

gotten on this point, and I think that in many respects it is just as important as testimony with respect to the clearance, which is more dramatic, but in some respects it does not do the entire job.

So I am delighted to have this information.

Do I understand that you needed additional legislation, additional authority from the State legislature, Mr. Mayor, in order to—

Mr. DALEY. In the first place, the loan was not a prior loan. Under the original legislation, the city's loan to repair the building was subordinate to the mortgage, and this approach did not work. So in the change of the legislation, we made the loan of the city the prior lien ahead of the mortgage. So that the city's investment would be protected.

Mr. ASHLEY. Do you know if the conference of mayors has directed any concerted thought or made any collective recommendations with respect to this particular area, Mr. Mayor?

Mr. DALEY. I think the most challenging of all the subjects in housing is the one you mentioned, rehabilitation. We have done very little on it in the last 5 years. We are proud of Hyde Park-Kenwood, where, as you know, private rehabilitation has really taken on great impetus. But we still have to find new ways and new methods, and that is what we are trying to do. Very honestly, we are in the first stages of the acquisition and rehabilitation. We have taken three buildings, and I think we will have one completed in the next 30 days. But you are right, neither the Federal Government nor the State and local governments have done anything about it. We are trying, we are exploring, every city has been trying. And some people, as you know in Congress, real estate and financial people, will tell you many times it is not economically feasible, and it is not financially feasible. And sometimes others will say, if you will take a building 50 or 60 years of age, no matter how much money you put into it, you still have a building 50 or 60 years old. You would be better off to tear it down and put up a new structure. And we have these two lines of thought in our discussion.

Mr. ASHLEY. Did you get any guidance, Mayor Daley, in this area, or is this something that you and your associates devised for yourselves, this particular mechanism supported by the action taken by the legislature?

Mr. DALEY. This was local. This was our idea. We went to the legislature 4 years ago on the receiver. And then when we started to enforce we found we needed money. To make it work we went back to the legislature last year and had it passed again, with the money advanced by the city as a prior loan. And then we had to get the money.

Mr. ASHLEY. I think that you may have something here that can serve as a model, not only for other individual States, but for the Congress in the legislation that we are trying to work out here, Mr. Mayor. And I really commend you for this. I think this is a most significant area in which you have been directing your ideas.

Mr. DALEY. One further thought on this, Congressman. The receivership is appointed. We have an expert committee of citizens, outstanding people. And they make a review of the building to determine whether the building should be rehabilitated. If it is not to be