

gram. This is the first test. And this is really a testing ground to see how much of the community is willing to allocate in the way of funds, resources, people, and institutions in its own community to contribute to this program. And I think if the maximum contribution is made by the community itself in response to the initial demonstration, that we will find that the first step may be the hardest. And it needs to be larger than it is now indicated. But I don't think it is going to be out of the reach of the feasible. And I think that the beginning of this will be a very important and vital testing ground of the need of the cities, of towns, and of the Nation to see how much needs to be done.

Mr. FINO. In section 105 of H.R. 13064, there is a provision having to do with the use of newly constructed private housing for use in the public housing program. Dr. Weaver in his testimony before the subcommittee on Monday stated in discussing housing that is constructed by private enterprise independently that this results in costs substantially higher—lower than can be achieved when the authorities plan and construct the housing themselves. I have heard that in some cases this amounts to as much as \$3,000 per unit. Do you know of anything that can account for this large difference in cost? Do you think that these costs could be ascribed to excessive administrative charges?

Mr. SHISHKIN. No. I think that the difference really lies in the fact that you are utilizing the existing facility instead of providing a new one. And I think that in that connection the important thing to bear in mind is when we deal here with a problem of such tremendous magnitude as the housing need, that utilization of existing housing, the rehab on which so much emphasis has been placed recently, and on which so much emphasis is being placed now, does not provide an additional supply of housing. And therefore, the great need is to supply that additional supply, instead of making do with what we have and making it a little better.

And also in connection with rehab, some of these costs are not fully reflected. And I think that another look should be taken at the kind of a thing that the city has to deal with when they are doing their rehabilitation.

First, there is going to be a general survey of what is available, how good is it, and is it suitable for rehabilitation.

Second, there is going to be another test, the engineering survey.

Mr. BARRETT. Will the gentleman yield.

I am wondering if we could possibly construe the question put by Mr. Fino. I think he was talking about the cost of new housing, not the reconstruction and rehabilitation.

Am I not right, Mr. Fino?

Mr. FINO. That is right. Having to do with the use of new construction.

Mr. SHISHKIN. Let me just finish this point—

Mr. BARRETT. I wanted to make sure that you are clear.

Mr. SHISHKIN. You have the engineering survey which goes into the structural soundness of the building, and that costs money too which is not reflected in this.

If you are dealing only with the housing newly constructed which is built by private funds, I think that if you separate that out com-