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APPROVED
JAN 2-1975

ACTION

THE WHITE HOUSE
WASHINGTON

Last Day: January 4

December 31, 1974

*Posted
1/3
To Archive
1/3*

MEMORANDUM FOR THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill H.R. 9588 - For the Relief of the City of Aransas Pass, Texas and its Urban Renewal Agency

Attached for your consideration is H.R. 9588, sponsored by Representative Young, which releases the City of Aransas Pass, Texas and its Urban Renewal Agency from the obligation to repay a loan from HUD amounting to \$166,735.

OMB recommends approval and provides additional background information in its enrolled bill report (Tab A).

RECOMMENDATION

That you sign H.R. 9588 (Tab B).



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 8 7 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 9588 - For the relief of
the city of Aransas Pass, Texas and its
Urban Renewal Agency
Sponsor - Rep. Young (D) Texas

Last Day for Action

January 4, 1975 - Saturday

Purpose

Releases the city of Aransas Pass, Texas and its Urban
Renewal Agency from the obligation to repay a loan from
HUD amounting to \$166,735.

Agency Recommendations

Office of Management and Budget

Approval

Department of Housing and
Urban Development

No objection

Discussion

The enrolled bill would authorize and direct the Secretary
of HUD to release Aransas Pass, Texas, and its Urban
Renewal Agency from the obligations of their agreement
with HUD to pay for any deficit in local grants-in-aid
in connection with the closeout of a project numbered
Tex. R-92. The bill would not relieve the city from its
contractual obligations with respect to unsold project
land.

In 1968, HUD approved an urban renewal project in
Aransas Pass, known as the Golden Palms Project (Tex. R-92).
After the property acquisition phase of the project was

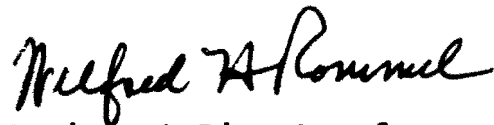


completed, Hurricane Celia struck, causing massive destruction in the city. As a direct result of the hurricane, the project could not be continued or completed.

HUD subsequently made a loan of \$166,735 to the city to facilitate an early closeout of the project. The loan was made for the specific purpose of enabling the city to repay its local share of the net project costs. HUD states that the 1970 hurricane destroyed most of the city and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities. In order to repay the HUD loan, the city would have to raise its taxes and defer expenditures for vital municipal improvements.

In developing an Executive Branch position on H.R. 9588 while it was under consideration by the Congress, we recognized the special nature of the situation facing Aransas Pass, but were concerned nonetheless about the possible precedent in singling out this one city for special treatment. We determined that this would not be a significant problem, however, since the recently-enacted Disaster Relief Act of 1974 provides for general statutory relief similar to the private relief in H.R. 9588. Section 414(a) of that Act authorizes loans to assist a local government suffering a substantial loss of tax and other revenue as a result of a major disaster, and requiring financial assistance to perform its governmental functions. It also provides for loan forgiveness to the extent that local revenues during the three-year period after the disaster are insufficient to meet the locality's operating budget.

Accordingly, HUD indicated in a report to the House Judiciary Committee on H.R. 9588 that it had no objection to the bill's enactment.



Assistant Director for
Legislative Reference

Enclosures



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

December 24, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Ms. Mohr

Dear Mr. Rommel:

Subject: H.R. 9588, 93d Congress, Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of H.R. 9588, an Act "For the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas."

The enrolled enactment would, in effect, release the City of Aransas Pass and its Urban Renewal Agency from a contractual obligation to repay a \$166,735 loan made by the Department to the City and the agency. The loan was necessary to facilitate an early closeout of the City's urban renewal project numbered Tex. R-92 which had been rendered infeasible by a 1970 hurricane, and was made for the specific purpose of enabling the City to repay its local share of the net project costs.

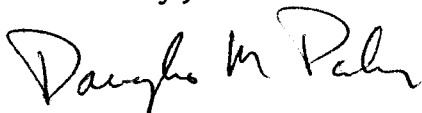
The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements.



We feel that the situation regarding Aransas Pass is sufficiently distinguishable from that of other disaster-affected cities with HUD projects to preclude the enactment from having any measurable potential as a precedent in those cases. Moreover, the recent enactment of the "Disaster Relief Act of 1974" would greatly reduce this potential in the case of future disasters. The Congress, under section 414(a) of that Act, has now provided for general statutory relief similar to the private relief proposed under the enactment of H.R. 9588 to localities which may in the future be placed in a situation comparable to that of Aransas Pass. Specifically section 414(a) would authorize loans to assist a local government which may suffer a substantial loss of tax and other revenue as a result of a major disaster, and which needs financial assistance to perform its governmental functions. It would also provide for loan forgiveness to the extent that local revenues during the three-year period after the disaster are insufficient to meet the locality's operating budget.

In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation, this Department would have no objection to the President's approving the enactment of H.R. 9588.

Sincerely,



for Robert R. Elliott

To
H. Hendricks
12-27-74

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 27 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 9588 - For the relief of
the city of Aransas Pass, Texas and its
Urban Renewal Agency
Sponsor - Rep. Young (D) Texas

Last Day for Action

January 4, 1975 - Saturday

Purpose

Releases the city of Aransas Pass, Texas and its Urban Renewal Agency from the obligation to repay a loan from HUD amounting to \$166,735.

Agency Recommendations

Office of Management and Budget

Approval

Department of Housing and
Urban Development

No objection

Discussion

The enrolled bill would authorize and direct the Secretary of HUD to release Aransas Pass, Texas, and its Urban Renewal Agency from the obligations of their agreement with HUD to pay for any deficit in local grants-in-aid in connection with the closeout of a project numbered Tex. R-92. The bill would not relieve the city from its contractual obligations with respect to unsold project land.

In 1968, HUD approved an urban renewal project in Aransas Pass, known as the Golden Palms Project (Tex. R-92). After the property acquisition phase of the project was

completed, Hurricane Celia struck, causing massive destruction in the city. As a direct result of the hurricane, the project could not be continued or completed.

HUD subsequently made a loan of \$166,735 to the city to facilitate an early closeout of the project. The loan was made for the specific purpose of enabling the city to repay its local share of the net project costs. HUD states that the 1970 hurricane destroyed most of the city and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities. In order to repay the HUD loan, the city would have to raise its taxes and defer expenditures for vital municipal improvements.

In developing an Executive Branch position on H.R. 9588 while it was under consideration by the Congress, we recognized the special nature of the situation facing Aransas Pass, but were concerned nonetheless about the possible precedent in singling out this one city for special treatment. We determined that this would not be a significant problem, however, since the recently-enacted Disaster Relief Act of 1974 provides for general statutory relief similar to the private relief in H.R. 9588. Section 414(a) of that Act authorizes loans to assist a local government suffering a substantial loss of tax and other revenue as a result of a major disaster, and requiring financial assistance to perform its governmental functions. It also provides for loan forgiveness to the extent that local revenues during the three-year period after the disaster are insufficient to meet the locality's operating budget.

Accordingly, HUD indicated in a report to the House Judiciary Committee on H.R. 9588 that it had no objection to the bill's enactment.

Welfred A. Rounnel

Assistant Director for
Legislative Reference

Enclosures



THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR: WARREN HENDRIKS
FROM: *W. L. Friedman* MAX L. FRIEDERSDORF
SUBJECT: Action Memorandum - Log No. 865
Enrolled Bill H. R. 9588

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 865

Date: December 27, 1974

Time: 7:00 p.m.

FOR ACTION:

Tod Hullin *no obj*
Max Friedersdorf *oh*
Phil Areeda *no obj*

cc (for information):

Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Monday, December 30

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 9588 - For the relief of the city
of Aransas Pass, Texas and its Urban Renewal Agency

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 865

Date: December 27, 1974

Time: 7:00 p.m.

FOR ACTION: Tod Hullin
Max Friedersdorf
Phil Areeda

cc (for information): Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Monday, December 30

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 9588 - For the relief of the city of Aransas Pass, Texas and its Urban Renewal Agency

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Judy:
no objection.

JH
12.30.74
10¹⁰ AM

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 865

Date: December 27, 1974

Time: 7:00 p.m.

FOR ACTION:

Tod Hullin
Max Friedersdorf
Phil Areeda

cc (for information):

Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Monday, December 30

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 9588 - For the relief of the city
of Aransas Pass, Texas and its Urban Renewal Agency

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection
P. Areeda OK*



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

CITY OF ARANSAS PASS, TEX., AND THE URBAN RE-
NEWAL AGENCY OF THE CITY OF ARANSAS PASS,
TEX.

AUGUST 22, 1974.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Miss JORDAN, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany H.R. 9588]

The Committee on the Judiciary, to whom was referred the bill (H.R. 9588) for the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the proposed legislation is to release the City of Aransas Pass, Texas, and its Urban Renewal Agency from the obligation to repay a Housing and Urban Development Department loan of \$166,735.

This would be done by waiving provisions of Title I of the Housing Act of 1949 and directing the Secretary of Housing and Urban Development to release the City of Aransas Pass, Texas, and the Urban Renewal Agency of that city from the obligations of this agreement with the Department of Housing and Urban Development concerning payments for any deficit in local grants-in-aid in connection with the closeout of the project numbered Tex. R-92. The bill provides that the city will not be relieved of contractual obligations in respect to unsold project land.

STATEMENT

The Department of Housing and Urban Development in its report to the Committee stated it had no objection to the bill because of the particular circumstances of the matter.

The indebtedness referred to in H.R. 9588 arises out of an urban renewal project known as the Golden Palms Project (Texas R-92). In

December 1965, survey and planning on the project was processed through the Ft. Worth office of HUD. After review and analysis by HUD personnel, their recommendation for approval was sent to the HUD office in Washington, and approval for execution of the project by HUD Washington was received in March, 1968.

The Aransas Pass Urban Renewal Agency immediately began to acquire the necessary property. Of 400 parcels of land acquired, 240 had to be obtained by condemnation proceedings. When the property acquisition finally had been completed, Hurricane Celia struck with devastating force causing massive destruction to Aransas Pass. As a direct result the city could not continue or complete the project. The sea wall played a vital role in the protection of the downtown business district and residential area, and prevented an estimated \$5 million of additional damage. The project required cuts in the sea wall which were basic to the urban renewal project, which from the beginning called for an integrated marina design. Thus, HUD, the City, and the Urban Renewal Agency reached the conclusion that the project was both economically and physically infeasible. Thus, the engineering problem with the sea wall, the state of destruction of the City following the hurricane, and the City's dire financial circumstances eliminated any hope for the City to carry out the Golden Palms urban renewal project.

The City entered into negotiations with HUD which culminated in a contract converting the project from a non-assisted loan project, to a conventional project. While this contract conversion did assist them a great deal, it still left the City with a debt obligation of approximately \$166,735 plus interest, none of which the City is able to meet because of this very disastrous situation.

The situation is such that the City faces this indebtedness as a result of their agreement to carry out an urban renewal project which when measured by established standards at its inception appeared feasible to HUD experts and received the approval of HUD central office in Washington. The circumstances are now completely changed. Subsequent developments including the hurricane made completion of the project impossible. Interest on the debt continues to accrue daily and the City is without resources to meet increment payments.

In stating it had no objection to relief, the Department of Housing and Urban Development stated:

The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements.

In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation this Department would have no objection to enactment of H.R. 9588.

It is recommended that the bill be considered favorably.

THE GENERAL COUNSEL OF HOUSING AND
URBAN DEVELOPMENT,
Washington, D.C., July 11, 1974.

Subject: H.R. 9588 93d Congress (Young of Texas)
Hon. PETER W. RODINO, JR.,
Chairman, Committee on the Judiciary, House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further response to your request for the views of this Department on H.R. 9588, a bill "For the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas."

H.R. 9588 would, in effect, release the City of Aransas Pass and its Urban Renewal Agency from a contractual obligation to repay a \$166,735 loan made by the Department to the City and the agency. The loan was necessary to facilitate an early closeout of the City's urban renewal project numbered Tex. R-92 which had been rendered infeasible by a 1970 hurricane, and was made for the specific purpose of enabling the City to repay its local share of the net project costs.

The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements. In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation, this Department would have no objection to enactment of H.R. 9588.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

ROBERT R. ELLIOTT.



CITY OF ARANSAS PASS, TEX., AND THE URBAN RE- NEWAL AGENCY OF THE CITY OF ARANSAS PASS, TEX.

DECEMBER 17, 1974.—Ordered to be printed

Mr. EASTLAND, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany H.R. 9588]

The Committee on the Judiciary, to which was referred the bill (H.R. 9588) for the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

PURPOSE

The purpose of the proposed legislation is to release the City of Aransas Pass, Texas, and its Urban Renewal Agency from the obligation to repay a Housing and Urban Development Department loan of \$166,735.

This would be done by waiving provisions of Title I of the Housing Act of 1949 and directing the Secretary of Housing and Urban Development to release the City of Aransas Pass, Texas, and the Urban Renewal Agency of that city from the obligations of this agreement with the Department of Housing and Urban Development concerning payments for any deficit in local grants-in-aid in connection with the closeout of the project numbered Tex. R-92. The bill provides that the city will not be relieved of contractual obligations in respect to unsold project land.

STATEMENT

The facts of this case, as contained in the House Report 93-1321, are as follows:

The Department of Housing and Urban Development in its report to the Committee stated it had no objection to the bill because of the particular circumstances of the matter.

The indebtedness referred to in H.R. 9588 arises out of an urban renewal project known as the Golden Palms Project (Texas R-92). In December 1965, survey and planning on the project was processed through the Ft. Worth office of HUD. After review and analysis by HUD personnel, their recommendation for approval was sent to the HUD office in Washington, and approval for execution of the project by HUD Washington was received in March, 1968.

The Aransas Pass Urban Renewal Agency immediately began to acquire the necessary property. Of 400 parcels of land acquired, 240 had to be obtained by condemnation proceedings. When the property acquisition finally had been completed, Hurricane Celia struck with devastating force causing massive destruction to Aransas Pass. As a direct result the city could not continue or complete the project. The sea wall played a vital role in the protection of the downtown business district and residential area, and prevented an estimated \$5 million of additional damage. The project required cuts in the sea wall which were basic to the urban renewal project, which from the beginning called for an integrated marina design. Thus, HUD, the City, and the Urban Renewal Agency reached the conclusion that the project was both economically and physically infeasible. Thus, the engineering problem with the sea wall, the state of destruction of the City following the hurricane, and the City's dire financial circumstances eliminated any hope for the City to carry out the Golden Palms urban renewal project.

The City entered into negotiations with HUD which culminated in a contract converting the project from a non-assisted loan project, to a conventional project. While this contract conversion did assist them a great deal, it still left the City with a debt obligation of approximately \$166,735 plus interest, none of which the City is able to meet because of this very disastrous situation.

The situation is such that the City faces this indebtedness as a result of their agreement to carry out an urban renewal project which when measured by established standards at its inception appeared feasible to HUD experts and received the approval of HUD central office in Washington. The circumstances are now completely changed. Subsequent developments including the hurricane made completion of the project impossible. Interest on the debt continues to accrue daily and the City is without resources to meet increment payments.

In stating it had no objection to relief, the Department of Housing and Urban Development stated:

The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane

destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements.

In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation this Department would have no objection to enactment of H.R. 9588.

It is recommended that the bill be considered favorably.

In agreement with the views of the House of Representatives, the Committee recommends that the bill be favorably considered.

Attached to and made a part of this report is the departmental report on this legislation.

THE GENERAL COUNSEL OF HOUSING AND
URBAN DEVELOPMENT,
Washington, D.C., July 11, 1974.

Subject: H.R. 9588 93d Congress (Young of Texas)

HON. PETER W. RODINO, Jr.,
*Chairman, Committee on the Judiciary, House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further response to your request for the views of this Department on H.R. 9588, a bill "For the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas."

H.R. 9588 would, in effect, release the City of Aransas Pass and its Urban Renewal Agency from a contractual obligation to repay a \$166,735 loan made by the Department of the City and the agency. The loan was necessary to facilitate an early closeout of the City's urban renewal project numbered Tex. R-92 which had been rendered infeasible by a 1970 hurricane, and was made for the specific purpose of enabling the City to repay its local share of the net project costs.

The City of Aransas Pass is a small city with a predominantly low to moderate income population of under 10,000. It is our understanding that the 1970 hurricane destroyed most of the City and eliminated most of its tax base. It has since been faced with the considerable financial burden of rebuilding its community facilities, including repairing its seawall to prevent future flooding. In order to repay the HUD loan, the City would have to raise taxes and defer expenditures for vital municipal improvements. In view of the hardship that repayment would undoubtedly cause the City and the unique nature of the situation, this Department would have no objection to enactment of H.R. 9588.

The Office of Management and Budget has advised that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

ROBERT R. ELLIOTT.





Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

For the relief of the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding any other provision of this Act or title I of the Housing Act of 1949, as amended, the Secretary of Housing and Urban Development is authorized and directed to release the city of Aransas Pass, Texas, and the Urban Renewal Agency of the city of Aransas Pass, Texas, from the obligations of their agreement with the Department of Housing and Urban Development entered into in connection with the closeout of the project numbered Tex. R-92, to provide payments of any kind for any deficit local grants-in-aid to said project. Said release shall be effective as of the original date of closeout: *Provided*, That nothing herein shall be construed to relieve the city of Aransas Pass, Texas, from its contractual obligations with respect to the unsold project land.*

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*