

The second amendment—section 105 of the bill—involves an even greater and more fundamental departure from the program as originally conceived and enacted. As we said earlier, the purpose of this program is to make adequate existing housing available for low-income families.

The amendment would change so-called section 23 housing from one limited to the leasing of existing houses to one which would be available for the leasing of both existing and new housing. Of the 60,000 public housing units per year authorized by the 1965 act the Public Housing Administration advises that 10,000 units would be available for section 23 housing. If this amendment is approved, all of this allocation could be directed to new construction, thereby negating the purpose and intent of the Congress in enacting section 23. The House report on the 1965 act devotes considerable language on pages 11 and 12 emphasizing that this program is designed to tap the supply of privately owned existing housing as a supplement to the basic program of new construction. The proposed amendment permits the Department to change section 23 housing to new construction. It should be rejected by this subcommittee.

Mr. Chairman, that concludes my testimony.

Mr. BARRETT. Thank you very much, Mr. Emlen.

Even though I cannot agree fully with your statement, it is a well-done statement and I am sure both sides will look at it very carefully.

However, Mr. Emlen, your statement is critical of the President's demonstration grant proposals and I gather that the primary reason you are opposed to the supplemental grant is that you feel that Congress has already given the cities ample funds through the urban renewal program.

Now, you may know that even though we authorized about \$700 million a year for the last 4 years, that this authorization has proved, I would think, totally inadequate. There is a large backlog now of approximately \$500 million in applications for which no funds are available and the backlog is rising rapidly.

I want to ask you this question. It would seem to me that your position logically is a recommendation, instead of providing additional funds for supplemental incentive plans, that we should greatly increase the authorization for urban renewal funds. Would that be a fair statement of your position?

Mr. EMLLEN. Well, if I interpret your question correctly, would my answer be that we should reject this cities demonstration bill and increase urban renewal allocations under existing programs to take care of this backlog? Of the two alternatives, yes; our association, Mr. Chairman, has been consistently for urban renewal over a period of many years and now our policy statement has reflected it. Therefore, if the situation exists where we have a backlog of applications and funds are not available to take care of this backlog, then under existing programs which we already approved, I would suppose my answer would be "Yes."

Mr. STEWART, would you like to add anything to that?

Mr. STEWART. Well, as to the demand for a demonstration program, we have had a degree of Federal cooperation in the cities in this field now since 1949 and I think that our association feels it has produced some demonstrations, that it is not necessary now for the Federal