Mr. St Germain. Unless there is some unusual circumstance.

Mrs. McGuire. Yes.

Mr. St Germain. Is there a similar limitation here?

Mrs. McGuire. It has not been suggested.

Mr. St Germain. There is no limitation to this one in particular.

My question, Mr. Secretary, is, Would this housing be subject to the Davis-Bacon requirement, construction of housing by private contractors?

Secretary Weaver. I couldn't answer that. I would have to check it out.

Mr. St Germain. Would you check that and provide it for the record. Because I think you realize that it will have a great bearing on the consideration of the section in some areas.

(The information requested follows:)

There is no statutory requirement that prevailing wage rates must be paid in connection with private housing constructed for use for low-rent public housing purposes, as provided in section 105 of the proposed Housing and Urban Development Amendments of 1966.

The Department of Housing and Urban Development administratively requires that prevailing wage rates be applied, wherever appropriate, in the construction of private housing to be acquired or leased for low-rent public housing purposes. We maintain this position because of the strong congressional intent expressed in the U.S. Housing Act to protect labor standards in the construction of low-rent housing financed under its provisions.

Thus, under the recently initiated "turnkey" procedure which involves acquisition of newly constructed housing for low-rent purposes, we require the application of prevailing wage rates, submitted to the Secretary of Labor for approval, in the construction of this housing, notwithstanding that this is not specifically required by law.

In the case of leasing newly constructed housing under the "flexible formula" (as would be provided in section 105 (a) and (b)), however, only short-term leases are involved. The application of the prevailing wage rates requirement would not be practicable in this situation.

Mr. St Germain. Mr. Secretary, there is one section that I find a little perplexing. At one point in your supplement at page 6 you have a heading, "Maintenance of Effort." Under it you say:

In addition, a city will not be permitted to use grant funds provided under the demonstration cities as a substitute for local dollars committed, prior to the application for the planning of the demonstration program, to be spent for a project or activity for which Federal financial assistance is being provided under an existing Federal grant-in-aid program.

Now, let's take a specific example, city X.

Secretary Weaver. Let me read that again. I thought you were talking about something else. I didn't follow you. What is that section?

Mr. St Germain. At page 6, Mr. Secretary, "Maintenance of Effort," about midway. This is the title.

Secretary Weaver. In my statement?

Mr. St Germain. That is in the supplement to the statement, not the one you read, but the supplement.

Secretary Weaver. The long statement.

It has to do actually with section 102, subsection (e) of section 102 of H.R. 12946.

I think I had better let Mr. Foard explain this.

Mr. Foard. This is simply a requirement that if a city has committed itself to a local contribution, these funds are not going to be