

Here in the United States it it taking a bit longer. But the trend is unmistakable. Senators themselves admit that the Congress has become powerless and impotent. They call it a "constitutional relic," "an impotent and antiquated institution," and a "sapless branch." Ralph Nader, observing to what extent Congress has abdicated its responsibility, has characterized it as a "puny twig through which flows the allocation of massive taxpayer treasure chest of over $200 billion in appropriations largely at the beck and call of Executive Branch and special interest advocacy and pressure."

What's behind the historical trend that is diminishing the significance of the legislative branch and concentrating the power in the ever more powerful office of the presidency? One of the key elements, according to de Riencourt, is "...the growing distrust of parliaments, congresses, and all other representative assemblies, the growing impatience of Western public opinion at their irresponsibility, lack of foresight, sluggishness, indecisiveness. This distrust and impatience is evident in America as in Europe."

Since the liberal ideology has been shattered (see Theodore Lowi's The End of Liberalism), no other unifying philosophical outlook has gained currency. And "Whenever an over-all philosophical approach is lacking," says de Riencourt, "the only alternative is to concentrate power within the hands of one man."

The Romans did this two thousand years ago. Are we doing it today?

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IMPACT is a monthly publication. Year's subscription: $5.00.

Application to mail at second-class postage rates is pending at Washington, D.C.