

It should be noted, however, that in a city of 700,000 to 800,000, the total number of substandard units in the entire city is likely to be between 20,000 and 25,000. Furthermore, all but about 4,000 are likely to be substandard by virtue of a lack of adequate plumbing facilities and therefore amenable to rehabilitation. The 4,000 or so would be the total number of dilapidated units in the city. Therefore, in an area of such a city that might contain about 80,000 residents and have 24,000 dwelling units, it is unlikely that all 24,000 would require either extensive rehabilitation or demolition as the Times analysis has assumed. In fact, if we assume that 16,000 would require some form of rehabilitation ranging from major to minor rehabilitation, as the Times analysis assumes, but also that one-fourth of the units in the area or 6,000 need only normal maintenance and repair, perhaps 2,000 units would have to be demolished. This would significantly reduce the net cost required to deal with housing in the area.

On the other hand, a significantly larger allowance should be made for social services in the area as well as certain physical improvements that would help achieve the social purposes, such as schools, health centers, and neighborhood centers. The bulk of the funds required for physical improvements and social services would be provided under regular existing Federal grant-in-aid programs, such as urban renewal, public housing, neighborhood center grants, economic opportunity programs, manpower development and training, and numerous others. The typical amounts of such Federal program expenditures and the required local matching share can be estimated for a city of a given size, containing a demonstration area of a given population. Eighty percent of the local matching share of such activities would then determine the potential supplementary grant entitlement for the demonstration program in that city.

For a city of between 700,000 and 800,000, with about 24,000 families in the demonstration area, the supplementary grant entitlement for the demonstration program in that city might amount to an estimated \$15 to \$20 million per year or \$75 to \$100 million over 5 years. The total program activities, including those under the regular Federal grant-in-aid programs as well as those supported by the supplementary grant funds, might amount to as much as \$75 million a year, or \$375 million over a 5-year period. On the basis of such estimates for 60 to 70 cities of different sizes, it is contemplated that \$2.3 billion in supplementary grant funds would be required over a 6-year demonstration program period, of which 5 years would constitute the active operating period after the first year of preparing the plan. The total program impact, including regular Federal grant-in-aid program expenditures and State, local, and private expenditures in all the demonstration areas could rise to an aggregate total of about \$10 billion over the 5-year period.

All size categories of cities have been thought about instead of the three shown in the New York Times story. Demonstration cities could range in size from 1 million or more to cities of less than 50,000. The largest number of cities would be in the smallest size category. A good geographical distribution in all parts of the country would also be sought.

In summary, the New York Times story was an attempt to explain how a net cost of \$2.3 billion would accommodate a physical improvement program. It was a logical but limited explanation of a city demonstration program.

The estimate that has been presented herein, based on the provisions of the bill, is indicative of how the figure of \$2.3 billion was arrived at. As the estimate related to the bill indicates, there will be a great deal of flexibility in the sizes of cities and types of activities undertaken under the demonstration cities program.

The bill also contemplates that (as the President stated in his message on city demonstration programs) "the complete array of all available grants and urban aids in the fields of housing, renewal, transportation, education, welfare, economic opportunity, and related programs" will be available under existing Federal programs to cope with problems in the demonstration area. Finally, the bill definitely contemplates a broader program scope with much more emphasis on social services than was contemplated in the New York Times example.

Mr. ASHLEY. Secondly, on page 2 of your statement you say that you will make it possible to treat the human needs of people in the slums, and at the same time the physical rehabilitation will be carried out.

We do have in this program two rather distinct elements, as I understand it. One is the capital improvement rehabilitation, and the other