

renewal commitments which will be generated by the demonstration cities program can be accommodated only through a curtailment of urban renewal funds for other eligible projects either in the same cities or in other communities not participating in the demonstration program.

The alternative, which we strongly urge this committee to consider, is to increase substantially the urban renewal authorization. Prior to the submission of the proposed Demonstration Cities Act by the administration, the Board of Directors of the National Housing Conference, acting on the recommendations of its broadly based legislative policy committee, urged in December 1965 that the capital grant authorization for urban renewal be increased by \$1 billion per year for a 3-year period. This was based on the evidence of constantly increasing local demand for urban renewal assistance and such action is even more pertinent now in view of the further demands which will be generated by the demonstration cities program.

If such action is not feasible at this session of Congress, as a minimum we strongly recommend that the balance of the contract authority of \$2,900 million made available by the 1965 act for a 4-year period be released without limitation as to fiscal years. This would have the result of satisfying present backlog demands, the continuing applications which will be filed by communities at an increasing rate, and the increased demands which will be generated by the demonstration cities program. This would also place the Congress in position to reappraise the long-term continuing need for urban renewal funds in 1967 or 1968. Because of the long leadtime involved in urban renewal activities between the initial commitment of capital grant funds and their actual expenditure during project execution, the impact of such action on budgetary expenditures in the next 2 fiscal years would be of very small proportions.

Three, in the light of the far-reaching objectives of the Demonstration Cities Act, comparable problems of underfinancing would be presented by related grant programs authorized by the Housing and Urban Development Act of 1965 which would be involved in many if not all of the local demonstration programs. I refer particularly to the programs for grants for basic water and sewer facilities, grants for neighborhood facilities, and grants for urban open space and beautification.

As stated previously, the National Housing Conference is strongly in accord with the objectives of the bill for an increase in the supply of adequate housing for low- and moderate-income families and individuals as an indispensable element in the undertaking of the proposed demonstration programs. We point out to the committee that the accomplishments of this objective and the satisfaction of the relocation requirements of the bill will necessarily require the development of new housing and related community facilities either on vacant land or on other sites not involving substantial residential displacement. We, therefore, recommend to the committee that clarifying language be incorporated in the bill recognizing that Federal assistance will be necessary for such residential development, whether or not contained in the demonstration program area as such or within the municipal limits of the cities involved.

In concluding my comments on the Demonstration Cities Act of 1966, I wish to reiterate the strong support of the National Housing