

This leads naturally into our second comment: Whether it is realistic to think that there can be 60 or 70 high-quality demonstration programs funded out of the \$2.3 billion figure that has been set as the price tag for this program. It is our view that no less than the suggested 60 or 70 demonstrations can provide useful experiences in dealing with the wide variety of situations outlined above. Therefore, NAHRO feels that, if this program is to accomplish its stated purpose—to demonstrate what a number of cities can do given the necessary resources—we must be prepared to commit a great deal more than \$2.3 billion even to begin the job.

As to area, or areas to be included in the demonstration, NAHRO feels that noncontiguous areas should be eligible for consideration as part of a city's demonstration program. The President spoke of providing flexibility so that cities can determine the nature and extent of their demonstrations. Large cities might well want to attack only one section, or neighborhood, but medium and small cities should have the opportunity to present truly citywide proposals to treat all their blighted areas if they so desire.

Mr. Chairman, we have commented on three specific aspects of the demonstration cities program. We should now like to revert to our earlier point: our concern that existing Federal assistance programs—especially the new programs enacted in 1965—may not be funded adequately to realize their highest potentials.

The most critical need for funding as we see it is for the urban renewal program.

When NAHRO testified before this subcommittee in 1965, we stated that the administration's request for \$2.9 billion in capital grant authorization for urban renewal projects fell considerably below the demonstrated need for funds. We stated at that time:

The sad fact is that, in the past, the Urban Renewal Administration has run out of capital grant funds and has been unable to keep up with local programs, thus creating serious problems for the cities. Start-and-stop programs mean that local staffs cannot be kept intact, that project boundaries have to be cut back, and that long-range planning and programming must be undertaken without assurance that funds will be available to carry out projects.

We concluded:

In view of the fact that applications to the Urban Renewal Administration have twice exceeded \$1 billion a year, when sufficient grant funds were authorized, and that since then the number of participating cities has increased, we recommend that the Congress authorize a total of \$6 billion to be committed for capital grants over a period of 4 years, but without limitation in any one year.

We regret to inform you that we underestimated the seriousness of the shortage. We have since followed the monthly figures on supply and demand for urban renewal funds. Urban Renewal Commissioner Slayton provided the subcommittee with a glimpse of those figures on the first day of the hearings, when he predicted almost \$1 billion in urban renewal backlog by the end of this fiscal year. Additional demands on the same total renewal authorization will come from cities embarking upon concentrated housing code enforcement programs, demolition programs, and rehabilitation grant programs—all authorized as grant-in-aid programs by the Congress last year. Thus we are faced with the most serious gap in the history of this program between the cities' needs and the Federal Government's supply of urban funds. We face that gap at a time when this bold demonstra-