

great variety of federally aided local programs. Although these many programs will constitute the components of the demonstration program, it is not necessary that the demonstration grant formula be tied to the computation of each individual program. I can see a hazard for communities, both large and small, not only in calculating these local shares, but, more importantly, in obtaining commitments for them from the many Federal agencies involved.

Let me suggest an alternative approach that would be considerably simpler and faster. A community would be given the option of waiving available Federal grants by submitting a single overall demonstration application which, if approved, would receive a Federal grant of 90 percent of the total cost. The city would have then to negotiate with only one Federal agency, permitting a rapid start and prompt followthrough. The 90-percent figure is somewhat less than I understand is expected to be the average grant under the complicated formula in the legislation.

Another alternative with similar advantages could require that a community seek all relevant grants that could be obtained quickly from Federal agencies, and then seek 90-percent Federal assistance for carrying out the rest of the demonstration, as approved by the new Department.

An effective demonstration cities program will quickly expand and accelerate the demand for Federal funds for existing aid programs, especially urban renewal, public housing, and community action. This will restrict the amount of funds available to those cities which are not conducting demonstrations while, at the same time, it is likely to heighten interest in and demand for these established programs by these same nonparticipating cities. As we are all aware, the demand for urban renewal and community action programs, in particular, far exceeds the supply.

According to the best information available to us, more than \$800 million of urban renewal applications are now pending with the new Department. This enormous backlog should be funded without further delay. If these urban renewal projects could move forward in the hundreds of cities and towns where they are located they would make a substantial impact on housing and the physical condition of those cities. I would hope that early in this session of the Congress you would consider removing the annual limitations on the urban renewal program, restoring it to the contract authority approach and making it available for cities which need it as soon as they effectively demonstrate their needs. The informal "rationing" which has existed for many years has been a most important reason why urban renewal has not achieved its full potential.

In the past, in urban renewal and other programs, quotas have been set to limit the amount of aid given to New York City. While the concern of others that New York not gobble up entire programs is understandable, it seems fairer to me that the Congress provide programs as large as the problems—and in the case of New York City, the problems are of unparalleled magnitude.

It might be useful if I sketched for you the dimensions of our problem. We have a population of 8 million people; 24 percent of our city's 2,655,000 households have an annual income under \$3,000 making them eligible for consideration for poverty program activities;