

Mr. ST GERMAIN. In Chicago now they say they also have a fund which they have developed to use to improve these properties that are capable of improvement on an economic basis for resale or repurchase by the original landlords.

Mr. DAVIDOFF. Yes, I think that that is along the lines that we contemplate. The exact method is not necessary. What is important that HUD review this action and see—as recently in New York, and I am sure it is true in other cities—that local government, and as Congressman Widnall pointed out, Federal Government frequently does not obey its own standards, to make sure that the cities are acting to maintain a high standard. Now, one of the great problems—I think it is true in New York City—is that there are not adequate funds available for the city. It has receivership powers, but it has very limited funds. And one of the things that we have discovered is that rehabilitation is a terribly costly program—

Mr. ST GERMAIN. And if you read the testimony Friday, you find that they raised funds by voluntary contributions from business people who are interested and who I imagine feel that this action is improving the value of their own property, and this is therefore welcome. And it is a resolving thing, either we sell, or we purchase the properties that are taken over by this receivership.

I have one comment on this. There are quite a few points that I agree with you on. I would say that your overall statement is one of the ultimate utopian goals. And it is grand. By the same token I wonder how frank you are being in making these suggestions to us on page 5, No. 2. There is a followup to No. 1 that you quoted to Congressman Widnall in answer to one of his questions, and you say, "In short, public policy should not force a city to choose between its Harlem and Bedford-Stuyvesant. If you were aware of the course that was cited to us by any one of these individual sections of New York City—let's be practical. True, the tax gambit you tell us about is grand. And I agree with you, we would like to have all of this done. But by the same token, let's get down to dollars and cents and realize that though many of us would like to do this we will never be able to do it. And therefore I submit that if we could have these things, we would be happy to have them. But at the same time, would you tell us what you feel is practical about them, what we actually do under existing circumstances other than what Congress has now constituted?"

Mr. DAVIDOFF. Can I respond to that by saying that I think that there is much in this testimony that is very practical. I think the proposals on effecting the Internal Revenue Code are practical at this time.

Mr. ST GERMAIN. Unfortunately, we don't face the needs.

Mr. DAVIDOFF. We do understand. But we do think they are practical and not utopian. I think the major emphasis placed on relocation to suitable insurance. To take relocation back into the slums is not utopian.

Mr. ST GERMAIN. This is the biggest problem we have on renewal in many of these programs, how do you relocate these people properly, how do you put them into housing that will be better than what they have been in. I agree with you that you should not move into other areas that is going to be slum housing all over again in a short period of time, because you are certainly not improving, let alone their physical environment, but their mental environment.