

Until the cities make firm proposals that are certified as acceptable demonstrations, it appears impossible to precisely estimate demand per city or per category. Moreover, in the absence of such estimates it is difficult to predict what the total demand will be for the entire program.

After careful review of the testimony of several mayors who have appeared before the subcommittee, and an investigation into the current budgetary expenditures of local units of general-purpose government, we are prepared to say that demand for demonstration funds might be expected to run somewhere between the suggested \$2.3 and \$10 billion. Our judgment is based on the fact that current proposals, especially in the large-city category, are running far in excess of the maximum possible allotment under the assumed breakdown discussed above, and the somewhat contradictory fact that many current municipal budgets are running so low that even the proposed allotments would have a significant impact on their local development problems.

In other words, precise estimates of the total cost of the demonstration cities program depend a great deal on the distribution of cities in and among the various size categories, the magnitude of need in the cities selected, and the current expenditures by the general-purpose government in the selected demonstration cities. None of these factors will be known until all the proposed demonstration cities are selected.

The only published estimate for a demonstration program that sets forth a detailed breakdown of the component of the proposal would be that put forward by Mayor James H. J. Tate of Philadelphia in his testimony before the Subcommittee on Housing on March 21. The Philadelphia demonstration, as submitted, could use up \$600 million of the estimated \$780 million that would be available to this category. Hence, total need in this category depends to a large extent on whether one or more cities of comparable size and with similar problems are selected for demonstration projects. The same case could be made, of course, in the other city-size categories.

On the other hand, if cities are selected that have relatively small budgetary expenditures at the present time, and there are many in this class, the program could have a significant impact with less Federal expenditure.

Therefore, NAHRO suggests in view of these indeterminate variables that rather than projecting "demand" for program funds, which would probably run into hundreds of billions of dollars, Congress should consider earmarking \$10 billion of our Nation's resources for the implementation of all proposals that might qualify for funds under the high standards, which we understand that the Department of Housing and Urban Development plans to establish. In this way, and perhaps only in this way, can we avoid the obvious ambiguity involved in speculative figures regarding the total cost of the program, or the average demand per city or category. At the same time we would eliminate discrimination against cities having programs that meet the qualifications, but fail certification for lack of funds, and free ourselves of the responsibility of prejudging the exact number of demonstrations needed to fulfill the intent of the program.

NAHRO feels that a \$10 billion ceiling would strike a workable and healthy balance between the administration's estimate of what can be done immediately and the cities' estimates of what they would need to develop their communities in the way they would like to ultimately see them developed. This figure seems to be a realistic estimate of what we might expect the public to devote to this area—roughly 10 percent of the Federal budget and 1.4 percent of the Nation's gross national product.

Mr. WIDNALL. We have authorized \$7.6 billion, and we have committed \$5.4 billion. We have paid out only \$1.5 billion, and the program has had 16 years to produce. Do you or do you not believe that the urban renewal operation should be speeded up before it seeks additional funds?

Mr. FAY. The amount which has been committed, as I understand it, is not available for the use of cities other than those to which it has been committed. So that it seems to me that we are coming fairly close to the limitations of the present fund. As a matter of fact, the urban renewal program is already out of money for all practical purposes.