

FUNDS REQUIRED FOR THE DEMONSTRATION PROGRAM

Table 2 summarizes the cost elements of the demonstration program in a simplified form. Rather than hazard a firm estimate of total cost of the program, we have set forth the total amount of public funds that should be reserved for its execution. Note should be taken of two items which would substantially alter the total requirements. The first is land acquisition. This is significant because it is difficult at this writing to determine precisely to what extent returns from resale of acquired land would reduce the land acquisition cost. The second item is schools. Under the Elementary and Secondary Education Act of 1965, which provides construction funds for experimental schools, we would hope to cover the entire cost of the school plant required for the new K7-4-4 program.

If the cost for schools is not admissible, then the total Federal grant required for this program, using the demonstration cities program formula, would be reduced to \$450 million. Further, regardless of what level acquisition costs would reach, we can feel sure that the total required Federal share would be upward of \$400 million.

The amount of private investment generated by this program can only be guessed at. Our program calls for 7,000 new dwelling units to be constructed by the private market and major expansion in commercial centers over the entire area. The \$10 million revolving fund for economic development could conceivably generate 10 times that amount of private expenditure.

Some idea of the magnitude of the required contributions by the city under this program can be gotten if it is assumed that no part of the land acquisition cost will be recovered. From table 2 it will be readily seen that the local contribution for the 6-year period would amount to \$17 million.

To summarize, the city administration takes the position that funds amount to less than what is proposed herein would be inadequate and unsatisfactory if the stated goals of the program are to be realized.

TABLE 2.—Budget for the proposed Philadelphia 6-year demonstration program

Applicable Federal program	Estimated reservation of funds	Estimated Federal share under demonstration program	Projects
Title I:			
Land acquisition.....	\$80,000,000		7,000 new dwelling units. 16 new or improved commercial centers.
Public improvements.....	5,000,000		13 new or improved recreation centers.
Code enforcement.....	8,000,000		Street improvements, utilities, etc.
Rehabilitation program.....	140,000,000		110,000 structures. 28,000 substandard dwelling units.
Total.....	233,000,000	\$218,000,000	
Public housing.....	174,000,000	174,000,000	14,700 dwelling units.
Poverty program.....	50,000,000	49,000,000	Training and social improvement.
Economic development.....	10,000,000	9,000,000	Revolving investment fund.
Schools.....	150,000,000	150,000,000	Experimental program—22 new schools.
Total.....	617,000,000	600,000,000	