

TERRITORIES  
TO SECRETARY  
MAY 31 1968  
JOB SIGNATURE

JUN 3 - 1968

Dear Senator Dwyer:

On behalf of Secretary Udall, we wish to thank you for your letter of May 21 in regard to the communication sent to you by Mr. Herman Q. Guerrero, Speaker of the Twentieth Saipan Legislature, concerning the need for Federal program for construction of low-cost housing.

Following the visit of Typhoon Jean to the Trust Territory in early April, the President declared the stricken parts of the Territory as a major disaster area and made immediately available an initial allocation of \$2,500,000 for relief and recovery work. This was followed on May 13 by an additional allocation of \$6,000,000, making a total of \$8,500,000 made available for assistance to the typhoon-damaged areas. In addition, the Office of Emergency Planning is providing emergency housing assistance, which is intended to meet some of the more immediate and more urgent requirements.

Both this Department and the High Commissioner have been in complete agreement that checks should not be rebuilt but that assistance needs to be made available for the construction of adequate typhoon-resistant housing. We have had under consideration a housing loan fund, to be managed by the Trust Territory, which would assist in meeting this need on Saipan and which could also be extended to the other districts of the territory. S. 3070 was introduced on March 1 of this year and was intended to make Small Business Administration assistance available to the Trust Territory. On May 28 the Department recommended enactment of the bill, and we were most pleased with the action taken by the Senate on May 26 to include such a provision in S. 3077, the Housing and Urban Development Act of 1963. We sincerely hope that the House will also adopt this provision.

The Federal housing statutes are both complex and sophisticated, and they relate to programs which might be difficult to apply effectively in the Trust Territory. For example, most operate through support of private lenders, and such lenders are virtually non-existent in Micronesia. The land alienation problem, arising in part from the Trusteeship Agreement and in part from Trust Territory laws, would pose an obstacle in terms of loan security. And lastly, an effective Trust Territory loan program would probably require interest rates well below the rates currently required under the Federal housing laws. For these reasons, we are doubtful whether

the extension to the Trust Territory of Federal housing laws would in fact be helpful. In any event, no legislation has yet been introduced to accomplish this purpose. We are continuing to explore the subject, in cooperation with the Department of Housing and Urban Development.

We are, as always, grateful to you for your constructive interest in Trust Territory matters.

Sincerely yours,

(Sgd.) Harry R. Anderson

Assistant Secretary of the Interior

Hon. Daniel K. Inouye  
United States Senate  
Washington, D. C. 20510

cc: Secretary's Reading File (2)  
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