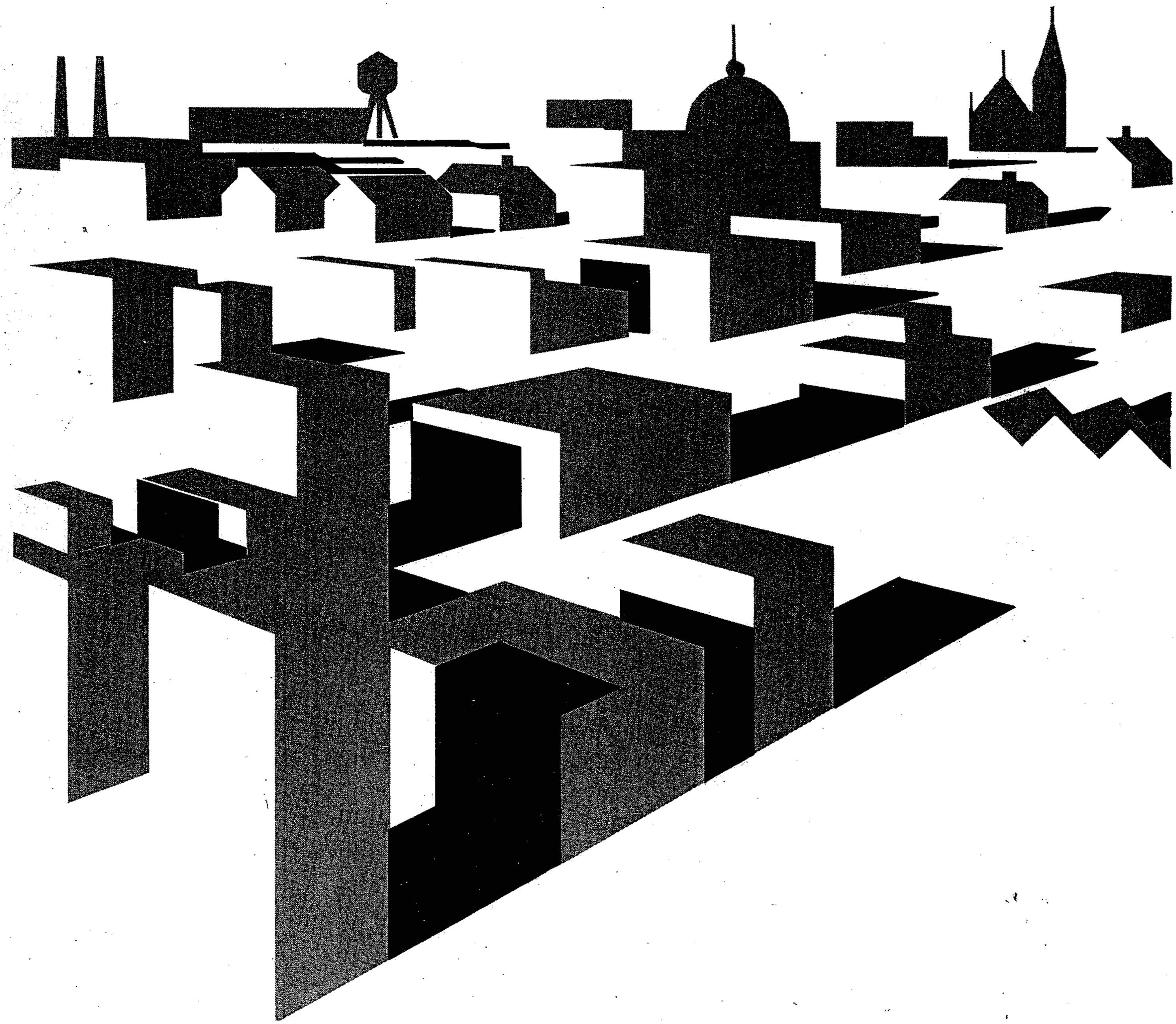
U.S. Department of Housing and Urban Development
Office of Community Planning and Development

1982 Consolidated Annual Report to Congress on Community Development Programs

(CDBG, UDAG, Section 312, Urban Homesteading)



HUD

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

April 7, 1982

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the provisions of Section 312(k) of the Housing Act of 1964, as amended, and Sections 113(a) and 810(e) of the Housing and Community Development Act of 1974, as amended, I am pleased to forward to you a consolidated and condensed annual report on the Department's principal community development programs--Community Development Block Grants (CDBG), Urban Development Action Grants (UDAG), Section 312 Rehabilitation Loans, and Urban Homesteading.

This Consolidated Annual Report to Congress on Community Development Programs contains, for the first time in one report, information on four Federal development assistance programs administered by the Department of Housing and Urban Development. These programs--CDBG for entitlement and small cities, UDAG, Section 312, and Urban Homesteading--assist local governments in improving conditions for residents of our Nation's cities. The programs provide funding for localities to use for revitalizing the community, for creating business opportunities and jobs, and for rehabilitating property. This report discusses major topics and issues related to the implementation of the programs during Fiscal Year 1981 and the long-term trends associated with these programs.

Samuel R. Pierce, Jr.

CONSOLIDATED ANNUAL REPORT TO CONGRESS ON COMMUNITY DEVELOPMENT PROGRAMS

Incorporating Annual Reports for FY 1981 on the
Community Development Block Grant Program
Urban Development Action Grant Program
Section 312 Rehabilitation Loan Program
Urban Homesteading Program

U.S. Department of Housing and Urban Development
Office of the Assistant Secretary for Community Planning and Development
Office of Program Analysis and Evaluation

March 31, 1982

CONSOLIDATED ANNUAL REPORT TO CONGRESS ON COMMUNITY DEVELOPMENT PROGRAMS

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EXECUTIVE SUMMARY

1982 REPORT TO CONGRESS ON COMMUNITY DEVELOPMENT PROGRAMS

This report to Congress describes and analyzes activities comnunities have undertaken to meet the purposes and legislative objectives of the community development programs administered by the U.S. Department of Housing and Urban Development (HUD). These programs, authorized by Title I of the Housing and Community Development Act and by the Housing Act of 1964, as amended, are commonly known as the Community Development Block Grant, the Urban Development Action Grant, the Section 312 Rehabilitation Loan, and the Urban Homesteading programs. They provide Federal assistance to increase communities' efforts toward improving housing conditions, conserving energy supplies, expanding business opportunities and jobs, and revitalizing blighted areas in our Nation's cities and counties.

The CDBG program is a single, flexible means for large and small communities to address locally-defined development needs. Larger cities and urban counties receive annual entitlement grants to finance their own comprehensive development strategies. Small cities and non-urban counties may receive funds for both single purpose or comprhensive local development projects they propose. State governments now have the option to design the distribution system for small city grants.

The Urban Development Action Grant program is directed to distressed cities and urban counties and to "pockets of poverty" in otherwise nondistressed communities and uses the strategy of a public-private partnership to strengthen the economic, employment, and tax bases of these comnunities. Whereas Action Grants provide economic development in distressed areas, the Urban Homesteading and Section 312 Rehabilitation Loan programs focus on expanding and upgrading the housing stock in neighborhoods experiencing abandonment and decline.

COMMUNITY DEVELOPMENT BLOCK GRANTS: Background and Entitlement Program

Recent Initiatives. Congress and the Department undertook several major actions in 1981 to eliminate unnecessary restraints on local flexibility and to reduce excessive administrative and compliance costs and burdens. Congressional amendments to the CDBG entitlement program eliminated application and preapplication review requirements; modified the restrictions on some program elements, and expanded the list of eligible activities to include planning activities and funding of private firms in support of economic development projects. In response to Executive Order 12291, HUD reviewed the entitlement, small cities, and environmental review regulations. This initiative along with the 1981 legislative changes in the CDBG program will reduce, it is estimated, the volume of Federal regulations for program recipients by one-half.

In addition, the Department has increased its monitoring for fraud, waste, and mismanagement and provided a special notice to the field detailing administrative procedures for implementing this initiative. Similarly, a Notice was issued to the field offices describing steps that could be taken within the framework of existing regulations to increase local discretion in the preparation of 1981 program year entitlement applications.

Funding Levels. In FY 1981, the Comnunity Development Block Grant program received a Congressional appropriation of $3.695 billion, representing a 2.2 percent decrease from the previous year which reflected the Administration's overall aim to control government spending in order to reduce inflation. The impact of the decrease in appropriations is expected to be minimized by the greater flexibility afforded grantees through the reduction in administrative burden and compliance costs and for the additional savings through efforts to eliminate waste and to improve management of the CDBG programs. The 1981 appropriation was distributed among communities in the following way: 72 percent was allocated to 557 participating entitlement cities and 86 urban counties, 25 percent went to 1880 small cities, and three percent was given to the Secretary's Fund for 300 grants and contracts.

Expenditure Rates. As of the end of calendar year 1981, CDBG grantees as a group expended nearly 80 percent of the $18.2 billion assigned to them during the seven program years. Over that time, entitlement and small cities grantees increased their spending rates in every year. For example, Entitlement Cities, the group which accounts for about seven-tenths of the funds, increased their annual spending rates (a year's spending divided by a year's assignment) from two percent in the first year to 108 percent in fiscal year 1981. An examination of increasing expenditure rates indicates that local comnunities have increased their capacity to design and implement in a timely manner, CDBG funded community development programs.

Program Objectives. In the 1981 program year, entitlement cities, urban counties, and small cities budgeted funds for the nine specific CDBG program objectives in a way similar to previous years. The largest share (42 percent) of funds was allocated to the program objectives associated with the elimination of slums, blight, and detrimental conditions. Emphasis on the preservation and conservation of the Nation's housing stock continued to increase and now represents 38 percent of all CDBG program spending. The other national objectives received less funding.

There were some differences in funding for the program objectives among the three types of grantees. Urban county and small city grantees emphasized the elimination of slums, blight, and detrimental conditions more than entitlement cities. The latter group tended to budget equal shares to housing preservation and to the elimination of slums, blight, and detrimental conditions.

Entitlement City Activity. Entitlement city expenditures for the 1979 program year accounted for 47 percent of all funds approved that year. The majority of those expenditures went to public works related projects ($431 million) and housing rehabilitation activities ($351 million). A comparison between planned and expenditure figures indicated that entitlement cities were, on average, spending their 1979 program year CDBG funds very much as they budgeted for and described in their applications for that year. For example, 27.4 percent of the 1979 funds were budgeted for public works, and 26.8 percent of 1979 funds were expended for that activity in that program year.

Local Purposes of 1981 Spending. An examination of spending with regard to local purposes shows that in 1981 entitlement cities budgeted almost half of their funds, 49 percent, for the purpose of conserving or expanding the housing stock. Thirty-three percent was allocated to neighborhood preservation and public improvement purposes. Significantly smaller amounts were budgeted for social service (9%) and economic development (8%) purposes.

As in past years, most entitlement city 1981 funding (62 percent) was planned for activities in low- and moderate-income census tracts. This is approximately the same amount budgeted to these tracts in 1979 and 1980.

Three distinct patterns were present concerning the budgeting of 1981 CDBG Entitlement funds. These patterns were associated with city size and degree of distress. First, larger more distressed entitlement cities primarily emphasized housing conservation while allocating smaller but significant percentages of funds to other physical and economic development projects, and to social services. Second, smaller distressed entitlement cities allocated the majority of their funds to housing conservation and neighborhood preservation, each receiving about 40 percent of CDBG funds; they also budgeted a significant amount, 13 percent, for social services. Third, non-distressed cities and smaller moderately distressed entitlement cities budgeted their funds in much the same way as the distressed small cities, except that they allocated only a very small amount to public services.

COMMUNITY DEVELOPMENT BLOCK GRANTS: Small Cities Program

Legislative Changes. FY 1981 was a year of changes for the Small Cities program. Congress enacted legislation to provide States an option to assume complete program responsibilities in FY 1982, and key program actions in FY 1981 were preparations for this transition. The legislation also eliminated the HAP requirement for Small Cities and ended separate metro and non-metro funding categories.

State Transfer Activities. HUD activities in FY 1981 to facilitate State assumption of the program included participation in briefings by the White House Conference on Block Grants in 8 regions, preparation of 25 Program Design and Implementation Forums for individual States specifically on State CDBG design and implementation issues, a major expansion of the State technical assistance program, and development of streamlined program regulations.

Two-State Demonstration. Kentucky and Wisconsin carried out a demonstration of State design and administration of grantee selections for the Small Cities program in FY 1981. The demonstration showed that States can adopt program responsibilities, develop and maintain the support of localities, and make significant innovations in program design. The results of the demonstration were an important contribution to the development of State transfer initiatives.

Funding Patterns. Funds available in FY 1981 for Small Cities program grants were $926 million and 1880 grants were approved during the year. Of this amount, $570 million was awarded for comprehensive grants and $356 million for single purpose grants. Per capita distribution is about the same for residents of small cities of all eligible sizes.

Program Simplification. Several program changes were made to the Small Cities program in FY 1981 aimed at simplifying the program and maintaining continuity. These changes included simplifying the HAP and increasing program impact factors in single purpose competition to make them equivalent with comprehensive. In addition, special bonus points were added for energy production and consistency with State development strategies.

Program Performance. During the year, HUD completed a number of analyses of the pre-State transfer Small Cities program, including a major contract evaluation of the program. These studies provide a detailed picture of program performance and of small city community development activities.

Grantee Selection. These studies show grantees most frequently use funds to meet housing rehabilitation, water and sewer, and street repair needs. About a quarter of all applicants receive grants in a year about 6100 different localities have received a grant or grants in the program.

Grantees tend to involve more groups in planning, use more technical assistance, have more citizen participation, and have closer contact with the HUD Area Office than unsuccessful applicants according to program studies. Grants have also tended to go to more experienced applicants, because of the decision to provide a larger share of funds for comprehensive grants. Applicants tend to seek a single purpose or comprehensive grant on the basis of their own perceived management capacity. They also show that technical assistance is widely available for all eligible counties, widely used, and well-liked. Regional Planning Agencies, consultants, State governments are frequent and popular providers, along with assistance from HUD field offices.

The Small Cities program has encouraged and rewarded a number of special achievements by grantees as well. Seventy percent of grantees get at least some project selection points for outstanding performance in housing, half for equal opportunity, and half for proposing projects that support energy production or conservation.

URBAN DEVELOPMENT ACTION GRANTS

Recent Initiatives: Regulations. UDAG regulations were revised in response to changes mandated by the legislative amendments of 1980 and 1981. These changes placed greater emphasis on economic distress and recovery as the purpose of the program; clarified expected applicant performance in meeting eligibility requirements; eliminated requirements for citizen participation plans and A-95 procedures; required that applications contain certifications relating to compliance with historic preservation and relocation, and eliminated the requirement of a reasonable balance among project types in the selection process.

Recent Initiatives: Administrative Changes. In response to recommendations of a HUD Impact Evaluation Study undertaken at the request of the Secretary, the UDAG program office initiated a number of administrative changes. These changes are designed to assure that UDAG subsidies are awarded only when absolutely necessary; to increase the probability that projects will be financially viable; and to improve the accuracy of projected benefits associated with proposed projects.

Leveraging. During its first four years, grants of over $2.0 billion were awarded to 1,113 projects in distressed communities. These awards leveraged private investment commitments of $12.1 billion and $1.4 billion in other public funds, bringing total planned investment in UDAG projects to more than $15.5 billion. In FY 1981, 410 projects received awards totalling $664 million and leveraging $4.5 billion of private investment commitments. Planned private investment in FY 1981 projects was more than 80 percent of total costs, the highest level in the history of the program, and the average UDAG grant dropped to $1.6 million, its lowest level.

City and Distress Distribution. Metropolitan cities account for three-fourths of all UDAG dollars and almost three-fifths of all projects with the remainder going to small cities. Of all projects, the largest proportion is located in the most distressed eligible cities. When eligible communities are divided into five equal groups based on their levels of distress, about two-thirds of all UDAG projects and dollars in metropolitan cities and one-half in small cities are located in the two most distressed groups.

Project Types. The number of projects funded in each of the three project types--industrial, commercial, neighborhood--is nearly equal, but commercial projects account for almost half of all UDAG dollars

Geographical Distribution. After four years of program operation, the Northeast, with 28 percent of the eligible population, has received 32 percent of the UDAG dollars. The North Central Region, which also has 28 percent of the eligible population, accounted for 33 percent of the dollars. The South has 30 percent of the eligible population and has received 25 percent of the dollars. Awards to the West, with 14 percent of the population, accounted for 11 percent of the dollars.

Incentives. About two-thirds of UDAG dollars are used for direct incentives e.g., loans. Of total UDAG funds, slightly less than a third is used for indirect incentives; and the balance of roughly 3 percent is used for relocation. Loans are the most popular direct incentive and, along with land writedowns and site improvements, account for nearly all of the direct incentives. The proportion of UDAG grants used for direct incentives was 80 percent in FY 1981 projects continuing a steady increase from 50 percent in FY 1978 and FY 1979 and 70 percent in FY 1980. The move to direct incentives is almost exclusively a shift to repayable incentives.

Jobs. When the 1,113 UDAG projects are completed, they are expected to create nearly a quarter of a million new jobs and save over 100,000 other permanent jobs. Sixty percent of the planned new jobs will go to low- and moderate-income persons. In addition, the projects will generate an estimated 227,500 construction jobs.

Housing. Projects with housing components are anticiapted to produce about 60,000 units, more than 'half of which involve rehabilitation with the balance being accounted for by new construction.

Fiscal. When completed, the UDAG projects are expected to generate $223 million in annual property taxes. For every dollar of Action Grant funds, 11 cents in additional property taxes wi11 be generated annually.

Progress. Progress toward achieving potential impacts was examined for 874 Action Grant projects that had grant agreements executed by the end of FY 1981:

- twenty percent of the 874 projects had completed all construction work, and another 18 percent were nearly complete;
- over 50,000 new permanent jobs were created, representing 23 percent of eventual planned employment. Fifty-eight percent of the new permanent jobs went to low- and moderate-income persons; twenty-three percent were filled by members of minority groups.
- over 6,700 housing units were constructed or rehabilitated, representing 15 percent of planned units. Fifty-seven percent of the completed housing was for low- and moderate-income families; and
- annual property taxes increased by $8.7 million, accounting for 6 percent of planned property tax revenue.

THE SECTION 312 REHABILITATION LOAN PROGRAM

Recent Initiatives. In FY 1981, Section 312 program operations were funded from loan repayment proceeds and recoveries of prior years' obligations. Program changes made during the year included: (1) a reduction in fund categories, and (2) a change in the allocation formula that was designed to more directly reflect economic and physical distress. No deregulation or new rule-making activity occurred.

Debt Collection. Section 312 debt collection efforts in FY 1981 substantially reduced loan delinquencies and significantly improved collection efforts. The delinquency rate fell from 19 percent in 1980 to 11.5 percent in 1981. Moreover, when late payment cases were removed from the delinquency analysis, the effective delinquency rate as of December 31, 1981 was six percent. Furthermore, the number of defaulted loan cases referred for legal action increased more than ten times over the previous year's level.

Fund Distribution. Section 312 fund commitment levels remained high in FY 1981, and fund distribution patterns shifted only slightly, producing a small tilt toward larger, UDAG-eligible jurisdictions. Loan activity levels declined in proportion to funding, but less so in the case of multifamily lending. Participating communities were mostly economically and physically distressed, CDBG entitlement recipients.

Loan Characteristics. Loan characteristics for FY 1981 essentially mirrored those of previous years and with the exception of a continued rise in rehabilitation costs, the same can be said of the types of properties assisted during FY 1981.

THE URBAN HOMESTEADING PROGRAM

Recent Initiatives: There were no legislative changes made to the Urban Homesteading program in FY 1981, and only minor administrative changes were made through Handbook revisions. However, as part of its effort to eliminate opportunities for fraud and mismanagement, the Department reconciled in-house management information to official accounting records. For FY 1982, the Department intends to expand its efforts to improve expenditure rates and increase staff productivity at both the Federal and local levels. Also, a proposal for a multifamily homesteading demonstration was developed during FY 1981.

Funding Status. Cumulative program data indicate that $16.4 million of the $55 million Congress had appropriated for the Section 810 Urban Homesteading Program remained unobligated as of September 30, 1981. A cumulative total of $49 million in Section 810 funds had been allocated to local homesteading programs.

Localities Participating: By the end of FY 1981, 96 communities had been approved for participation in the Urban Homesteading program. These 96 local programs are generally clustered in the north central and northeastern sections of the country where the bulk of the HUD single family inventory is located.

Property Transfers: By the end of FY 1981, local Urban Homesteading programs had acquired 6,133 properties from all sources. The great majority of these properties were transferred from HUD; less than two percent came from the VA and FmHA; about 10 percent were acquired locally.

Milestones Achieved: Eighty-four percent of the properties acquired for urban homesteading had been conditionally conveyed (i.e., transferred to homesteaders pending successful completion of all program requirements), and 76 percent had been occupied by the homesteader. Rehabilitation had begun on 82 percent and completed on 62 percent of the properties. Fee simple title to 22 percent of the properties had been transferred to homesteaders who had completed the minimum three-year occupancy period and met all other program requirements.

INTRODUCTION

This Report to Congress on Community Development Programs contains information on four Federal development assistance programs administered by the Department of Housing and Urban Development. These programs — the Community Development Block Grant (CDBG) program, the Urban Development Action Grant (UDAG) program, the Section 312 Rehabilitation Loan program, and the Urban Homesteading program--assist local governments in improving conditions for residents of our Nation's cities. The programs provide funding for localities to use for revitalizing the community, for creating business opportunities and jobs, and for rehabilitating housing. This report discusses major topics and issues related to the implementation of the programs during fiscal year 1981 and the long-term trends associated with those programs.

The first chapter presents background information on the Community Development Block Grant program and detailed information regarding the CDBG Entitlement program. The CDBG program is the Department's principal community development program to assist localities in undertaking activities which benefit low- and moderate-income families, eliminate slums and blight, or meet local urgent needs for which there is no other source of funding. Information is included on the 1981 legislative and regulatory initiatives which will shape the national program in the coming years. The discussion focuses on the distribution of funding among entitlement communities, small cities, and Secretary's fund grantees. It discusses the activities undertaken by entitlement communities and small cities in relation to legislative objectives. The chapter also includes information on the local program purposes which are being addressed by entitlement cities.

Chapter 2 provides information on the Small Cities Community Development Block Grants. The Small Cities program awards grants competitively for community development activities to communities with populations less than 50,000 persons in metropolitan and non-metropolitan areas and to non-urban counties. The chapter contains an analysis of 1981 funding and the performance of grantees. It also looks at the recent legislative changes which will affect the future of the program, including the State transfer initiative.

Chapter 3 discusses the progress and achievements of the Urban Development Action Grant program. Action Grants are awarded in conjunction with private sector investment in distressed communities. The chapter includes information on the grants awarded in fiscal year 1981.

Chapters 4 and 5 contain information about two housing rehabilitation programs, Section 312 Rehabilitation Loans and Urban Homesteading respectively. The funding for the programs is discussed and information on the communities, properties, and recipients participating in the two programs is included.

This document reports to the Congress on the achievements of HUD's major community development programs during the past year. It also discusses the issues which are pertinent to understanding the ways in which communities utilize Federal community development assistance and examines how recent legislative changes may affect community development activities in the next few years.

CHAPTER 1: COMMUNITY DEVELOPMENT BLOCK GRANTS: Background and Entitlement Program

In accordance with the provisions of Section 113(a) of the Housing and Community Development Act of 1974, as amended, this chapter reports on the progress of the Community Development Block Grant (CDBG) program during fiscal year 1981 and analyzes its current status in terms of patterns and trends over its seven year history. While the chapter contains descriptive and comparative information on the CDBG program, it focuses primarily on the Entitlement program. The information in the chapter is organized around three main topics: 1981 legislative and regulatory initiatives which will affect the future of the program, CDBG funding and program participation, and activities supported with Block Grants in relation to legislative objectives and program purposes.

The Community Development Block Grant program is the U.S. Department of Housing and Urban Development's principal program to assist local governments in addressing their community development needs. The CDBG program was established by the Housing and Community Development Act of 1974 which consolidated seven major community development-related, categorical grant-in-aid programs.

From 1975 through 1381, the Community Development Block Grant program distributed over $23 billion to entitiement cities and counties, small cities, and Secretary's Fund and Financial Settlement Fund grantees for community development activities and gave them broad discretion in determining the content of local programs.

The accomplishments of CDBG grantees have made a real and substantial contribution to improving conditions in communities throughout the United States. Tens of thousands of homes and apartments have been rehabilitated, preserving residential neighborhoods and refurbishing deteriorated housing. In many instances, energy conservation measures were included as part of the property rehabilitation process. With Block Grant support, cities paved streets, installed street lights, replaced sewer lines, and developed neighborhood parks and community recreation areas. These public improvements added to the vitality and appearance of communities and made conditions safer for people living in them. Accomplishments were not merely physical ones; they included the support of public services such as child care, services to elderly persons, and health care. CDBG funds also encouraged economic development by supporting local development corporations and by preparing the infrastructure for commercial and industrial expansion.

OVERVIEW

The 1981 Congressional Amendments to the CDBG program embody the Administration's policy of giving more authority for decisionmaking to localities and States. The legislation procedurally simplifies the Entitlement program by eliminating application and front-end review requirements, revising citizen participation requirements, removing restrictions on public facilities improvement activities, and modifying standards for funding public services. The Amendments increase local discretion and flexibility by allowing planning activities (formerly supported under Section 701(e)) and assistance to private businesses in support of economic development projects to be eligible for Block Grant funding.

In February 1981, HUD began a review of existing CDBG Entitlement and Small Cities regulations and Environmental Review Procedures under Title I in response to Executive Order 12291. The objective of this review was to eliminate unnecessary restraints on local flexibility and to reduce excessive administrative and compliance costs. As a result of the review and major changes required by the Housing and Community Development Amendments contained in the Omnibus Budget Reconciliation Act of 1981, HUD estimates that the volume of regulations governing CDBG program recipients will be reduced by over one-half.

Pending passage of the Housing and Community Development Amendments and completion of the regulatory review, HUD issued a notice to field offices in May 1981. The notice outlined steps which could be taken within the existing regulatory framework to increase local discretion and flexibility in the preparation of FY 1981 applications. In addition, new monitoring policies for eliminating fraud, waste, and mismanagement and for improving local administrative capacity were conveyed to field offices in a notice.

Congress has appropriated $26.7 billion for the CDBG program through 1982. CDBG appropriations were $3.695 billion for FY 1981 and $3.456 billion for FY 1982. These amounts reflected the Administration's overall aim to control government spending in order to reduce inflation. Although these represent decreases in funding, it is expected that the reductions in administrative costs resulting from program changes and the increased emphasis on eliminating waste and improving management will mitigate the impact of the reductions.

The FY 1981 appropriation was allocated among CDBG programs so that 72 percent went to entitlement jurisdictions, 25 percent went to small cities and three percent went to Secretary's Fund recipients. Of the 669 localities eligible for entitlement assistance, 643 (557 entitlement cities and 86 urban counties) received CDBG entitlement grants in FY 1981. Of the potential small cities grantees, 4,975 sent in preapplications and 1,880 were approved for the competitive grants as of February 1982. The Secretary's Fund awarded 300 grants and contracts in FY 1981.

Through December 1981, CDBG recipients spent $18.2 billion or 79.3 percent of all Block Grant monies assigned to them from 1975 through 1981. Tracing spending rates for entitlement communities and small cities over time shows increased annual spending by communities in every year. In FYs 1980 and 1981, entitlement communities reduced their unexpended balance by $29 million. This trend indicates the continuing gains made by grantees in building capacity and expertise in designing and implementing community development activities.

In FY 1981, entitlement cities, urban counties, and small cities emphasized two program objectives, the elimination of slums, blight, or detrimental conditions and the conservation and preservation of the Nation's housing stock. As a group, the grantees allocated 80 percent of all 1981 CDBG funds toward these two objectives.

An analysis of entitlement city activity in the 1979 program year shows that the grantees spent their funds very much as they budgeted and described in their applications. The largest share of 1979 program year expenditures, one-third, was expended on housing rehabilitation activities. The second largest amount, one-quarter, was spent on public works activities.

An examination of 1981 planned spending for entitlement cities illustrates three distinct patterns in funding purposes. First, non-distressed and smaller moderately distressed entitlement cities divided the majority of their funds between conserving and expanding the housing stock purposes and neighborhood preservation and public improvement purposes. Second, smaller highly distressed entitlement cities allocated most of their 1981 funds to preserving and expanding the housing stock (41%) and other physical improvements (41%). They also allocated 14 percent to supporting public services. Third, large moderately distressed and highly distressed entitlement cities allocated 55 percent of their 1981 funds for housing related purposes and another one-quarter for physical development purposes. They budgeted ten percent each to public services and economic development.

Overall, the majority of entitlement city 1981 funding (62%) was planned to take place in low- and moderate-income census tracts. This amount is similar to the amount of funds budgeted to these tracts in 1979 and 1980.

RECENT PROGRAM INITIATIVES

This section reviews the major regulatory, administrative, and legislative actions affecting the CDBG program undertaken during 1981. The discussion is focused on actions that affect the Entitlement program; a discussion of the changes in the Small Cities program is provided in Chapter 2 of this report.

The first part of this section reviews HUD's regulatory initiatives in 1981. The second part describes HUD's administrative policies for increasing local discretion and flexibility and reducing grantee administrative costs. It also describes the Department's monitoring policies for eliminating fraud, waste and mismanagement. The third part examines the major legislative changes to the CDBG program contained in the Housing and Community Development Amendments of 1981. Also discussed is the 1982 appropriation action.

REGULATORY INITIATIVES

The first major action in 1981 affecting the CDBG program was the issuance of President Reagan's Executive Order 12291 on Federal regulation on February 17.[1] The Order created the Presidential Task Force on Regulatory Relief and specified new requirements for agencies in formulating regulations. In response to the Order, the Department of Housing and Urban Development initiated a review of the Environmental Review Procedures of Title I and the Entitlement and Small Cities program regulations then in effect with the objective of eliminating unnecessary restraints on local flexibility and reducing excessive administrative and compliance costs. These three sets of regulations were also designated for review by the Presidential Task Force on Regulatory Relief.[2]

Prior to the completion of HUD's and the Task Force's reviews of existing regulations, Congress made significant revisions to Title I of the Housing and Community Development Act of 1974. The 1981 Amendments eliminated the statutory bases for a number of CDBG regulations which were the subject of the Department's review.[3] As a result, substantial reductions in the regulatory requirements on localities were achieved.[4]

Currently, HUD is preparing regulations in accordance with the 1981 statutory changes and the Administration's deregulation emphasis. In this regard, HUD is developing "comprehensive revisions to the regulations that eliminate administrative embellishments and retain amplifying provisions only to the extent mandated by the statute or where absolutely necessary for efficient administration of the program and the control of fraud, waste and mismanagement."[5] It is estimated that the volume of Federal rules governing CDBG program recipients will be reduced by over one-half.

ADMINISTRATIVE INITIATIVES

FY 1981 Application Reviews. A second action which affected the CDBG program occurred in May 1981. Pending completion of statutory and regulatory changes to implement the new Administration's policies, HUD issued a notice to field offices outlining immediate steps which could be taken within the existing law and regulations to increase local discretion and flexibility.[6]

Specifically, the notice provided guidance to field offices concerning review of FY 1981 CDBG entitlement applications. Several application review requirements were removed and others were simplified. The notice eliminated the administratively-developed percentage review threshholds for evaluating the extent of low- and moderate-income benefit. In their place, field office reviews of FY 1981 applications were to determine whether a local program, as a whole, was plainly inappropriate in meeting the stated needs of low- and moderate-income persons. The notice also reiterated that field offices were to determine whether a grantee's projected use of funds was developed so as to give maximum feasible priority to activities which would benefit low- and moderate-income persons, aid in the elimination or prevention of slums or blight, or meet other urgent community development needs posing a serious and immediate threat to the health or welfare of the community where there were no other sources of funding. In order to promote program flexibility and local discretion, the notice indicated HUD's willingness to grant waivers to regulations which were not statutorily mandated. In addition, restrictions relating to Neighborhood Strategy Areas (NSAs) and the use of funds for economic development projects were eliminated or simplified.

In response to the improper use of conditioning by some field offices in approving entitlement grants, the notice tightened the procedures for imposing grant conditions. Contract conditioning is an administrative action in which the full entitlement amount is approved but the obligation and utilization of funds for affected activities is restricted until the condition for remedying the noncompliance is met. Field offices were instructed to consider contract conditions for performance deficiencies only when the evidence of noncompliance would warrant a reduction of funds under Section 104(d). Field offices could continue to impose conditions concerning unresolved application deficiencies where it would have otherwise been necessary to recommend a grant disapproval or grant reduction, but the Central Office would be required to review and approve the factual basis for the finding of deficiency prior to the imposition of the condition. Affected grantees were to be promptly notified of HUD's conclusions and the possibility of contract conditions or other sanctions. The notice stressed that resolution of such issues through negotiations was preferred to the use of conditions.

Grantee Monitoring Policy. A third action affecting the CDBG program, a notice to field offices for on-site mon'toring policies for the subsequent six months, was issued on October 28, 1981.[7] The notice stressed the importance of eliminating fraud, waste, and mismanagement in the CDBG program. While continuing an emphasis on monitoring grantees' program progress and on compliance with maximum feasible priority, the notice added two priority areas related to waste, fraud, and mismanagement. First, rehabilitation loans or grants and public services, especially those carried out by subrecipients and third party contractors, were identified as "high risk" CDBG activities and, therefore, subject to receive close attention during monitoring. Second, the notice emphasized "program accountability" reviews of grantee management systems and sample reviews of projects to ensure compliance with Federal management standards.

In the interest of efficiency, field offices were given discretion to focus on-site monitoring activities on grantees with past performance deficiencies, with indications of current program noncompliance, and with a significant level of high risk activities. The notice encouraged field offices to stress objectivity, coordination of site-visits, and close consultation with grantees concerning problems and corrective actions to ameliorate them.

LEGISLATIVE INITIATIVES

The fourth and most significant action affecting the CDBG program was the enactment of the Housing and Community Development Amendments of 1981 as part of the Omnibus Budget Reconciliation Act of 1981. The Reconciliation Act was passed by the House of Representatives and the Senate on July 31 and signed into law by President Reagan on August 13, making the Amendments effective on that date.[8] Fiscal Year 1982 CDBG submissions will be prepared under the new statutory requirements. The effective date for amendments dealing with performance reports, reviews, audits, and grant adjustments is October 1, 1982.

Legislative Purpose. In testimony before Congress, Secretary of Housing and Urban Development, Samuel R. Pierce, Jr., stated that the Administration's proposals would "increase local flexibility and minimize Federal involvement, consistent with our desire to return power and decisionmaking to localities and states."[9] The 1981 Amendments enacted by Congress substantially reflect the Administration's proposals. The considerations underlying the legislative changes were stated in the Senate Report:

> Our intent is to greatly reduce burgeoning administrative hurdles forced in the path of local governments seeking "entitlement" community development grants. In so doing, it is our purpose to lessen significantly this improper Federal intervention in the local decision making process....

In the period since 1974, various pressures both from Congress and within HUD have worked both to narrow the focus of the program and to layer thicker and more restrictive regulations on the application and other phases of program administration. The number of pages of regulations now approach the 2,600 replaced in 1974. Federal intrusion into the local policy making machinery is real and direct. The notion of entitlement is, at best, clouded by the events of recent history.[10]

While expressing an intent to simplify procedures and to return the program to its original concept of local flexibility, the Senate Report also stated there was no intent to cause a substantive change in the program's focus. In this regard, it reaffirmed that the program's overall objective, contained in Section 101(c), was the development of viable urban communities through provision of decent housing and a suitable living environment and expansion of economic opportunities, principally for persons of low- and moderate income. The Report gave further direction concerning how this objective was to be achieved:

> As in existing law, this objective is to be achieved through activities which carry out the three broad national objectives governing block grant expenditures and referred to in proposed section 104(b)3: Activities which benefit low- and moderate-income families; aid in the prevention or elimination of slums or blight; or meet other particular urgent development needs. The choice of activities on which block grant funds are expended represents the grantee's determination as to which approach or approaches will best serve these primary objectives, subject to HUD's authority to determine whether the activities are plainly inconsistent with the primary objectives of the program.[11]

Statement of Community Development Objectives and Projected Use of Funds. The 1981 Amendments significantly revise the process of awarding grants to entitlement communities. The Amendments eliminate grantee application requirements, their reviews and comment by A-95 clearinghouses, and their approval by HUD. The application is replaced by a statement of local community development objectives and projected use of funds. The statement must be accompanied by certifications, satisfactory to the Secretary, that (1) the citizen participation and publication requirements have been met, (2) the grant will be administered in conformance with the Civil Rights Acts of 1964 and 1968, (3) the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums or blight or meet other community development needs having a particular urgency, (4) the grantee is in compliance with other provisions in Title I and other applicable laws, and (5) the community is following a current, approved Housing Assistance Plan (HAP). Unlike the previous law, the HAP is no longer required as a part of the CDBG statement and it is removed as a requirement for nonentitlement communities.

Citizen Participation Modifications. In lieu of the prior citizen participation requirements, the 1981 Amendments require grantees to furnish information to citizens concerning the amount of funds available for proposed community development and housing activities and the range of activities eligible for funding.. A draft statement must be published so as to permit affected citizens (or appropriate units of general local government) an opportunity to examine its content and to comment on both the draft statement and the grantee's community development performance. The grantee is also required to hold one or more public hearings to obtain the views of citizens on community development and housing needs. After considering comments and views, the grantee must make the final statement available to the public and then submit it to HUD. The Senate Report indicated a belief that adequate and effective citizen participation was a well-established element of the community development process and that the presence of existing state and local laws governing the local policymaking process would ensure appropriate citizen participation.

Public Service Activities. The new law removes most of the prior restrictions on the use of CDBG program funds for public service activities. It maintains the restriction that public service activities which substitute for local public service funding are ineligible. To ensure that the Block Grant program remains essentially a physical development program, the 1981 Amendments contain a provision limiting to ten percent the amount of any grant that can be used for public services. Communities whose 1981 program allocated more than ten percent to public services may seek a three year waiver of the limitation in order to phase down existing public service activities in an orderly manner.

Public Facility Funding Requirements. The prior law provided that certain public facilities were only eligible for Block Grant funding if they were described in the application and determined to be necessary and appropriate to meet the needs and objectives of the community development plan. The 1981 Amendments remove these restrictions and, therefore, substantially broaden the eligibility of public facilities for Block Grant funds.

Lump-sum Rehabilitation Payments. The 1981 statute eliminates the requirement that the Secretary approve, on a case-by-case basis, arrangements made with lending institutions concerning lump-sum payments for rehabilitation activities.

Performance Review Requirements. Although the application and review process for the Entitlement program is eliminated, HUD retains responsibility for undertaking, at least annually, appropriate reviews and audits of entitlement grantee performance. The Senate Report indicated that in the absence of the application the integrity of the program would be protected by requirements for performance reviews of grantees. The 1981 Amendments provide that for entitlement communities and small cities receiving funds from HUD, the performance review would determine whether the grantee (1) carried out its activities (and its HAP for entitlement grantees) in a timely manner; (2) carried out those activities and its certifications in accordance with the requirements and the primary objectives of Title I and with other applicable laws; and (3) has a continuing capacity to carry out those activities in a timely manner. As under prior law, the Secretary may make appropriate adjustments in annual grants in accordance with reviews and audits.

Performance Report Modifications. The new law continues the requirement that grantees submit a performance report to HUD, but it changes the report's content and timing. The performance report is to contain a description of the actual use of CDBG funds and the grantee's assessment of the relationship of such use to the community development objectives identified in the grantee's statement. In addition, the prior law's requirement that entitlement grantees submit an annual performance report is replaced by a provision that the Secretary may determine when such reports are to be made.

New Eligible Activities. The 1981 Amendments designate two new categories of activities eligible for CDBG funding. First, activities previously funded under the Section 701(e) Planning Assistance Program were made eligible for Block Grant funding. These activities include the development of a comprehensive plan, a strategy and action program to implement the plan, evaluations and studies related to the plan, and the administration of A-95 clearinghouse functions. Second, in order to make the Block Grant program a more flexible resource for local commercial and industrial aevelopment, private businesses in addition to non-profit entities are now eligible to receive necessary or appropriate CDBG assistance in support of economic development projects.

Age and Handicap Discrimination. The new law adds a provision specifically prohibiting discrimination in Title I programs and activities on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in Section 504 of the Rehabilitation Act of 1973.

Allocation Funding Revisions. The 1981 Amendments change the method for allocating and distributing appropriated funds. After deducting funds for the UDAG program and the Secretary's Discretionary Fund, the remaining amounts are allocated 70 percent to entitlement communities and 30 percent for small cities. The new allocation results in a funding shift of approximately five percent from entitlement to nonentitlement communities compared to the 80/20 percent split between metropolitan and non-metropolitan areas under the prior law. The increased amounts for non-entitled areas was intended to more closely correspond with the relative size and needs of these areas. The other five percent results from the inclusion of all small cities into a single program, whether or not they are located in metropolitan areas.

Authorization Changes in the Secretary's Fund. The 1981 Amendments reduce the authorization level for the Secretary's Fund from $104 million for Fiscal Year 1982 and $107 million for Fiscal Year 1983 to $60 million for each year. The new measure eliminates grants for areawide projects, innovative projects, disaster assistance, and grants to correct inequities resulting from the Block Grant formula. The new law retains the four other grant categories: the Indian Tribes and Alaskan Natives program; the Technical Assistance and Special Projects program; the Insular Areas program; and the New Communities program.

New State Small Cities Program. A major change in the CDBG program resulting from the 1981 Amendments concerns the creation of a new State-administered Small Cities program. States at their option now may administer the Small Cities program. If a State chooses not to participate or does not meet the eligibility or performance requirements, HUD assumes administration of the program. The State and HUD Small Cities programs are discussed in detail in Chapter 2.

1982 APPROPRIATION ACTION

A fifth action affecting the CDBG program was the FY 1982 Appropriation Act which provided $3.6 billion for the CDBG program.[12] However, the Appropriation Act also required HUD to reduce its total budget by four percent, providing that no appropriation account, activity, program, or project be reduced more than five percent or be terminated.[13] This action was part of the Administration's overall aim to control government spending in order to reduce inflation. Thus, the Department reduced the CDBG program by four percent to $3.456 million. The Secretary's Discretionary Fund was reduced from $60 million to $56.5 million, and the remaining funds were divided with 70 percent ($2.379 billion) for the Entitlement program and 30 percent ($1.020 billion) for the Small Cities program.

The FY 1982 appropriation action also imposed a limit of $225 million on the amount of total loan commitments that could be guaranteed under Section 108 during the year.[14] This was a $25 million reduction from the level authorized in FY 1981. Finally, the Appropriation Act provided that not more than 20 percent of any grant under Section 103(a) should be expended for "Planning and Management Development" and "Administration" as defined in HUD regulations.[15]

PATTERNS OF CDBG PROGRAM FUNDING, EXPENDITURES, AND PARTICIPATION

This section describes the current status of the Community Development Block Grant (CDBG) program and traces trends in program funding, expenditures, and participation.

The first and second parts of this section discuss CDBG appropriations and their distribution among program categories. The third part details the level of local program activity in the various program categories for FY 1981. The fourth part describes patterns and trends in program spending. The fifth part traces the closeout of Community Development projects funded under prior categorical programs, and the sixth part briefly discusses Section 108 loan guarantees.

The data for this section derive principally from budget and accounting documents maintained by HUD.

CDBG APPROPRIATIONS

Congress has appropriated more than $26.7 billion for the CDBG program in the 8 years between 1975 and 1982. CDBG funding levels increased annually from FY 1975 to FY 1980. In both FYs 1981 and 1982, however, actual funding levels declined. The FY 1982 appropriation was almost seven percent less than those of the previous fiscal year. The impact of this decrease is expected to be minimized by the greater flexibility afforded grantees through reductions in administrative costs and by savings produced through efforts to eliminate waste and to improve management of the CDBG programs.

The FY 1981 Appropriation Act provided $3.77 billion for the CDBG program. However, as a cost-saving measure, the Act also required HUD to reduce its total budget by two percent but directed that no deductions in any appropriations account, activity, or project exceed three percent.[16] The Department implemented an across-the-board two percent cut for each of the CDBG component programs, producing a FY 1981 funding level of $3.695 billion.

TABLE 1-1

CDBG APPROPRIATIONS, FISCAL YEARS 1975-1982
(Dollars in Millions)

1975	1976	1977	1978	1979	1980	1981	1982
$2433	$2802	$3248	$3600	$3722	$3781	$3695	$3456

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Budget Division.

DISTRIBUTION OF APPROPRIATIONS

In accordance with the Housing and Community Development Act of 1974, as amended, Block Grant funds are allocated to grantees in a two-stage process.[17] The first stage, the program level, provides for distribution of CDBG funds among the major CDBG program categories--the Entitlement program, Small Cities program, the Secretary's Discretionary Fund, and, through 1980, the Financial Settlement Fund. The second stage involves allocation of funds to individual communities within each program category. This section focuses upon the program level stage.[18]

The statute sets aside a designated amount for the Secretary's Fund and non-central cities under 50,000 persons within SMSAs. Eighty percent of the remainder is then allotted by formula among the entitlement jurisdictions. The remaining 20 percent is used for discretionary grants to non-metropolitan jurisdictions, that is, communities that are not located in SMSAs.

As a result, about 77 percent of all Block Grant monies available between FY 1975 and FY 1981 went to the Entitlement program component; about 19 percent went to the Small Cities category; and about two percent each went to the Secretary's Fund and Financial Settlement Fund categories. Sixty percent of all funds in the seven year period went to entitled metropolitan cities, 10 percent to entitled urban counties, and seven percent to hold harmless communities.

TABLE 1-2

DISTRIBUTION OF CDBG FUNDS BY FISCAL YEAR
(Dollars in Millions)

	1975	1976	1977	1978	1979	1980	1981	TOTAL
Entitlement Communities	$2096	$2353	$2660	$2778	$2730	$2722	$2667	$18006
Metro Cities	1558	1710	1906	2144	2192	2272	2222	14004
Urban Counties	109	209	329	372	412	450	445	2326
Hold Harmless	429	434	425	262	126	0	0	1676
Small Cities	259	345	438	628	804	956	926	4356
Secretary's Fund	27	53	51	94	88	85	102	500
Financial Settlement	50	50	100	100	100	12	0	412

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

The relative shares of the various program categories have shifted somewhat since the beginning of the program, but the changes result from redefinition of the categories rather than from changes in distribution among communities. The proportion of total funds allotted to metropolitan cities has remained fairly stable over the life of the program at about 60 percent of all CDBG funding. The amount distributed to urban counties has tripled as a proportion of the total appropriation, from four percent in FY 1975 to 12 percent in FY 1981. This increase results from the phase-in provisions of the 1974 Act that brought jurisdictions which were previously inexperienced with Federal community development programs gradually into full funding status.

The phase-out of the hold harmless category and the consequent growth in the small cities category have produced the most significant change in the distribution among program categories. Hold harmless jurisdictions which had received Federal community development funds through prior categorical programs, received 18 percent of the FY 1975 entitlement appropriation. By FY 1980, these communities (except for phase down grantees who continued to get basic entitlement grants) had been phased out of entitlement status and had entered into competition for the small cities grants. Since most of the hold harmless funding moved into the small cities category, the amount going to the small cities component has grown steadily from 11 percent in the first year to 25 percent of the total FY 1981 appropriation.

Both the Secretary's Fund and the Financial Settlement Fund have remained small elements of the Block Grant program because they were intended to offer supplementary monies to entitlement and small cities grantees for specific purposes or to provide assistance to specific populations ineligible for other forms of Block Grant assistance. Over the life of the program, each has been allotted about two percent of the program funds. Secretary's Fund grants comprised about 3 percent of the FY 1981 appropriation. No money was authorized for financial settlements in that year. The tiousing and Community Development Amendments of 1981 eliminated the Financial Settlement Funa.

FY 1981 PROGRAM OPERATION

Entitlement Communities Program. In FY 1981, 669 localities, 583 metropolitan cities and 36 urban counties, were eligible for entitlement grants. In that year, $2.2 billion in entitlement grants were actually given to 557 metropolitan cities, and $445 million were granted to 36 urban counties. (See Table 1-3.j

TABLE 1-3
FISCAL YEAR 1981 ENTITLEMENT APPLICATION STATUS
(Dollars in Thousands)

Status	Total		Metro Cities		Urban Counties	
	Number	Amount	Number	Amount	Number	Amount
Eligible	669	$2,667,098	583	$2,222,293	86	$444,805
Did Not Apply	26	21,103	26	21,103	---	---
Approved	643	2,645,017	557	2,200,266	86	444,751
Reouced to Zero/Partial Reduction	(6)	(978)	(4)	(924)	(2)	(54)

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division. Compiled by Office of Program Analysis and Evaluation.

Six of the approved grantees, four metro cities and two urban counties, had their grants reduce: one to zero and tne five others, partially.[19] Twenty-six eligible metro cities did not apply for entitlement grants.

~~Contract~~ Conditioning. Most deficiencies in local compliance with the requirements of the Housing and Community Development Act of 1974 and program regulations are resolved through letters and notices to grantees; however, HUD has used contract conditioning to remedy noncompliance. The conditional approval of an entitlement application is an administrative action in which the full entitlement amount due the grantee is approved, but the obligation and utilization of funds for affected activities is restricted until the condition for remedying the noncompliance is met. Such action is taken instead of an immediate grant reduction otherwise authorized by Section 104(d) of the Act in order to provide the grantee additional time for compliance.

In May 1981, HUD, in response to the improper use of contract conditioning by some area offices, issued a notice to the field which tightened the rules for area office imposition of conditions. (See page 4 for details). As a result, the number of conditions imposed in FY 1981, 201, was 41 percent of the number imposed (488) the previous year. The number of entitlement communities affected by conditioning decreased by 50 percent from 247 in FY 1980 to 124 in FY 1981. This represents a drop from 39 to 19 percent of all approved entitlement communities. The amount of entitlement funding held up by contract conditioning also declined substantially, from $235 million or nine percent of approved entitlement funding in FY 1980 to $145 million or five percent of approved entitlement funding in FY 1981.

The relative frequency of certain types of conditioning also changed in 1981. HAP implementation-related conditions decreased from 21 to 12 percent of all conditions from FY 1380 to FY 1981, and program progress-related conditions declined from nine to five percent of all conditions over the year. Conversely, conditions related to HUD Notice CPD 79-13 on Site Acquisition[20] increased from 12 to 24 percent of all conditions, and conditions related to financial management increased from four to nine percent of all conditions. The relative frequency of all other conditioning types remained nearly constant.

Small Cities Program. In FY 1981, Small Cities applicants sent in 4,975 pre-applications. Of these, 1.880 (38%) were approved amounting to $926 million as of February 1982. This dollar amount represented a decline of 2.9 percent from the FY 1980 level. Of the 1,880 approved applications (including prior multi-year commitments), 899 were single purpose grants and 981 were comprehensive grants. Chapter 2 discusses the Small Cities program operation in detail.

Secretary's Fund Program. In FY 1981, 300 grants totalling $102 million were allocated to communities from the Secretary's Fund. During FY 1981, monies from the Secretary's Fund were distributed among eight constituent programs based upon policy decisions made by the Secretary.

The 1981 Amendments eliminated four of the Secretary's Fund programs: the Community Development Disaster Assistance program; the Innovative Grants program; the Areawide Housing and Community Development program; and the CDBG Inequities program.

The Indian Tribes and Alaskan Natives CDBG program received appropriations of over $33 million in FY 1981, making it the largest single element in the Secretary's Fund. This program funds eligible CDBG activities to any Indian Tribe, band, group, or nation, including Alaskan Indians, Aleuts, and Eskimos and any Alaska Native Village which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act or under the State and Local Fiscal Assistance Act of 1972. One hundred and twenty-nine grants were distributed during the year to eligible applicants.

The next largest element in the Secretary's Fund is the Technical Assistance and Special Projects program. The Technical Assistance Program is designed to transfer the knowledge and skills necessary for successful implementation of CDBG programs and objectives. Through the Technical Assistance program, cooperative agreements, grants, and inter-agency agreements are executed with third parties to provide technical assistance to eligible participants.

This program has funded projects to support the development of housing rehabilitation and commercial revitalization, energy conservation and production, capacity-building in low income minority neighborhoods or small towns, and the promotion of public and private economic development. With the initiation of the States' Small Cities program, HUD has intensified efforts to offer Technical Assistance funds to states to support their assumption of the program.

Technical Assistance was allocated over $21 million in appropriations for FY 1981, a 135 percent increase over the previous year. During that year, HUD gave out 75 Technical Assistance grants and contracts.

The Community Development Disaster Assistance program provided funds in 1981 to States, Indian Tribes, and local governments in meeting emergency community development needs resulting from Presidentially-declared or other Federally-recognized disasters or emergencies (e.g., tornadoes, hurricanes, floods, earthquakes, and other catastrophes) for which funds are not available from any other source. As of October 1, 1981, 70 disaster-stricken localities had been assisted by the program since 1975. Forty-seven of these communities were damaged by floods.

During FY 1981, 16 disaster grants totalling $15,600,000 were given to 15 communities. Seven of these grants were made in response to flood-related disasters, two grants each in response to tornadoes, riots, and Cuban/Haitian immigration, and one grant in response to a typhoon.

Grant assistance in 1981 was provided to States and local governments under the Innovative Grants program to demonstrate innovative community development activities or techniques. Solicited pre-applications were made in response to grant competitions announced in notices published in the Federal Register. Finalists were invited to submit full applications. Unsolicited proposals could be submitted to HUD for consideration, with highly regarded projects invited to submit full applications.

HUD selected 17 communities to receive Innovative Grants of almost $12 million in FY 1981. Sixteen of the 17 grants (totalling $11 million) went to finalists in an energy conservation competition. Those communities were awarded grants to pursue energy activities and alternative energy supply technologies that could be applied to housing rehabilitation, neighborhood revitalization, and other community and economic development strategies.

The Areawide Housing and Community Development program provided .assistance in 1981 to States or units of general local government for eligible community development activities relating to the coordinated delivery of resources to lower-income persons living in non-metropolitan rural areas and the implementation of Areawide Housing Opportunity Plans (AHOPS). Areawide Housing Opportunity Plan implementation grants were awarded to facilitate the construction, rehabilitation, conservation, or acquisition of housing for low- and moderate-income families and persons outside areas of lower income and minority concentration.

As a result of a large rescission from the Areawide category in the former year, funding for Areawide grants increased from $618,000 in FY 1980 to over $9.3 million in FY 1981. HUD allotted grants to 55 communities during that year.

The Insular Areas CDBG program provides grant assistance for eligible CDBG activities to Guam, the Virgin Islands, American Samoa, the Trust Territories of the Pacific Islands, and-the Northern Mariana Islands. Annual funding for the program doubled from the previous fiscal year to $5 million in FY 1981. The five eligible recipients all received grants in FY 1981.[21]

Grant asssistance under the New Communities program is provided to States, local governments, community associations established in new communities, or to private developers to fund activities which support new community development under the New Communities Act. Basic community development activities such as infrastructure development and community facilities may be funded as well as any of the other activities eligible under the basic CDBG program.

Funding for the New Communities program has been declining since 1976. Its FY 1981 funding level of $4.9 million was only 61 percent of its previous year's funding level. Only two grants were given out during that year.

The CDBG Inequities program was designed to provide grant assistance to States and local governments to compensate for inequities resulting from the allocation formula of the CDBG program. No funds were allocated in FYs 1979 and 1980 to the CDBG Inequities program. One grant of $576,000 was provided in FY 1981.

PROGRAM SPENDING

Since the inception of the Block Grant program, expenditure rates have been commonly used as a measure of program progress and local capacity.[22] The assumption underlying their use as a performance measure is that the ability of a community to undertake community development projects is indicated by the speed with which it spends Block Grant funds. HUD, in addition to other Federal agencies, has considered spending rates to be a useful, if imperfect, indicator of local performance, particularly when used in concert with other measures. An examination of spending in the Block Grant program indicates that local communities have increased their capacity to design and implement their CDBG programs in a timely manner.

Current Levels of Program Expenditures. CDBG grantees expended a total of $18.2 billion of CDBG funds as of December 31, 1981. This represents 79.3 percent of all funds assigned to grantee accounts by HUD since initiation of the program. The corresponding figure through December 31, 1980 had been $14.3 billion or 74 percent of all assigned funds.

There is some variation in cumulative expenditure rates among CDBG program categories. As of December 31, 1981, the expenditure rate for the Entitlement program was 79.5 percent; for the Small Cities program, 74.2 percent; for tne Secretary's Fund, 63.7 percent; and for Financial Settlement, 79.3 percent.

This variation in rate of spending is due, at least in part, to inherent program differences. The expenditure rate for the Financial Settlement Fund, for instance, has been consistently high, because these grants are preconditioned funds to be drawn down by a specified date. Expenditure rates for the Secretary's Fund are less than all other Block Grant programs, in part because many of the programs constituting this category have lengthy application and/or project selection periods.

On the face of it, entitlement communities are, in the aggregate, spending their grants significantly faster than are small cities recipients. If, however, hold harmless grants are factored into the small cities category, the apparent difference between the entitlement and small cities categories is eliminated. The disbursement rate for the Metro Entitlement program is 78.5 percent; the disbursement rate for the Small Cities program and Hold Harmless components combined is 78.3 percent.

Trends in Entitlement Program Expenditure Rates. During the first several years of the CDBG program, the amount of undisbursed obligations grew steadily. Although this was to be expected for a program involving a considerable number of large scale and long-term physical development projects, by the end of 1978 the unexpended balance had grown to $4.45 billion; and the Appropriations Committee expressed concern, directing the Department to work towards halting this trend. During 1980, the Department identified grantees'having the lowest spending rates and recommended schedules to improve their performance. That year grantees, in the aggregate, spent an amount greater than the funds approved for them during the year. In July 1980, the GAO issued a report which expressed concern that the special emphasis the Department was placing on spending Block Grant funds created the potential for ineffective and inappropriate use of such funds. As a result, the Senate recommended reducing the appropriation for 1981 by $200 million; and this reduction was sustained by the Congress.

During 1981, entitlement grant recipients continued to show improvement, expending considerably more during the year than they received in new funds; and the Department has withdrawn spending as a priority objective. As a group, entitlement grant recipients have shown the capacity for programming and expending their annual grants; and there is no longer need for a national emphasis on spending. HUD will, however, continue to review each grantee's program progress, as required in the statute, in order to determine whether it may lack the continuing capacity to carry out the program in a timely manner.

The cumulative expenditure rate, which measures total entitlement funds expended as a proportion of total funds assigned, shows a clear trend: Slow spending in the early years of the program followed by accelerated spending in later years. The annual expenditure rate (all CDBG funds spent in a fiscal year divided by funds obligated in that year), which measures a community's progress in one year, illustrates the accelerating expenditure rate of entitlement communities. In FY 1977, grantees were spending at a rate of 64 percent of their annual grants; in FY 1981, this figure was 108 percent of their grants. Entitlement communities have, on average, been spending more money in FYs 1980 and 1981 than they received in those years.

TABLE 1-4

CUMULATIVE AND ANNUAL DRAWDOWN RATES OF CDBG
METRO ENTITLEMENT COMMUNITIES BY FISCAL YEAR

	1975	1976	1977	1978	1979	1980	1981
Cumulative	2%	28%	42%	50%	59%	68%	74%
Annual	2%	52%	64%	70%	90%	103%	108%

SOURCE: U.S. Department of Housing and Urban Development, Management, Office of Finance and Accounting. Computed by Office of Program Analysis and Evaluation.

Increased program spending has absorbed part of the unexpended balance of Block Grant funds. By the end of FY 1981, the balance for the Metro Entitlement program amounted to $4.43 billion.

The balance is, in great part, a product of the first years of the program. The amount unexpended during the first year of the program, FY 1975, was $1.8 billion. The unexpended balance increased over the first five years but by progressively smaller increments. By the end of FY 1978, an amount equivalent to the current unexpended balance had been amassed. In FY 1980, the unexpended balance decreased in size for the first time; during FY 1981 Entitlement grantees expended about $22 million more than their allotment for that year.

Grantees are not only, on average, spending more quickly but they are increasingly spending at roughly the same high rate. An analysis of program year drawdown rates for the largest entitlement grantees indicates that the large majority (86%) of these grant recipients have spent in excess of 70 percent of their annual grants, and relatively few (15%) have spent more than 90 percent.[23] Most communities cluster around the cumulative expenditure rate for all metro entitlement grantees of 78.5 percent.

There is also some difference between the spending rates of entitlement cities and urban counties. Although most of the large urban counties evidently spent at a relatively rapid rate, urban counties had, on average, lower spending rates than entitlement cities. The combination of limited experience in community development, the size of their entitlements, and their limited operational control over constituent communities which frequently implement CDBG funded projects largely account for the lower spending rates for urban counties.

CLOSEOUT OF COMMUNITY DEVELOPMENT CATEGORICAL PROJECTS

One vestige of the seven categorical community development programs which predated the Block Grant program is incomplete projects. At the begining of FY 1974, the year preceding the initiation of the CDBG program, there were 6,958 outstanding projects, including 3,095 Open Space, 1,395 Water and Sewer, 1,631 Urban Renewal and Neighborhood Development Program, 492 Neighborhood Facilities, 200 Code Enforcement, and 145 Model Cities projects.

The Housing and Community Development Act of 1974, as amended, made several provisions for use of CDBG funds to closeout these projects. Under Section 103(b), the Urgent Needs Fund (later the Financial Settlement Fund) provision, Block Grant monies are set aside for the financial settlement and, to the extent feasible, the completion of projects and programs assisted under the categorical programs terminated in Section 116(a), particularly urban renewal projects assisted under the Housing Act of 1949. Section 112(a) and (b) and associated HUD regulations permit the use of CDBG Entitlement funds for urban renewal project completion either by mandate of the Secretary or through payments volunteered by the locality. Section 105(a) also authorizes use of CDBG funds for payment of completion costs for projects begun under previous categorical programs.

The following table indicates the reduction in the number of outstanding categorical projects since the beginning of the Block Grant program.

TABLE 1-5

NUMBER OF CATEGORICAL DEVELOPMENT PROJECTS ACTIVE AT THE START OF SELECTED FISCAL YEARS, 1975-1982

1975	1977	1979	1981	1982
4862	2201	748	181	79

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Budget Division.

These numbers indicate that the great majority of the incomplete projects have, after seven years, been closed out but that a few projects remain. Fifty-three of the 79 projects left are Urban Renewal/Neighborhood Development Program projects. The other categorical programs have only a few outstanding projects.

SECTION 108 LOAN GUARANTEES

Under Section 108 of the Housing and Community Development Act of 1974 HUD guarantees loans to communities to finance the acquisition of real property and the rehabilitation of publicly-owned real property, plus related expenses. Section 108 loan guarantee assistance was designed to enable communities to finance large scale physical development projects that could not, because of their size, be financed from their annual grants. The requirements of the CDBG program are applicable to the activities undertaken with the guaranteed loan funds. As a general rule, the repayment period for the loans is limited to six years. Communities are authorized to use CDBG funds to repay the loans and are statutorily required to pledge their grants as security for repayment. As of December 31, 1981, HUD had approved 78 loan guarantee commitments totalling $343 million. In FY 1981, 48 loan guarantee commitments were approved in the total amount of $156.5 million.

Section 108 is being utilized in a special demonstration as part of the Neighborhood Business Revitalization program. The demonstration provides for long-term financing (15 - 20 years) of economic development projects involving small- and medium-sized companies located in inner city areas. The objectives of the demonstration are to attract private sector investment to create and retain permanent job opportunities for low- and moderate-income persons in high unemployment areas. At least 50 percent of the financing must be provided by the private sector. There have been 24 commitments approved under the demonstration for a total of $57.2 million.

CDBG LOCAL PROGRAM PERFORMANCE

This section of the chapter describes funding patterns and trends in the Community Development Block Grant (CDBG) program. The section is divided into three subsections. The first describes aggregate national funding patterns in the three major components of the CDBG program: the Entitlement City, Urban County, and Small City programs. For these programs, 1981 planned funding is described according to the program objectives addressed. The second subsection provides a summary of recent expenditures in the Entitlement City program. The final section contains information on funding for local program purposes and planned spending in low- and moderate-income areas by entitlement cities in 1981. In addition to discussing planned funding purposes in the Entitlement program as a whole, this subsection describes the variation among types of cities.

All data used in this section were extracted from CDBG applications (which contain information on the "planned" or "budgeted" use of CDBG funds) and recent annual Grantee Performance Reports (which contain information on the "actual expenditure" of CDBG funds) submitted by the grantees. Data on the entitlement cities were collected by the Office of Program Analysis and Evaluation (CPD).[24] Data on the Small Cities and Urban Counties programs were provided by the Office of Management (CPD) and compiled by the Office of Program Analysis and Evaluation.

OVERALL PROGRAM FUNDING PATTERNS

The Housing and Community Development Act of 1974, as amended, established as a primary objective in Section 101(c)--the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income.[25] In addition, the legislation lists nine specific program objectives to direct communities toward this primary objective. This section reports on how communities are addressing the specific program objectives listed in Section 101(c).

TABLE 1-6

PLANNED SPENDING FOR CDBG PROGRAM OBJECTIVES
AS A PERCENTAGE OF CDBG PROGRAM FUNDS, 1981
(Dollars in Millions)

	Program			
Objective	Entitlement Cities	Urban Counties	Small Cities	Total
Elimination of Slums, Blight, and Detrimental Conditions	37%	45%	52%	42%
Conservation and Expansion of Housing Stock	38	33	39	38
Other Program Objectives[1]	25	22	9	20
Total Amount	$1,963.4	$360.5	$840.6	$3,164.5

[1] Includes: More rational use of the land; expanding and improving community services; supporting economic development; furthering historic preservation; reducing the isolation of income groups; and, expanding and conserving the Nation's energy resources.

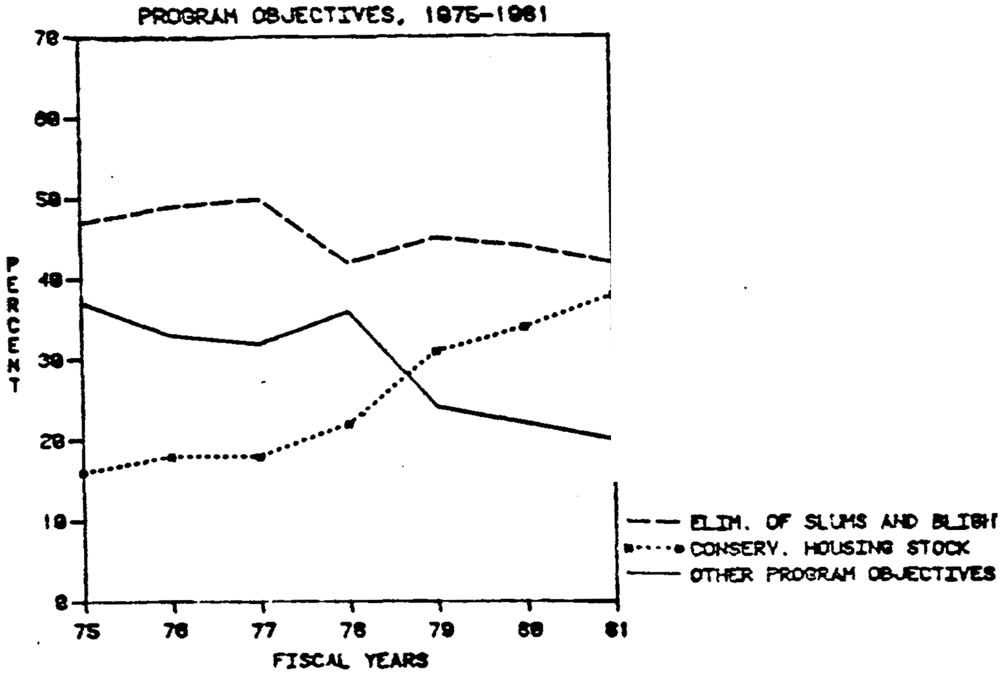
SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division. Compiled by the Office of Program Analysis and Evaluation.

Program Objectives. As a group, the entitlement communities' and small cities' allocation of 1981 CDBG funds among the program's nine specific program objectives closely paralleled their previous years' allocations. First, the vast majority of CDBG funds was budgeted for the objectives associated with the elimination of slums, blight, or detrimental conditions and the conservation and preservation of the Nation's housing stock. Overall, 80 percent of all 1981 CDBG funds, an allocation comparable to last year's, was planned for these objectives. (See Table 1-6.) Of the remaining 20 percent, smaller but still significant amounts of CDBG funds, ranging from 4 to 11 percent, were directed toward expanding and improving community services, promoting a more rational use of the land, and furthering economic development. Only about one percent of CDBG funds were budgeted for historic preservation and even smaller amounts were allocated to the reduction of the isolation of lower income groups and the conservation of energy resources. However, some planned expenditures allocated to other objectives, especially to the conservation and expansion of the Nation's housing stock, also further the conservation of energy resources.[26]

Second, along with these similarities, there were important differences in the degree to which the specific program objectives were emphasized by the three types of CDBG grantees. As a group, small cities grantees budgeted the majority of their 1981 CDBG funds for the elimination of slums, blight, and detrimental conditions and two-fifths for conservation and expansion of the housing stock objectives. The remaining nine percent was allocated among all other program objectives. In the Entitlement City and Urban County programs, there was greater dispersion of funding among all objectives. About one-quarter of their funds was budgeted for other objectives, primarily for promoting economic development and a more rational use of the land. The same patterns were present in 1579 and i380 CDBG planned funding by grantees.

Finally, as in past years, 1981 planned funding for CDBG program objectives aiso shows an increasing proportion of funds devoted to the conservation and preservation of the housing stock objectives while funding for the other objectives snows slignt decreases. In 1979, entitlement cities budgeted 42 percent of their funds to eliminating detrimental conditions and 31 percent to preserving the nousing stock. In 1981, they budgeted 37 percent and 38 percent respectively to these objectives. Changes of similar magnitude took place in the Small Cities and Urban Counties programs. The aggregate effect of these changes is shown in Figure 1-1.

FIGURE 1-1
RELATIVE SHARE OF FUNDING FOR CDBG
PROGRAM OBJECTIVES, 1975-1981



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division. Compiled by the Office of Program Analysis and Evaluation.

Differences in the nature of the Entitlement City, Urban County, and Small Cities programs alone do not provide sufficient explanation for the funaing differences that exist in individual communities. A precise explanation requires more detailed and perhaps case-by-case analysis. The final subsection in this chapter looks more closely at the planned expenditures of entitlement cities and describes some of the characteristics that are associated with variations in spending patterns.

ENTITLEMENT CITY EXPENDITURES

Section 104(d) of the Housing and Community Development Act of 1974 requires CDBG grantees to submit an annual performance report concerning the activities carried out with CDBG funds. As part of this Grantee Performance Report (GPR), HUD requires grantees to indicate the actual amount of funds expended on each CDBG activity they undertook during the previous program year. This section describes these expenditures in regard to specific activities funded and the level of benefit to low- and moderate-income persons.

TABLE 1-7

PLANNED AND ACTUAL ENTITLEMENT CITY EXPENDITURES
BY ACTIVITY GROUP, 1979 PROGRAM YEAR
(Dollars in Millions)

	Initially Budgeted at Start of the Year[1]	Revised Budget at End of the Year[2]	Actually Expended During the Year	Percent Expended
Acquisition, Demolition Related	$336.7 (15.3%)	$405.4 (18.4%)	$154.8 (14.8%)	38%
Public Works	602.9 (27.4)	738.7 (33.6)	277.4 (26.8)	38
Public Services	259.7 (11.8)	213.7 (9.7)	148.1 (14.3)	69
Rehabilitation Related	642.5 (29.2)	652.2 (29.6)	351.5 (33.9)	54
Administration, Planning, Local Contingencies	358.7 (16.3)	190.5 (8.7)	104.7 (10.1)	55
Total	$2,200.5	$2,200.5	$1,036.5	47%

1 As reported in the 1979 CDBG Application at beginning of program year.
2 Reported as "Total Estimated Cost" on the Project Progress Form (HUD-4950.2) of the Grantee Performance Report submitted at end of program year.

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Evaluation Data Base.

Activity Expenditures. In the 1979 program year, entitlement cities actually spent slightly more than $1 billion of FY 1979 CDBG funds.[27] (See column 3 of Table 1-7.) The largest share of these funds, 33.9 percent or $351.5 million, was expended on housing rehabilitation related activities. The second largest amount, 26.8 percent or $277.4 million, was expended on public works activities. Smaller amounts were expended on acquisition related activities, public services, and administrative functions.[28]

Overall, program year 1979 expenditures represented 47 percent of the total entitlement city funds available for that year. (See column 4 of Table 1-7). As in past years, the lowest expenditure rates were for public works projects and acquisition related activities, both of which have traditionally been complex, relatively slow moving, and frequently disrupted activities. For these projects, only 38 percent of the total funds budgeted for the 1979 program year had been expended by the end of that program year. The highest expenditure rate was for public service activities. These projects, which are generally labor intensive projects comprised mostly of staff costs, expended 69 percent of the funds budgeted to them in 1979. The expenditure rates in rehabilitation activities and administration, planning, and local contingencies were virtually identical, 54 percent and 55 percent respectively, and fell between the other categories.

The data in Table 1-7 also show evidence that no significant aggregate shift, either to or away from specific activity groups, occurred during the first year 1979 CDBG funds were used. (See columns 1 and 2.) Revised estimates for CDBG activities reported in the GPR at the end of the program year were very similar to the funds initially budgeted in applications at the beginning of the year. The only relatively substantial difference between the initially budgeted and the revised budget figures reflects the shifting of funds from local contingency accounts to public works and acquisition related projects. The most plausible explanation for these changes is that local officials initially underestimated the total cost of physical development projects and, as these costs became apparent, they used the discretion provided by CDBG regulations to shift previously unallocated local contingency funds to these projects.

<u>Benefit to Low- and Moderate-Income Persons</u>. Estimating the benefits of CDBG spending to low- and moderate-income persons is a difficult task. There is no universally accepted methodology to estimate these benefits, and all methods that have been used have produced only general estimates and not precise determinations. For this reason, this report provides two estimates of low- and. moderate-income benefit in the CDBG program--the "city-attested" method and the percent of funds budgeted or expended in low- and moderate-income census tracts.

Both the "city-attested" method and the "census tract" method of estimating low- and moderate-income benefit are derived from information provided by CDBG grantees. The "city-attested" method relies on the grantee statement regarding whether each activity benefits low- and moderate-income persons, prevents or eliminates slums and blight, or addresses an urgent community development need.[29]

Using this "city-attested" method, the vast majority of 1979 CDBG entitlement city expenditures (89.9%) was justified as benefitting low- and moderate-income persons. Ten percent of the remaining funds was justified as preventing or eliminating slums and blight and only 0.1 percent of 1979 funds was designated by entitlement cities as addressing an urgent community development need. (See Table 1-8.)

The second method of estimating low- and moderate-income benefits, the census tract method, assumes that only CDBG dollars reported as expended in low- and moderate-income areas, i.e., census tracts with median incomes 80 percent or less of the SMSA median income, benefit low- and moderate-income persons.[30] This method tends to provide a more conservative benefit estimate than the city-attested method. Using this method, 60 percent of 1979 program year CDBG entitlement city expenditures occurred in low- and moderate-income census tracts and can be attributed to low- and moderate-income benefit. (See Table 1-8).

TABLE 1-8

ENTITLEMENT CITY EXPENDITURES[1] BY QUALIFYING PROVISION AND TYPE OF CENSUS TRACT, 1979 PROGRAM YEAR
(Dollars in Millions)

Type of Census Tract in Which Spending Occurred	Qualifying Provision: Low and Moderate Income	Eliminate Slums and Blight	Urgent Needs	Total
Low- and Moderate-Income Tracts	$405.3 (43.5%)	$48.6 (5.2%)	$ .1 (*)	$454.0
Non Low- and Moderate- Income Tracts	267.4 (28.7)	32.7 (3.5)	.7 (.1)	300.8
No Specific Tract Reported, Citywide Spending	164.9[2] (17.7)	12.1[3] (1.3)	0 (0)	177.0
Total Percentage	$837.6 (89.9%)	$ 93.4 (10.0%)	$ .8 (.1%)	$931.8 (100.0%)

* less than .05 percent.
1 Excludes $104.7 million spent on administration and planning.
2 Includes $1.6 million expended in tracts with unavailable income data.
3 Includes $.5 million expended in tracts with unavailable income data.

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Evaluation Data Base.

The major reason for the different benefit levels estimated by the two methods is that CDBG regulations allow certain funds spent outside low- and moderate-income areas to qualify as low- and moderate-income benefit. For example, a project having income eligibility requirements that limit participation to low- and moderate-income persons or one involving the removal of architectural barriers is considered to benefit low- and moderate-income persons according to the regulations even though expenditures may not occur in low- and moderate-income areas.[31] For example, in 1979, using the "city-attested" method, entitlement cities attributed $837.6 million to low- and moderate-income benefit. However, only the $454.0 million which actually occurred in low- and moderate-income census tracts and $106 million (60%) of the citywide spending would be considered low-mod benefit using the census tract method. Over $333 million, or 40 percent of the funds reported by the cities as low-mod benefit, are not counted as such by the census tract method.

VARIATION IN ENTITLEMENT CITY FUNDING

Whereas the previous subsection assessed the performance of grantee activity for the 1979 program year, tnis subsection describes planned 1381 CDBG expenditures at the local level. These expenditures are examined along two dimensions--the local purpose of the funding and the degree to which this funding is planned for low- and moderate-income areas.

Local Purposes. Local purposes describe the intended result of the local CDBG program. Distinguishing between activities and purposes is important for two reasons. First, a single activity can serve a variety of purposes. For example, acquisition as an activity has been used to support both properties acquired for housing rehabilitation and land acquired for an industrial park. In the first instance, the acquisition activity would meet the purpose of conserving the housing stock, and the second would be for an economic development purpose. Second, just as a single activity can contribute to more than one purpose, a variety of activities can contribute to the same purpose. For example, local efforts to conserve and expand their housing stock can be made up of acquisition activities (to purchase buildings for rehabilitation), disposition costs (to sell the acquired property to citizens), and private property rehabilitation (loans and grants to property owners). To grasp the extent to which a community was funding projects to conserve and expand the housing stock, all three of these activities would have to be considered.

In 1981, entitlement cities budgeted almost one-half their CDBG funds (49%) for the purpose of preserving and expanding the housing stock and another one-third **(33%)** of their funds for the purpose of other neighborhood preservation activities and general improvements. Less than 10 percent of their funds were allocated to social services and economic development purposes, respectively. (See Table 1-9.)

Last year's annual report to Congress on the CDBG program showed that several characteristics of cities are associated with the relative level of CDBG local purpose funding. In order to reduce the tabular presentation of data and to provide a more concise description of CDBG funding, this report uses only a composite variable to describe 1981 CDBG entitlement city funding. Two city level characteristics are used--population and level of distress. The effect of other city level characteristics on CDBG spending patterns was very similar to the effects of these two variables.

In this section, entitlement cities with a population less than 250,000 are considered "smaller" and those with a greater population "larger." "Distress" is measured by the UDAG qualifying points each city receives. "Non-distressed" cities are those with two or fewer points and, therefore, ineligible for participation in the UDAG program. "Moderately distressed" cities are those entitlement cities with a UDAG score of three or four and "highly distressed" cities are those communities with a score of five or more.

There were three distinct patterns of entitlement city CDBG budgeting present in 1981. These patterns were associated with different types of cities and involved different combinations of funding to conserve and expand the housing stock, promote neighborhood preservation and general improvements, and provide social services. Economic development, the fourth purpose for which CDBG funds are sometimes used, did not vary significantly among any of the groups of cities.

TABLE 1-9

PERCENTAGE DISTRIBUTION OF ENTITLEMENT CITY PROGRAM FUNDS BY LOCAL PROGRAM PURPOSE AND SELECTED CITY CHARACTERISTICS, 1981 (Budgeted)

	Local Purpose			
Type of Entitlement City	Conservation and Expansion of the Housing Stock	Neighborhood Conservation and Public Improvements	Provision of Social Services	Economic Development
Small Non-Distressed, Large Non-Distressed, and Small Moderately Distressed Cities	45%	41%	6%	7%
Small Highly Distressed Cities	41	41	13	6
Large Highly Distressed and Large Moderately Distressed Cities	55	26	10	10
All Entitlement Cities	49	33	9	8

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Evaluation Data Base.

The first pattern was found among non-distressed and smaller moderately distressed entitlement cities. These communities are most often located in the Southern and Western regions of the country and tend to have higher than average rates of population growth. In these cities, no one purpose receives the majority of CDBG funds. Instead, the majority of CDBG funds is divided almost equally between conserving and expanding the housing stock (45%) and neighborhood preservation and public improvements (41%). Only small percentages of CDBG funds were budgeted for promoting economic development (7%) and providing social services (6%). (See Table 1-9.)

The second pattern was present among smaller highly distressed entitlement cities. These communities are characterized by low rates of population and job growth and tend to be suburban communities and small central cities in the North East and North Central regions of the United States. There are, however, several such cities in the South and West. CDBG funding in these communities is similar to that in the other small entitlement cities—CDBG funding tends to be divided almost equally between preserving and expanding the housing stock (41%) and other physical improvements (41%). However, unlike their less distressed counterparts, this group of cities allocates a significant share, 13 percent, of its CDBG funds to providing social services.

The third pattern of CDBG spending is found among the large moderately distressed and highly distressed communities. These cities budget their funds in a dramatically different way from the other two groups. They allocate a majority (55%) of their funds for housing-related purposes and less than half that much (26%) to other physical development purposes. They also budget significant amounts of funds, 10 percent each, to the provision of social services and the promotion of economic development.

Planned Spending in Low- and Moderate-Income Areas. The level of spending in low- and moderate-income census tracts also differs among these three groups of entitlement cities. Overall, 61 percent of CDBG funds have been budqeted to low- and moderate-income areas by entitlement cities since 1978. However, the cumulative share of funds budgeted for low- and moderate-income census tracts by the three groups of cities ranges from 68 percent in the larger more distressed communities to 60 percent and 54 percent respectively in the small highly distressed cities and non-distressed communities. Annual rates of planned spending in low- and moderate-income census tracts have increased slightly between 1978 and 1979 and have stabilized since 1979 at approximately 63 percent. During this period the larger more distressed communities budgeted just over 70 percent of their funds to low- and moderate-income census tracts while all other cities budgeted about 60 percent to these types of neighborhoods. (See Table 1-10.)

TABLE 1-10

PERCENTAGE OF CDBG ENTITLEMENT CITY FUNDS BUDGETED TO
LOW- AND MODERATE-INCOME AREAS BY TYPE OF CITY, 1978-1981

Type of Entitlement City	Year 1978	1979	1980	1981	1978-1981
Large Highly Distressed and Large Moderately Distressed Cities	63.0%	68.9%	70.0%	71.7%	67.9%
Small Highly Distressed Cities	63.6	59.6	58.3	56.3	60.1
Small Non-Distressed, Large Non-Distressed, and Small Moderately Distressed Cities	49.9	55.7	54.8	57.3	53.9
All Cities	58.3%	62.1%	62.3%	63.3%	61.4%

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Evaluation Data Base.

Summary of Planned Spending. These three distinct patterns suggest a general relationship between city size and degree of distress and how entitlement cities budget their CDBG funds. Larger entitlement cities plan to spend more of their CDBG funds for housing conservation purposes and less on other physical improvements than do smaller cities, and distressed cities plan to spend somewhat more for social services than do non-distressed cities.

However, population and level of distress characteristics do not provide a complete explanation of CDBG spending. The funding differences present in the 1981 CDBG Entitlement City program reflect local responses to a far wider variety of local conditions than population and distress alone can identify or explain. Among entitlement cities, local priorities and characteristics of the housing stock, condition of the physical infrastructure, economic viability, and social service needs vary. Local officials often attempt to design comprehensive programs that use CDBG funds in the most effective and efficient manner given their local circumstances. Funding patterns in the CDBG program reflect the use of the program's flexibility to address the varying local needs and problems. Given these considerations, it is not surprising that demographic characteristics alone cannot fully explain funding patterns. Tables 1-11 and 1-12 illustrate the variation in spending and the relative emphasis that entitlement cities and urban counties have placed on the specific eligible activities authorized for the program in the last three program years.

TABLE 1-11

PLANNED CDBG ENTITLEMENT CITY FUNDING BY BUDGET LINE ACTIVITIES
AND PROGRAM YEAR*
(Dollars in Millions)

	1979	1980	1981
Acquisition of Real Property	$170.7 (8.8%)	$150.9 (7.6%)	$145.1 (7.4%)
Disposition	7.7 (.4)	8.7 (.4)	10.9 (.6)
Senior Centers	14.9 (.8)	14.6 (.7)	9.9 (.5)
Parks, Playgrounds, and other Recreational Facilities	94.9 (4.9)	81.2 (4.1)	67.5 (3.4)
Centers for the Handicapped	6.7 (.4)	8.6 (.4)	8.4 (.4)
Neighborhood Facilities	64.7 (3.3)	70.2 (3.5)	47.4 (2.4)
Solid Waste Disposal Facilities	2.2 (.1)	1.1 (.1)	1.2 (.1)
Fire Protection Facilities and Equipment	10.6 (.6)	9.6 (.5)	9.7 (.5)
Parking Facilities	9.9 (.5)	23.7 (1.2)	9.6 (.5)
Public Utilities, other than Water and Sewer Facilities	6.8 (.4)	4.5 (.2)	2.2 (.1)
Street Improvements	251.8 (13.0)	266.7 (13.3)	272.8 (13.9)
Water and Sewer Facilities	66.0 (3.4)	66.1 (3.3)	62.4 (3.2)
Foundations and Platforms for Air Rights Sites	0.1 (0.0)	0.1 (0.0)	1.2 (.1)
Pedestrian Malls and Walkways	12.7 (.7)	14.1 (.7)	9.6 (.5)
Flood and Drainage Facilities	33.5 (1.7)	21.2 (1.1)	16.0 (.8)
Specially Authorized Public Facilities and Improvements	26.5 (1.4)	5.6 (.3)	3.3 (.2)
Clearance Activities	62.7 (3.2)	60.1 (3.0)	53.4 (2.7)
Public Services	186.7 (9.7)	180.0 (9.0)	181.5 (9.2)
Interim Assistance	25.1 (1.3)	28.2 (1.4)	22.5 (1.1)
Completion of Previously Approved Urban Renewal Projects	38.2 (2.0)	36.7 (1.9)	20.6 (1.1)
Relocation Payments and Assistance	68.2 (3.5)	58.8 (3.0)	55.3 (2.8)
Payments for Loss of Rental Income	0.4 (.0)	2.4 (.1)	0.2 (.0)
Removal of Architectual Barriers	12.2 (.6)	13.1 (.7)	11.2 (.6)
Specially Authorized Assistance to Privately Owned Utilities	0.3 (.0)	0.3 (.0)	0.1 (.0)
Rehabilitation of Public Residential Structures	132.4 (6.8)	88.5 (4.4)	114.9 (5.9)
Public Housing Modernization	29.2 (1.5)	28.3 (1.4)	26.6 (1.4)
Rehabilitation of Private Properties	447.7 (23.1)	575.9 (28.8)	613.3 (31.3)
Code Enforcement	51.9 (2.7)	47.5 (2.4)	51.8 (2.6)
Historic Preservation	13.2 (.7)	12.4 (.6)	9.3 (.5)
Acquisition for Economic Development	10.4 (.5)	10.3 (.5)	11.2 (.6)
Public Facilities and Improvements for Economic Development	20.9 (1.1)	22.4 (1.1)	16.5 (.8)
Commercial and Industrial Facilities	16.5 (.9)	18.0 (.9)	18.4 (.9)
Special Activities by Local Development Corporations, etc.	37.7 (2.0)	68.5 (3.4)	77.3 (3.9)

*Includes only funds subject to the program benefit rule. Does not include administration, planning, or local contingencies.

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Evaluation Data Base.

TABLE 1-12

PLANED URBAN COUNTIES FUNDING BY BUDGET LINE ACTIVITIES AND PROGRAM YEAR[1]
(Dollars in Millions)

	1979	980	1981
Acquisition of Real Property	$ 27.2 (8.1%)	$ 41.2 (11.3%)	$ 25.2 (7.0%)
Disposition	.3 (0.1)	-- (--)	.3 (0.1)
Senior Centers	12.3 (3.6)	11.2 (3.0)	9.6 (2.6)
Parks, Playgrounds, and other Recreational Facilities	17.3 (5.1)	17.3 (4.7)	16.2 (4.5)
Centers for the Handicapped	1.3 (0.4)	1.0 (0.3)	.6 (0.1)
Neighborhood Facilities	16.7 (5.0)	12.9 (3.5)	13.3 (3.7)
Solid Waste Disposal Facilities	.2 (0.1)	-- (--)	.3 (0.1)
Fire Protection Facilities and Equipment	3.9 (1.2)	3.7 (1.0)	4.3 (1.2)
Parking Facilities	2.4 (0.7)	2.1 (0.6)	1.1 (0.3)
Public Utilities. other than Water and Sewer Facilities	.6 (0.2)	1.8 (0.5)	1.2 (0.3)
Street Improvements	61.5 (18.3)	67.4 (18.4)	68.1 (19.0)
Yater and Sewer Facilities	48.2 (14.3)	41.6 (11.4)	44.2 (12.3)
Foundations and Platforms for Air Rights Sites	.6 (0.2)	-- (--)	-- (--)
Pedestrian Halls and Walkways	1.7 (0.5)	1.7 (0.5)	2.3 (0.6)
Flood and Drainage Facilities	11.3 (3.4)	11.4 (3.1)	6.8 (2.4)
Specially Authorized Public Facilities and Improvements	.9 (0.3)	.8 (0.2)	1.0 (0.3)
Clearance Activities	4.9 (1.4)	3.1 (0.9)	4.5 (1.2)
Public Services	8.0 (2.3)	8.4 (2.3)	11.2 (3.1)
Interim Assistance	.4 (0.1)	.5 (0.1)	.3 (0.1)
Completion of Previously Approved Urban Renewal Projects	2.0 (0.6)	1.4 (0.4)	.7 (0.2)
Relocation Payments and Assistance	4.9 (1.5)	4.8 (1.3)	3.6 (1.0)
Payments for Loss of Rental Income	-- (--)	-- (--)	-- (--)
Removal of Architectural Barriers	6.1 (1.8)	7.3 (2.0)	4.2 (1.2)
Specially Authorized Assistance to Privately Owned Utilities	-- (--)	0.3 (0.1)	-- (--)
Rehabilitation of Public Residential Structures	3.4 (1.0)	2.9 (0.8)	5.5 (1.5)
Public Housing Modernization	1.6 (0.5)	1.4 (0.4)	1.9 (0.5)
Rehabilitation of Private Properties	85.0 (25.3)	106.0 (29.0)	107.6 (30.0)
Code Enforcement	2.9 (0.9)	5.5 (1.5)	7.0 (1.9)
Historic Preservation	2.5 (0.7)	2.3 (0.6)	1.9 (0.5)
Acquisition for Economic Development	.7 (0.2)	1.8 (0.5)	.7 (0.2)
Public Facilities and Improvements for Economic Development	1.9 (0.6)	1.0 (0.3)	2.6 (0.7)
Commercial and Industrial Facilities	1.8 (0.5)	1.4 (0.4)	.1 (0.1)
Special Activities by Local Development Corporations. etc.	3.7 (1.1)	3.3 (0.9)	11.7 (3.3)

[1] Includes only funds subject to the program benefit rule. Does not include administration, planning, or local contingencies.

SOURCE: U.S. Department of Housing and Urban Development, Community planning and Development, Office of Management, Data Systems and Statistics Division. Compiled by the Office of Program Analysis and Evaluation.

FOOTNOTES

1 46 Fed. Reg. 13 193 (1981).

2 On August 12, 1981, Vice-president George Bush, Chairman of the Presidential Task Force on Regulatory Relief, announced a list of 30 regulations and 9 paperwork requirements for review. Included in this review were the Entitlement and Small Cities CDBG program regulations and the Title I Environmental Policies and requirements.

3 Housing and Community Development Amendments of 1981, Pub. L. 97-35, 95 Stat. 384 (1981).

4 47 Fed. Reg. 1864 (1982).

5 Ibid., 1864.

6 HUD Notice (CPD 81-5, May 15, 1981).

7 HUD Notice (CPD 81-14, October 28, 1981).

8 Omnibus Budget Reconciliation Act of 1981, Pub. L. 97-35, 95 Stat. 357 (1981).

9 Housing and Community Development Amendments of 1981, Hearings before Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking, Housing, and Urban Affairs, 97th Cong. 1st Sess. 3 (1981) (Statement of Samuel R. Pierce, Jr., Secretary of Housing and Urban Development).

10 S. Rep. No. 97-87, 97th Cong., 1st Sess. 2 (1981).

11 Ibid., p. 2-3.

12 Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1982, Pub. L. 97-101, 95 Stat. 1417, 1438, (1981). Title V, Section 501(4).

13 Ibid., Title V, Section 501(41).

14 Ibid., Title I.

15 Ibid., Title I.

16 Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1981, Pub. L. 96-526, 94 Stat. 3044 (1980).

17 The 1981 Amendments change the allocation mechanism for CDBG funding. The modifications are discussed in the recent program initiatives section of this chapter.

18 The 1980 U.S. Census will affect the distribution of CDBG funds to grantees during 1982, first, because population is the basis for Entitlement eligiblity, and, second, because census counts provide the data for the formulas which allocate entitlement funding among eligible grantees.

Several factors will combine to reduce individual entitlement amounts in 1982: (1) continued reductions in CDBG appropriations; (2) expansions of program eligibility with the introduction of the 1980 census figures; (3) Congress' decision to continue the "grandfathering" of cities falling below 50,000 population. The overall effect of these circumstances is to increase the number of grantees and to decrease the amount divided among them.

In addition, substantial variation between last year's census estimates and actual census figures required financial adjustments for some cities as some communities' grants were dramatically higher or lower than their previous years' grants.

These changes will be discussed in greater detail in next year's annual report which reports on FY 1982.

[19] The CDBG allocation to one city was reduced to zero for lack of program capacity. Four of the other five communities experienced partial reductions as the result of audit findings. An ineligible expenditure led to the partial reduction in another community.

[20] CPD Notice 79-13 provides for the conditional approval of entitlement applications which propose to use Block Grant funds for acquisition of housing sites pending HUD approval of the specific site(s) in terms of site and neighborhood standards.

[21] In the past, Insular Areas program recipients have had difficulty implementing their programs in a timely manner. The Department has intensified efforts to address these difficulties through monitoring and provision of technical assistance.

[22] Disbursements or expenditures are payments actually made by the U.S. Department of Treasury for products, services, or for other purposes. The disbursement rate (commonly referred to as the expenditure rate since Treasury disbursements are made when grantees expend funds) is equal to disbursements made by Treasury divided by obligations to grantees.

[23] Since each entitlement community designates the timing of its annual entitlement, useful measures of performance must hold the date of grant reception constant. A drawdown rate that measures spending at the end of each grantee's program year provides this common basis of comparison.

All entitlement communities with cumulative entitlements greater than $30 million through PY 1981 were included in this analysis. One hundred and one metro cities and 16 urban counties met this criterion. Also, see U.S. Department of Housing and Urban Development, Sixth Annual Community Development Block Grant Report, pp. 80-81.

[24] Entitlement city data used in this section were taken from CDBG Applications and Grantee Performance Reports submitted by the 200 cities in the CDBG Evaluation sample. Complete descriptions of the CDBG Evaluation Data Base and sampling procedures are found in the Methodological Appendix of previous reports. See U.S. Department of Housing and Urban Development, The Sixth Annual Report to Congress on the Community Development Block Grant Program, U.S. Government Printing Office, Washington, 1981.

[25] Section 101(c) of the Act specifies these specific program objectives. Section 105 of the same Act lists the eligible activities.

[26] For the purposes of this analysis, a typology was developed for assigning budget line spending to a particular program objective. This typology is described in the Methodological Appendix to the Sixth Annual Report to Congress, op.cit.

[27] Due to the submission schedule for Grantee Performance Reports (GPRs) and the time needed to code and edit that information, the most recent available expenditure data covers the 1979 program year.

[28] Activity groups were created by combining similar activities into the same category. The Methodological Appendix to the Sixth Annual Report to Congress on the Community Development Block Grant Program, op.cit., describes how these budget lines were assigned. Tables 1-11 and 1-12 show the amounts entitlement cities and urban counties, respectively, budgeted to each of the 34 budget lines subject to program benefit rules in 1979, 1980, and 1981.

[29] The Housing and Community Development Act requires CDBG grantees to give maximum feasible priority to activities which will benefit low- and moderate-income families or aid in the prevention or elimination of slums and blight. CDBG funds may also be used to meet community development needs having particular urgency. Prior to 1982, recipients were required to indicate in their Applications submitted at the beginning of each program year and in their Grantee Performance Reports submitted at the end of each program year which of these three requirements each funded activity meets.

[30] All funding going outside low- and moderate-income neighborhoods is considered not to benefit low- and moderate-income persons. Activities reported as occurring citywide are considered to benefit low- and moderate-income persons in the same proportion as tract specific spending.

[31] 24 CFR 570.302(d) (1981).

CHAPTER 2: COMMUNITY DEVELOPMENT BLOCK GRANTS: THE SMALL CITIES PROGRAM

This chapter reports on developments and performance in the Small Cities Community Development Block Grant program. This program provides community development funds to cities and other units of government that do not receive entitlement funds, generally cities with less than 50,000 population, counties, and States. It is intended to finance community development, economic development, and housing activities, consistent with overall Community Development Block Grant objectives.

The chapter discusses recent program initiatives affecting the program, including the State administrative option enacted for FY 1982 and other FY 1982 changes, and describes how the FY 1981 program operated. It also reviews funding levels and distribution for the program in FY 1981, including multi-year commitments, and discusses a number of program performance issues.

OVERVIEW

State Administration. FY 1981 was a year of change for the Small Cities program. The 1981 amendments to the Housing and Community Development Act provide an option for complete State administration of the program beginning in FY 1982, and the major program actions during the year were preparations for this.

If a State elects to administer the program, it assumes the basic responsibilities of the Housing and Community Development Act. It must consult with its localities on the approach it will take, design its own method for distributing the funds to small cities, and ensure its recipients' compliance with applicable laws. HUD does not approve a State's proposed program beyond assuring that the State has submitted the legislatively mandated statements and certifications. Where a State does not elect to administer the program, HUD will continue to do so. In either case, the amount of funds allocated for distribution within the State is not affected.

Preparation for State Transfer. Preparation for State transfer dominated program development activities for FY 1981. HUD participated in the White House Conference on Block Grants to introduce the block grant concept to States and cities, and also prepared Program Design and Implementation Forums for individual States, at their request, to explore issues and opportunities of interest to the State. HUD initiated a multi-faceted technical assistance program for States. This included preparations for training for the States on the Federal requirements in the legislation, field training for HUD's own staff, and plans for a clearinghouse to support and share innovative State efforts.

The largest technical assistance effort has been the expansion and reformulation of the State technical assistance program. Under this program, States receive technical assistance grants to support their own transition to State administration of the program, and to assist small city CDBG recipients.

Two-State Demonstration. In response to legislative provisions in the 1977 amendments to the Housing and Community Development Act, HUD ran a demonstration of State administration of the project selection system in the small cities program in 1981 to see what benefits might result for small cities if States played an active role in designing and administering the selection system. The demonstration became an important part of the transition agenda during the year.

Kentucky and Wisconsin were selected to carry out the demonstration. Each successfully obtained a consensus of small cities in their States for their efforts as required in the demonstration, and effectively made changes in the program and administered the selection process. More distressed places were funded in Wisconsin, as a result of changes the State made in the selection system design. Local governments reported both States demonstrated a very good understanding of local needs. Wisconsin, consistent with its own objectives, increased funding of economic development programs from none to previous year to about 30 percent; and Kentucky, consistent with its priorities, conducted workshops for small cities which were widely attended, and reported by two-thirds of the local officials in the State to be more useful than workshops had been in the past. In both States, local officials greatly preferred having State administration of the program.

Delivery Patterns and Trends. The FY 1981 appropriation for the Small Cities program was $926 million. These were distributed to 1880 grantees.[1] Of the total funds, $570 million was distributed for comprehensive grants, and $356 million for single purpose.

Comprehensive grants usually involve multi-year commitments, for up to three years. Forty-three percent of the comprehensive grant dollars in FY 1981 went to support second or third years of prior multi-year grants. An estimated $393 million commitment remains for FY 1982 from existing multi-year grants, and $210 million for FY 1983. These commitments will continue to be honored, to the extent funds are available.

Grantees usually combine several activities in a single grant, even in so-called Single Purpose activities. Dominant activities are housing rehabilitation, redevelopment (property acquisition and clearance), sewer and water projects, and street improvements.

Program Performance. HUD completed a major contract program evaluation of the Small Cities program in FY 1981, and a number of in-house studies. These studies show that the typical grantee community is larger than the average eligible community, but that per capita program dollars in very small places (under 2500 population) are greater than larger communities. Many grantees are in fact very small communities. Nine percent of the funds go to places under 1000 population.

Technical assistance is shown by these studies to be widely available to small city grantees, frequently used, and well liked. Regional Planning Agencies, consultants and State governments are frequent and popular providers, in addition to the HUD Area Offices. Smaller grantees have relied especially frequently on consultants for both grant planning and administration, and have been satisfied with this assistance.

Additionally, these studies show that the program has been able to encourage and reward a number of special achievements. Seventy percent of grantees get at least some bonus points in the project selection process for outstanding performance in housing and half for special achievement in equal opportunity. Half of the grantees are also recognized for taking special steps to promote energy production or conservation projects, and forty percent for coordination of their efforts with other Federal programs.

RECENT PROGRAM INITIATIVES

BACKGROUND

The Small Cities program serves smaller units of government in metropolitan and non-metropolitan areas, who are not participants in the entitlement program. It has the same objectives as other components of the Community Development Block Grant (CDBG) program, to develop viable communities by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for low- and moderate-income persons, and through preventing or eliminating slums and blight, or meeting other community development needs having a particular urgency. Since 1975, $4.4 billion have been distributed to smaller communities to meet local community development needs, through the Small Cities program and its predecessor, the Discretionary Balance Grant program.

LEGISLATIVE AND PROGRAM DEVELOPMENTS FOR FY 1982

Many major legislative developments took place in FY 1981 that will affect the program for future years. A number of these address the CDBG program as a whole, and are discussed in more detail in Chapter 1 above. Important changes for the Small Cities program include the elimination of a funding distinction between metropolitan and non-metropolitan small cities, a net increase of about 10 percent in the available funds going to small cities relative to entitlement communities, and the elimination of the small cities Housing Assistance Plan requirement.

The major change was the establishment of an option for State administration of the Small Cities program. The 1981 amendments to the Housing and Community Development Act gave each State the option to administer CDBG funds for its nonentitlement areas.[2] In States which elect to administer the program, the State's program will replace HUD's Small Cities program. Where a State does not elect to administer the program, HUD will. In either case, the State's allocation is not affected by who administers the program. This section reviews briefly the State option which the Congress enacted, and the steps necessary to carry it out.

<u>State Option</u>. If a State elects to administer the proqram it assumes the basic responsibilities of the Housing and Community Development Act. These include assuring the projected use of funds has been developed so as to give maximum feasible priority to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight; the projected use of funds may also include activities the State certifies are designed to meet other community development needs havinq a particular urqency because existing conditions pose a serious and immediate threat to the health

and welfare of the community where other financial resources are not available to meet such needs. The State also assumes responsibility for environmental review, decision making, and action for CDBG activities subject to the National Environmental Protection Act.

Each year, a State may choose to administer the CDBG nonentitlement funds. A State is not bound by its decision in a prior year. A State which chooses to administer the funds for a fiscal year is responsible for all aspects of administering that fiscal year's funds until all the funds are expended. The State must, among other things, design a method to distribute the funds and ensure its recipients' compliance with applicable laws. A State may use up to two percent of its CDBG funds for its administrative costs, provided it matches each Federal dollar with a dollar of its own, but must distribute the remaining funds to units of general local government in nonentitlement areas.

Buy-In Provisions. The statute calls for States to combine an active effort of their own with the administration of CDBG, through a series of "buy-in provisions." The Senate Committee Report on the enabling legislation was particularly strong on this point, emphasizing its desire "to encourage those States which have already demonstrated an interest in community development and to discourage those whose only attraction is the availability of funds to build their own infrastructure."[3] The Governor of each State which elects to administer nonentitlement CDBG funds must certify with respect to nonentitled areas of the State, that the State:

(1) plans or will plan for community development activities;

(2) provides or will provide technical assistance;

(3) will provide, out of State resources, funds for community development activities in an amount which is at least 10 percent of its CDBG grant; and

(4) has consulted with local elected officials in designing the method of distribution.

Other Certifications. Also, like other CDBG recipients, the State must certify that:

-- it has followed the statute's citizen participation requirements;

-- its method of distribution ensures that funded activities will meet one or more of the three national objectives; and

-- that it will comply with all applicable laws and the provisions of the enabling Title I in the Housing and Community Development Act.

Submission Requirements. To assume the program, the State submits to HUD first a Notice of Election and certifications relating to the first three "buy-in" provisions, and later a Final Statement and a certification relating to the last "buy-in" provision and the remaining other certifications. Consistent with the general legislative intent to emphasize "post grant review and audit process" rather than application review, HUD does not review the Final Statement before transferring funds to the State.

The Final Statement contains the State's community development objectives and its proposed method of distribution. This information must also have been available for public review in the State before submission to HUD. In this way, the legislation has replaced Federal government approval with public and local government consultation and scrutiny within the State.

The Notice of Election in FY 1982 is due 60 days after regulations become effective, and, in subsequent years, in July before the beginning of fiscal year for which the State will administer funds if a State elects to adoot the program. The Final Statement and Certifications in FY 1982 are due 180 days after regulations are effective, and in other fiscal years, by March 31 during the fiscal year for which the State will administer funds.

The State must distribute funds according to the method of distribution described in the Final Statement, in a timely manner. It must comply with applicable laws and the requirements and objectives of Title I, and must submit an annual report. The State must also conduct reviews and audits of the recipients to ensure they spent money in a timely manner, have a continuing capacity, and comply with applicable laws and the requirements and objectives of Title I. The Secretary of HUD is required to review a State's oerformance annually. Performance reviews and audits of localities receiving funds are the responsibility of States, where States have elected to administer the program.

THE FY 1981 SMALL CITIES PROGRAM DESCRIPTION

How the Program Operates. The HUD Small Cities program is competitive. Funds are allocated to States based on the CDBG formula applied to all nonentitled areas in the State, and distributed through State by State competitions. Interested applicants submit a preapplication which HUD Area Offices rate and rank relative to others in the State, in accordance with a national selection system. To the extent funds are available, those pre-applicants which rank the highest have been invited to submit full applications. Full applications address the statutory requirements, and have included the Housing Assistance Plan (HAP). This approach has limited much of the application effort to those communities which will receive funds. As a result of 1981 legislation simplifying the program, the two step process will not be necessary in the future, and HUD expects to eliminate it.

FY 1981 Program Funds: The FY 1981 appropriation for the Small Cities program was $926 million. This appropriation was a combination of a separate allocation for metro small cities of $267 million and a non-metro allocation of $659 million.

Types of Grants: HUD awards two basic types of grants under the program: single purpose and comprehensive. Single purpose grants fund one or more activities designed to address a problem in housing, deficiencies in public facilities which affect public health and safety, or economic conditions affecting principally low- and moderate-income persons.

Comprehensive grants address community development needs in a defined, concentrated area or areas and involve two or more coordinated activities. Comprehensive grants may be made as multi-year commitments in which a city competes once and is eligible for up to three annual gants to carry out its program. Consistent with CDBG objectives to support comprehensive treatment of community development needs, 65 to 75 percent of available funds are usually reserved for comprehensive grants, and the balance is available for sinqle purpose grants.

There are two competitive funding areas, metropolitan and nonmetropolitan. Metropolitan funding includes eligible municipalities, counties, and areas of the State located in Standard Metropolitan Statistical Areas (SMSAs). Nonmetropolitan funding covers municipalities, counties and areas of the State located outside of the SMSAs. Within each of the two funding areas, there is a separate competition for each of the two types of grants, single purpose and comprehensive.

Project Selection System. The Small Cities program is by necessity a competitive one, and one of the primary mechanisms for funding has been the Project Selection System. HUD introduced a uniform national selection system in 1978 applicable to all competitions in all States. The national rating system scores applicants on several major categories: need (poverty), impact of the proposal on the problems identified by the locality, benefit to low- and moderate-income persons, and outstanding previous efforts in housing and equal opportunity. Points in each category are totalled, the applicants are ranked, and cut-off is established based on available funds. Area Offices develop and disseminate standards they use for review and assigning of points. These standards provide the flexibility to adapt the program to different areas of the country.

FY 1981 PROGRAM CHANGES

The first substantial changes to the Small Cities program regulations since 1978 were made at the outset of FY 1981. The program had been largely unchanged since its formulation out of the Discretionary Balance Grant program in 1978 because HUD and small cities felt stability was important. These FY 1981 changes simplified some aspects of the program and clarified and corrected some technical points.[4] This section reviews briefly the changes which took place. Many of these changes, however, are superseded by the leqislative initiatives for FY 1982, discussed above.

Simplification. A major simplification in FY 1981 was made in the Housing Assistance Plan (HAP), one of the first steps in the administration's deregulation efforts. In its HAP, an applicant surveys housing conditions, assesses housing assistance needs of lower income households, and establishes goals and general location for proposed assisted housing. For FY 1981, small cities YAP requirements were greatly reduced, the comprehensive and single purpose program HAPs requirements were made equivalent, and the "Expected to Reside" requirements were substantially simplified. The HAP simplification reduced the estimated overall burden of reporting by some 22 staff hours or 42 percent. While the entire HAP requirement for Small Cities has been eliminated by legislation for FY 1982, these Small Cities simplifications have provided a basis for current HAP simplification in the Entitlement City program.

Project Selection System. Several changes were made in the Project Selection System in FY 1981. Points for housing need were eliminated. Housing factors were found to be poor measures of relative needs in small places where available data often fail to reflect changing conditions accurately, and had also been found to have little effect on project selection system outcome rankings independent of the poverty factor. Relative and actual poverty factors were given equal weight. For single purpose applications, the program impact factor was increased in weight, to reflect a proportion of total points roughly equivalent to the comprehensive application.

The Project Selection System has always offered a number of points for special performance or activities such as housing effort and equal opportunity. The categories in which these points can be earned were modified and new categories were added in FY 1981, including a factor intended to lead in FY 1982 to optional State rating of the consistency of projects with State strategies, and a category of special points for programs which promote energy conservation or support energy production. The impact of these provisions is discussed below.

Other changes. A number of technical changes were also made in the program by making single purpose and comprehensive citizen participation requirements consistent, eliminating duplications between pre-applications and applications, and recognizing applicablity of local surveys where other data are inadequate.

In summary, program changes in FY 1981 maintained the general form of the Small Cities program, while moving toward more simplified operation.

PREPARING FOR STATE TRANSFER

HUD was active during FY 1981 preparing for State transfer. The Department participated in White House Briefings on new block grants for States, prepared Program Design and Implementation Forums for States, provided field training to HUD Area and Regional Staff to prepare them to support State transfer, and developed a broad technical assistance strategy. Streamlined regulations for both State and HUD run programs were also being developed during the year.

White House Conference on Block Grants. The White House conducted 8 regional briefings in August and September 1981 to explain the new block grants to officals from State and local government. The Office of Management and Budget coordinated these briefings with HUD, the Department of Health and Human Services, and the Department of Education. Key HUD officials participated in all of the briefings. The briefings were followed by a series of continued contacts with State and local officials to facilitate transfer.

Program Design and Implementation Forums. To assist States in considering the issues and the options available to them in planning and carrying out State CDBG programs, HUD prepared special forums for State and local officials. Program experts and HUD resource staff also attended. Twenty-five States have requested a forum and an individual program has been arranged for each by HUD, in a city selected by the State. Between 12 and 30 State and local officials attended each Forum. The Forums were designed to assist States in exploring issues of interest to them, and for them to begin the State-local consultation process.

Technical Assistance Strategy. The Forums are one prong of a broader technical assistance effort. A second is technical training for the States to acquaint them fully with the Federal statutory requirements for which the State will assume responsibilities in the State program. This is the area in which States have most frequently expressed a desire for assistance. HUD will provide a major national effort. Another planned action is a State CDBG Clearinghouse to assure States that they will have ready access to information and ideas, and to share innovations. The largest element of the TA strategy is the expansion of the State Technical Assistance program.

State Technical Assistance Program. State Technical Assistance funds have been provided since 1979 from the Secretary's Discretionary Fund to States for technical assistance to CDBG recipients. States use these funds to assist new grantees and grantees with performance difficulties, and to encourage specific community development program activities in the State, such as combining CDBG with other resources and leveraging private sector investment. Selected from 44 applications, sixteen States were funded originally for this program, with an initial allocation of $3.5 million. Nine additional States were also funded early in FY 1981.

The State technical assistance program has recently been refocused and expanded in response to the new amendments to the Housing and Community Development Act of 1974, and especially to the Senate Committee Report urging use of technical assistance to support the transition to State program administration. In addition to normal technical assistance activities for local government, such as workshops and surveys, States are now also encouraged to use the TA provided to develop capacity to administer the Small Cities program, though in no instance may the funds be used to pay for the actual State operation of the State Block Grant program.

The States not already in the program, and Puerto Rico, have now been invited to participate, though only those States that indicate an interest in administering the State Block Grant program in FY 1982 or FY 1983 will receive funding from the program for FY 1982. The funding approach has also been revised to base grant amounts on the State's per capita share of total Small Cities CDBG dollars. As a further step, a national technical assistance project to support State technical assistance and build State capacity is being provided.

TWO STATE DEMONSTRATION

In the Spring of 1980, HUD began a demonstration to provide selected States with the opportunity to develop and administer their own project selection criteria. The demonstration was based on a provision in the 1977 amendments to the Housing and Community Development Act of 1974 to provide States with an expanded role.[5] The results of the demonstration became, in turn, an important part of the transition to transfer the program to the States for FY 1982.

Demonstration Objectives. The demonstration was intended to see how small cities could benefit if States were involved. The formal objectives were to determine if increased State participation would result in more effective targeting and coordination of State and Federal resources to communities with greatest need, would provide greater responsiveness to State and local priorities, and bring a greater commitment of State resources to housing and community development. There was, of course, a general interest in exploring whether States could prepare for program administration and whether they could obtain a consensus of local governments regarding the role it should take.

Kentucky and Wisconsin were selected in September 1980 from a pool of nine applicants to carry out the demonstration. Each obtained local consensus for their programs from groups representing small cities in the States, and successfully designed and implemented a selection system, introducing several innovations. HUD worked closely with the States as they developed their programs and assessed the demonstration process and results. One of the important results of this demonstration was its confirmation of the feasibility of State administration at a time when active administration and legislative attention was being given to the prospect of complete transfer of the program.

Demonstration Results. Overall, the demonstration was a success. It clearly showed that the States could effectively undertake program changes in the selection process which reflected a local consensus. The resulting selection system met with the approval both of local grantees and unsuccessful applicants. Each State specialized on one major program modification in the year. Kentucky focused primarily on building active local participation and providing technical support to small cities, and made only modest changes to the existing selection system. Wisconsin made major selection system changes. Each State indicated they intended to innovate further in subsequent vears.

The States made substantial progress toward the formal demonstration objectives.[6] More distressed places were funded in Wisconsin, especially as a result of changes it made in the selection system. In both States, local officials reported that the States demonstrated a good understanding of local needs in their program approach. At the outset, about half of the local officials in the States expected the State to design a selection system responsive to local needs; many of the others were not sure. After grants were made, two thirds reported the process had been responsive. On some other objectives, there was less evidence of substantial change. For example, there is little indication that State approaches actually increased targetinq of State funds, though survey evidence indicates that the States had actively tried to encourage this.

The States also did well accomplishing some of their own objectives, especially in activities on which they concentrated their efforts. Wisconsin, for example, substantially increased the number of economic development projects funded, as it intended to do. Those in the Single Purpose category increased to 31 percent, compared to none the previous year. Kentucky put great effort into workshops for small cities: these were widely attended, all of the participants found them useful, and two-thirds found they were more useful than HUD workshops had been in the past.

Local Views of State Administration. Local officials in Kentucky and Wisconsin started with high expectations about the State initiatives. About two-thirds of local officials in both States preferred the idea of State administration; and less than a quarter had a distinct preference for the State not to become involved.

These high expectations were sustained. After grantee selections were made, applicants, even the unsuccessful ones, were highly satisfied with State efforts, in areas ranging from adequacy of information to fairness of awards procedures. All of the grantees thought the process was applied fairly by the States; perhaps more importantly, eighty percent of the unsucccessful applicants in Kentucky and 60 percent in Wisconsin also found the process fair. Those unsuccessful applicants who questioned State ratings did not a challenge the fairness of the rating effort as a whole, but the judgment in assessing the impact of individual projects.

PATTERNS OF SMALL CITY FUNDING

This section describes the grants and grantees in the FY 1981 Small Cities program, and discusses a number of key performance issues. The number of applicants, number of grants and amount of approved funds for metro and non-metro are described, followed by a breakdown of single purpose and comprehensive grants and the population size of grantees.[7] The multi-year categories of the comprehensive programs, especially the future commitments or commitments for FY 1982 and 1983, are also discussed. A table which summarizes funding in each State, the number and amount of grants it received, and the percent distribution of grants by population size of the grantee in FY 1981 is also included.

FY 1981 APPLICANTS AND GRANTEES

Number of Applications. Overall, about 5,000 communities requested a grant in FY 1981, totalling $2.8 billion compared to the $926 million available. Three-quarters of these were non-metro communities and one quarter metro.

TABLE 2-1

FY 1981 FUNDING REQUESTED

	Applicants		Dollars Requested	
	Number	Percent	Amount (millions)	Percent
Metro	1,304	26%	$792	29%
Non-Metro	3,671	74	1,961	71
Total	4,975	100%	$2,753	100

Number of Grants. Of the requests, 1,880 grants were approved, totalling $926 million. The average grant size is $493 thousand. As noted above, the Small Cities program has allocated its funds through four competitions in each

State: single purpose and comprehensive rounds for both metro and non-metro places. Funds for the metro and non-metro rounds have been determined by Statute. The non-metro category is greater, but numbers of applicants and grants are proportional to this, and average grant sizes are about the same. Seventy percent of the grants and dollars went to non-metro areas, and the remaining to metro areas.

TABLE 2-2

FY 1981 GRANTS BY METRO AND NON-METRO AREAS

	Grant No.	Grant Amounts (millions)	Average Size (thousands)
Metro	560	$270	6482
Non-Metro	1,320	656	497
Total	1,880	$926	$493

Over two-thirds of the grants (68%) or 1,268 of the 1,880 grants were made to municipalities. Thirty percent of the grants were split by townships and counties, with 13 percent going to townships and 17 percent for counties. The remaining two percent went to joint city-county grants and to States in behalf of local areas.

TABLE 2-3

FY 1981 GRANTS BY TYPE OF GOVERNMENT

	Number of Grants	Percent
Municipality	1,268	68%
Township	253	13
County	317	17
Other	42	2
Total	1,880	100%

Comprehensive and Single Purpose Grants. In FY 1981 HUD approved 981 comprehensive grants totalling $570 million and 899 single purpose grants for $356 million. The average comprehensive grant is $581 thousand. Single purpose grants are smaller, averaging $396 thousand.

Single purpose grants are focused in three problem areas, housing, economic development and public facilities, and some included activities in more than one problem area. Over 70 percent of the single purpose grants included housing activities, 45 percent included public facilities and seven percent of the grants included economic development. There is no difference in these patterns of activity between metro and non-metro areas.

The comprehensive program encourages localities to undertake targeted community development programs addressing multiple needs, for up to three years.

Most comprehensive grantees chose a three year program; about a quarter of the grantees requested two year or one year comprehensive grants.

TABLE 2-4

FY 1981 GRANTS AND GRANT AMOUNTS AND AVERAGE GRANT SIZE FOR SINGLE PURPOSE AND COMPREHENSIVE

	Number of Grants	Amount of Grants (millions)	Average Size of Grants (thousands)
Single Purpose	899	356	396
Comprehensive	981	570	581
Total	1,880	926	493

Multi-year Commitments. Each year, HUD must set aside funds for the continuation of multi-year comprehensive programs begun in previous years. In FY 1981, HUD funded about $240 million in continuation of prior multi-year comprehensive programs, and $322 million in first year commitments of new comprehensive grants. Table 2-5 breaks down FY 1981 comprehensive grant funding by the year the comprehensive grant was initially committed, the year of the multi-year grant and the total length of the multi-year grant.

Table 2-5

COMPREHENSIVE GRANTS FUNDED IN FY 81 BY YEAR COMMITMENT BEGAN

Year Commitment Began	Number of Grants #	Number of Grants %	Approved Amount ($ million) $	Approved Amount ($ million) %
FY 79 3/3*	217	23%	$124	22%
Subtotal FY 79	217	23%	$124	22%
FY 80 2/2	34	4	17	3
2/3	177	18	98	18
Subtotal FY 80	211	22	115	21
FY 81 1/1	123	13	67	12
1/2	72	7	41	7
1/3	338	35	214	38
Subtotal FY 81	533	55	322	57
TOTAL FUNDED FY81	961**	100%	$561**	100%

* Numbers with / indicate first the current grant year being funded, and second the multiyear commitment. Thus 2/3 is the second year of a three year grant.

**See note 8 regarding totals.

Many of these commitments continue into FY 1982 and FY 1983 and they will be honored to the extent funds are available, Because of the new State administrative option in the program, the total commitment is of particular interest. Table 2-6 presents the commitments potentially remaining for FY 1982 and FY 1983. These figures are second and third year estimates of the remaining grant, assuming all grantees continue to meet original program commitments. At present, about $393 million is the ceiling potentially committed for FY 1982 and $235 million for FY 1383.

TABLE 2-6

FY 1982 AND FY 1983 ESTIMATED MULTIYEAR COMMITMENTS

	Year Multiyear Commitment Began					
	FY 1980		FY 1981		Total	
Year to be funded:	number	amount* (millions)	number	amount* (millions)	number	amount* (millions)
FY 1982	183	$95	338	$255	593	$393
FY 1983			330	$210	338	$210

*see note 8 regarding totals

Grantee Characteristics. Most of the grants were made to small communities under 10,000 population. Many went to much smaller places. Of the total FY 1981 Small Cities grants, 13 percent were to communities under 1,000 and another 14 percent to communities between 1,000 and 2,500. Seventeen percent of the grants were made to communities of over 25,000 population. The size of recipient communities is discussed further below. Table 2-7 shows grants and dollars by community size. Table 2-8 displays this for each State.

TABLE 2-7

SMALL CITY GRANTS BY CITY POPULATION SIZE

	FY 1981 Small Cities Grants			
Population:	Number of Grants	Percent of Grants	Amount Approved (millions)	Percent of Total
0 - 1,000	249	13%	$ 79	9%
1,000 - 2,499	257	14	107	12
2,500 - 4,999	291	16	141	15
5,000 - 9,999	347	18	178	19
10,000 - 24,999	420	22	235	25
25,000 - +	316	17	186	20
Total	1,880	100%	$926	100%

Table 2-8

FY 1981 SMALL CITIES PROGRAM NUMBER AND AMOUNT OF GRANTS
BY STATE AND PERCENT DISTRIBUTION OF GRANTS RY STATES

State Names	Approved Grants: Amounts ($000)	Percent	Number	Percent	Percent Distribution of Grants bv Pooulation Size: Over 25000	10000–25000	5000–10000	2500–5000	1000–2500	Under 1000
Alabama	27,768	3.0	59	3.1	10	17	19	8	15	31
Alaska	1,283	.1	4	.2	25	--	50	25	--	--
Arizona	5,284	.6	12	.6	25	8	25	8	25	8
Arkansas	20,448	8.2	45	2.4	16	16	11	22	4	31
California	23,327	2.6	55	2.9	25	25	16	18	7	9
Colorado	8,585	.9	19	1.0	16	11	21	26	--	26
Connecticut	8,204	.9	24	1.3	21	29	29	17	4	--
Delaware	1,434	.2	6	.3	17	17	--	--	33	33
Florida	21,051	2.3	39	2.1	15	21	26	18	15	5
Georgia	34,381	3.8	50	2.7	12	24	22	14	27	2
Hawaii	1,525	.2	3	.2	100	--	--	--	--	--
Idaho	5,713	.6	16	.8	25	19	6	19	6	25
Illinois	35,863	3.6	53	2.8	25	23	21	12	13	6
Indiana	25,761	2.8	41	2.2	15	29	20	20	10	7
Iowa	22,499	2.5	60	3.2	12	8	12	20	20	28
Kansas	16,085	1.8	42	2.2	7	24	7	17	17	29
Kentucky	27,239	2.9	43	2.3	12	30	21	16	14	7
Louisiana	27,588	3.0	46	2.4	20	16	23	16	23	2
Maine	9,493	1.0	27	1.4	4	26	26	22	7	15
Maryland	8,570	.9	20	1.1	30	30	15	10	5	10
Massachusetts	22,512	2.5	42	2.2	31	43	19	2	2	2
Michigan	28,244	3.1	64	3.4	14	17	30	16	13	10
Minnesota	19,497	2.1	45	2.4	18	29	20	16	13	4
Mississippi	30,303	3.3	43	3.3	12	14	16	28	14	26
Missouri	23.563	2.6	67	3.6	4	9	22	16	21	27
Montana	5,595	.6	14	.8	21	7	--	21	22	29
Nebraska	11,207	1.2	31	1.6	6	16	16	--	19	42
Nevada	2,031	.2	7	.4	14	29	29	14	--	14
New Hampshire	5,742	.6	15	.8	13	33	20	13	20	--
New Jersey	9,999	1.1	27	1.4	26	19	33	15	7	--
New Mexico	7,938	.9	18	1.0	22	22	17	11	22	6
New York	37,285	4.0	82	4.4	15	27	23	16	14	5
North Carolina	41,708	4.6	63	3.3	22	22	17	22	10	8
North Dakota	5,164	.6	12	.6	8	8	25	--	16	42
Ohio	39,318	4.3	71	3.8	25	14	14	13	15	18
Oklahoma	16,549	1.8	33	1.8	3	18	22	30	9	18
Oregon	9,206	1.0	22	1.2	14	23	9	9	14	32
Pennsylvania	38,400	4.2	77	4.1	22	24	17	17	14	5
Puerto Rico	45,411	4.4	72	3.8	30	62	6	--	--	1
Rhode Island	4,121	.4	9	.5	33	56	11	--	--	--
South Carolina	24,644	2.7	45	2.4	29	16	27	16	7	7
South Dakota	6,111	.7	13	.7	--	8	15	38	--	38
Tennessee	26,349	2.9	63	3.4	11	25	22	21	13	8
Texas	50,291	5.5	103	5.5	4	20	17	22	25	12
Utah	3,557	.4	8	.4	13	25	13	--	25	25
Vermont	4,882	.5	15	.8	7	20	33	20	20	--
Virginia	22,772	2.5	38	2.0	21	19	13	16	26	5
Washington	11,080	1.2	24	1.2	38	29	8	8	4	13
West Virginia	16,505	1.7	35	2.0	14	22	8	16	16	24
Wisconsin	23,016	2.2	45	2.4	17	12	22	10	12	27
Wyoming	2,964	.3	8	.4	25	38	13	--	13	13
National Total	$925,521	100.0	1880	100.0	17	22	18	16	14	13

SOURCE: U.S. Department of Housing and Urban Develooment, Community Planninq and Development, Office of Management, Data Systems and Statistics Division.

PROGRAM PERFORMANCE

Small Cities Program Evaluation. HUD completed a major evaluation of the Small Cities CDBG program in FY 1981, funded by the Office of the Assistant Secretary for Policy Development and Research and conducted by Urban Systems Research and Engineering Corporation (USRE). The Department also conducted a number of smaller in-house studies. The program evaluation focused on the needs and activities of small cities which are eligible to apply for CDBG funds, the effect of program design on performance, and the uses of technical assistance.[9] Interim results contributed to the regulatory changes in FY 1981, discussed above; final results are readily adaptable for use by the States as they adopt the program.

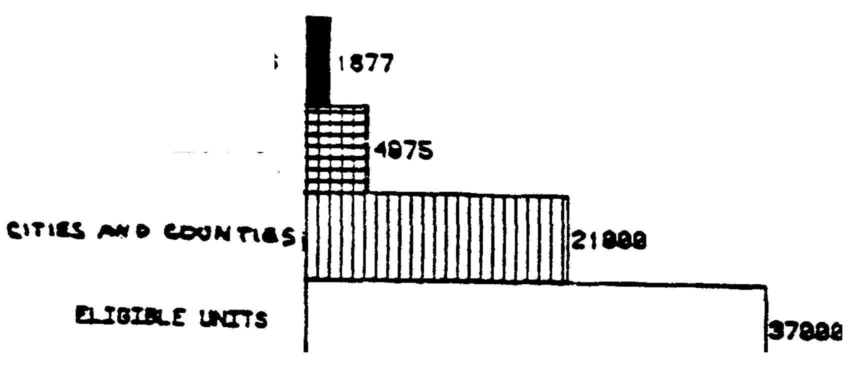
Some of the key performance issues for the program as it existed in FY 1981, based on these studies, are presented below.

Who Participates. Nationwide, there are about 37,000 units of government technically eligible for the Small Cities program. Many of these are special units of government which rarely apply. There are roughly 21,000 small cities and non-metropolitan counties included in this total which are the main source of applicants. About half of the eligible cities and counties have less than 1,000 population, and three quarters are less than 2,500--though only 15 percent of the eligible population itself is in communities smaller than 2,500.

About one-quarter of the 21,000 eligible cities and counties apply for a grant in a year. About two out of five of these applicants will be funded. This is shown in figure 2-1. About 6100 small communities have received grants in the program since FY 1975.

FIGURE 2-1

GRANTS, APPLICANTS, AND ELIGIBLE UNITS
OF GOVERNMENT
FY 1981 FOR SMALL CITIES CDBG

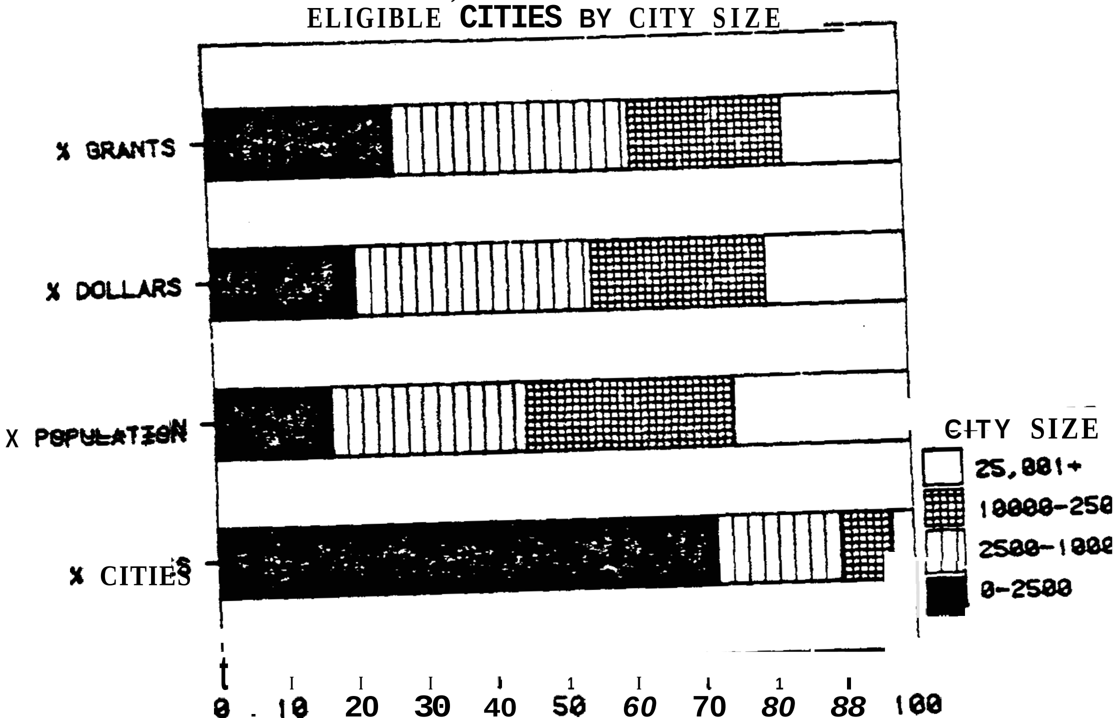


Applicant Size. The average grantee is about 2.5 times larger than the average applicant. Applicants themselves tend to be larger places--almost twice as large as the average eligible community. But, applicants and grantees are nevertheless often very small. Twenty percent of the single purpose awards and 6 percent of the comprehensive awards in FY 1981 went to communities under 1,000 in population, involving 9 percent of the funds.

Population is not evenly distributed across small cities of varying size--more people live in the larger ones. Thus, while a higher proportion of larger communities get grants than smaller, more per capita small cities funds have gone to the eligible population in very small localities. Those under 2,500 people include about 15 percent of all Small Cities residents, and receive about 20 percent of all Small Cities funds in FY 1981. These relationships are shown in Figure 2-2.

FIGURE 2-2

SHALL CITIES PROGRAM
FY 1881 GRANTS, ELIGIBLE POPULATION AND
ELIGIBLE CITIES BY CITY SIZE



Who Does Not Participate. Many communities never apply for a small cities grant. The most frequent reason, at least in earlier program years, was being unaware that there was a program, cited by half the non-applicants surveyed by USRE in 1978. This has probably abated, however, and it is likely it will change further under State transfer. For example, in 1981, two thirds of small cities in Wisconsin and three-quarters in Kentucky were aware of the State role to administer the Small Cities project selection there.[10]

Capacity. Overall, Small Cities grantees have performed well. Small City drawdown rates, one indicator of capacity to perform, are similar to larger communities, and have improved substantially over the course of the program. HUD has reserved between 65 and 75 percent of available funds for comprehensive grants. These funds are available to all communities for comprehensive treatment of community development needs. However, the decision to apply for comprehensive rather than for single purpose grants is not just related to the community's sense of its need, but also to its sense of its capacity to administer the grant. Single purpose grantees do not generally have less complex housing or community development needs.[11] Many use this type of grant to attempt to improve their chances to get a comprehensive grant in subsequent years. In this way, the program has provided an opportunity for communities with different levels of capacity to participate.

While comprehensive grants are perceived as requiring greater grantee management capacity, they are also less competitive. About 39 percent of applicants for comprehensive grants are funded, while 16 percent of single purpose applicants receive grants. The result is a tendency for more experienced applicants to receive funding.

Technical Support. Technical Assistance is another resource intended to bolster capacity, and to assure all applicants an even opportunity for use of CDBG funds. Communities, especially smaller ones, do not usually rely wholly on their own resources to prepare an application and carry out a program. Technical resources are frequently used.[12] They are also widely available. The primary sources are private consultants, regional planning agencies, and State Departments of Community Affairs, each available to about two-thirds of all grantees, according to grantee surveys. The HUD Area Office is viewed as a technical resource by grantees as well.

TABLE 2-9

SMALL CITY GRANTEE USE OF AND SATISFACTION WITH TECHNICAL ASSISTANCE SOURCES

	Used for Planning %	Satisfied %	Used for Implementation %	Satisfied %
HUD Area Offices	63	84	33	62
Regional Planning Agencies	51	91	18	79
Consultants	46	88	44	80
State DCAs	31	90	19	80
Counties	13	82	7	67

SOURCE: Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts, 1981.

Grantee Selection. The project selection system design affects outcomes in two ways. First of all, it signals communities as to their chances in the competition and in this way encourages certain types of communities to apply (and saves effort on the part of others.) This is sometimes a very direct decision--15 percent of grantees studied by USRE reported that consultants alerted the community that they had high needs which would fare well in project selection system scoring.

The selection system also, of course, ranks applications which are to be funded, and in this way affects outcomes. The balance between needs factors and program impact factors is especially important in this regard. The issue is how to balance a general program concern for responding to needy communities in general with the highest possible impact on local needs in particular. The emphasis in practice has been on program impact and benefits.

Project impact, for example, accounts for about 40 percent of the points to be awarded. But statistical analysis of outcomes shows it plays a much greater actual role in final rankings, explaining about 70 percent of the actual variation in scores. Need factors on the other hand play a smaller role in final rankings, accounting for just 6 or 7 percent of the actual variation in outcomes. However, needs factors have still had a substantial effect in the operation of the selection system, by in effect deciding "ties" among applicants with similar levels of impact in favor of the needier community, as they were intended to do.[13]

Similar analysis has also shown that housing factors, in the pre-FY 1981 selection system, accounted for extremely little of the total variation in outcome rankings, about 2 percent. This is one of the reasons they were dropped from the ranking system in FY 1981.

Competitive Effort. There is a less formal situation which has also directly affected the grantee pool. Small City funding is a competitive process, and the localities which have been funded have most often been those which rose to the occasion. Successful applicants appear frequently just to have "tried harder". Successful applicants have involved more groups in their community in developing their applications, and more local staff available to work on the grant, had more citizen participation, more actively sought technical assistance, and sought closer contact with the HUD Area Office, according to evaluation results.[14]

Activities. Small Cities CDBG funds are eligible for use for a wide range of different types of activities, and have, in fact, been used widely by communities. Grants almost always include several distinct components or activities, averaging about 4 per grant. But a few types of activities tend to be applied for, and funded, more than others -- housing rehabilitation, sewer and water projects, and other public works such as street improvement.

While funded activities are almost always responsive to a stated local need, the program has been used to meet some needs more consistently than others. Almost all grantees who indicated a need for housing rehabilitation--the majority--include some rehabilitation component in their project. Communities needing public works and water and sewer activities used grants for these needs less frequently - about half with those needs have activities addressing them. Few grantees with economic development needs have grant activities addressing that.[15]

TABLE 2-10

EXTENT TO WHICH SMALL CITY GRANT ACTIVITIES ARE USED TO MEET SPECIFIC LOCAL NEEDS

Local Need	Percent of Grantees Who Address Their Local Need
Housing Rehabilitation	84%
Water and Sewer	58
Streets	50
Economic Development	7

SOURCE: Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts, 1981.

Benefits. One of the most consistent characteristics of all activities funded by the program has been the high level of benefits to low and moderate income people. Benefit rates for different project activities have ranged from 80 percent in water and sewer projects to 98 percent in housing rehabilitation activities (where participation can be limited strictly to low and moderate income beneficiaries.) The program as a whole, for all project types, has a benefit level for low- and moderate-income people of 91 percent, according to data submitted by applicants and confirmed by evaluation studies.[16]

Compliance with Regulatory Requirements. An issue important to the Small Cities program as well as others is the effect of regulatory requirements on local performance. Five major requirements of small cities are discussed here: financial management, citizen participation, environmental protection, fair labor standards, and equal opportunity. Small city grantees regularly comply with the regulatory requirements, and do not perceive them as a burden. With the exceptions discussed below, they do not find them particularly difficult to understand or expensive to comply with. On the other hand, they also do not find them to have much of an impact on their program design--though it should be added some of these requirements are meant to address rare, but severe, risks, and would not alter most projects.
Table 2-11 presents the percentage of grantees reporting in USRE surveys that the regulations are very difficult to understand, very expensive to comply with, and having a great impact on program design.[17]

Table 2-11

SMALL CITY GRANTEE ATTITUDES TOWARD REGULATORY REQUIREMENTS

	Difficult*	Expensive**	Impact***
Citizen Participation	5%	10%	43%
Environmental Impact	29	21	9
Financial Management	26	22	6
Fair Labor Standards	14	15	12
Equal Opportunity	5	3	4

* Difficult to understand.
** Expensive to comply with.
*** High impact on program design.

SOURCE: Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts, 1981.

Citizen participation requirements are relatively easy to understand and to comply with, and are reported to have a substantial impact. All grantees in the USRE evalution held a citizen participation hearing as required, and most had more involvement than necessary. Eighty percent indicated this caused no project delays.

Financial management requirements had a different effect. They were found to be relatively difficult to understand and expensive to comply with. Drawdown requirements were especially a problem for localities, particularly those with little grant experience, primarily involving the rule which requires funds to be expended three days after they are received. The result has been occasional bookkeeping delay and freezing of drawdowns.

Environmental assessments were perceived to be among the more difficult and expensive to apply. The assessment had a major impact on design of nine percent of projects and one project in 80 required an environmental impact statement based on the initial environmental review. Unlike financial management and citizen participation requirements, environmental reviews are not intended to have a direct impact on all projects, but to protect against major risks, accounting for the relatively lower reports of impact on design.

Fair Labor and Equal Employment requirements also appear to have been followed closely. They too often appear to localities as not much affecting their program design. Almost all grantees carry out the construction site nspections called for by the Fair Labor standards requirement. Almost all a so had Affirmative Action plans or written assurances, even though two-thirds of the localities have no licensed or bonded minority contractors available.

Imminent Threat Grants. One of the less well known features of the Small Cities program is the Imminent Threat Grant. Field offices have the discretion to reserve funds for awards to respond quickly to an emergency threatening public safety or health, Localities may apply and be funded without competition at any time during the program for which set aside funds are still available.

About 2.5 percent of all program funds, and 1.5 percent of grants ($40 million and 182 grants in the period from FY 1977 to FY 1980) are awarded in this way, mostly to repair water systems — polluted water, or broken water pumps and mains. Others have been used for gas and sewer line emergencies, removing hazardous chemicals, and repairing a dam.[18]

Special Performance and Achievement. The Project Selection System includes a number of special factors. These are intended to recoanize outstandins performance in housing and equal opportunity, and other achievements, such as participating in an approved Areawide Housing Opportunity Plan, and to encourage activites such as coordinating program efforts with a State growth plan, enhancing the community's position as a regional center of economic growth, promoting energy conservation or supporting energy production in the proposed project, and coordination with other Federal programs.

There are substantial achievements in these areas. Seventy percent of all grantees received at least some housing performance points. Almost half of all grantees received some points for equal opportunity achievements.

TABLE 2-12

PERCENT OF APPLICANTS AND GRANTEES RECEIVING SPECIAL PURPOSE POIYTS
FY 1981 SMALL CITIES CDBG

	Grantees	Applicants
Housing Performance*	70%	55%
Equal Opportunity*	46%	36%
AHOP	23%	21%
State Plans	38%	32%
Energy	48%	38%
Other Federal Programs	39%	25%

*Composite of several individual factors.

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division. Compiled by Office of Program Analysis and Evaluation.

Forty percent of all grantees in FY 1981 were recognized by HUD as proposinq activities consistent with State plans or located in growth centers. Almost half were undertaking projects with energy conservation or production features, and 39 percent were coordinating efforts with other federal programs.

Grant Closeouts. Close out of completed Small Cities grants has been a HUD priority for the past several years. This objective has been strengthened in the last year to permit directing staff resources to emerging program initiatives, and eliminate unwarranged costs that might be caused by delays. For the first time, in FY 1981, the Small Cities program closed out more grants than in made in a year. The program closed out 2045 grants in FY 1981, approving 1880 new ones. It closed out 2056 in FY 1980 and 1507 in FY 1979. Closeouts remain a high priority as one of the steps in the transition to optional State administration and other new directions in the Small Cities program.

FOOTNOTES

[1] These figures represent grants approved as of February 4, 1982. At this time, HUD had received 1900 grant applications including those invited from the FY 1981 competitions and applications for continued funding of prior multi-year grants, and ultimately more than 1880 approvals is possible.

[2] Housing and Community Development Amendments of 1981, Pub. L. 97-35, 95 Stat. 384 (Codified at 42 U.S.C. 5304).

[3] S. Rep. No. 97-87, 97th Cong. 1st Sess. 18 (1981).

[4] 45 Fed. Reg. 55968-55978 (1980).

[5] The program is discussed in Fed. Reg. 57120-57122 (1980).

[6] These results are presented in two reports prepared by the Office of Program Analysis and Evaluation, Community Planning and Development, Department of Housing and Urban Development: Interim Report: Two State CDBG Small Cities Demonstration (1981), and Second Interim Report: Two State CDBG Small Cities Demonstration (1981).

[7] Unless otherwise indicated, the source of these data is Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division, FORMS/CPD Data System.

[8] These tables are taken from a different HUD data system, the MIS, tallied at an earlier time, and differ somewhat in totals from the tables above.

[9] The USRE analysis concentrated retrospectively on the FY 1978 program year to permit attention to grant implementation and execution. Results presented here are believed to be generally applicable to current grantees as well.

[10] Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981); and analysis of two-state demonstration results by Office of Program Analysis and Evaluation, Community Planning and Development, Department" of Housing and Urban Development.

[11] Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981).

[12] Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981).

[13] Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981); and analysis of two-state demonstration results by Office of Program Analysis and Evaluation, Community Planning and Development, Department of Housing and Urban Development.

[14] Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981).

15 Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981).

16 Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report:, Cambridge, Massachusetts (1981).

17 Urban Systems Research and Engineering Corporation, An Evaluation of the Small Cities Program: Final Report: Cambridge, Massachusetts (1981).

18 Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, Imminent Threat Grant Study (1981).

CHAPTER 3: THE URBAN DEVELOPMENT ACTION GRANT PROGRAM

OVERVIEW

This chapter summarizes the activities of the Urban Development Action Grant program (UDAG) through the end of FY 1981. The information is organized under four main sections: Overview; Recent Program Initiatives; Project Characteristics, Planned Impacts and Distribution; and Program Progress.

The first section summarizes program highlights and briefly reviews the UDAG legislative and budgetary history while the second discusses recent legislative actions, the findings of a HUD impact evaluation study, and the program changes that have resulted from each action. The third section describes UDAG financing; types of incentives; potential impacts; and the distribution of UDAG projects and dollars by metropolitan and small cities, project types (industrial, commercial, neighborhood), census regions, and grantees' degree of distress. The chapter concludes with a discussion of UDAG program progress. This section includes a review of project construction, close-out and completion status; ,examines private investment and UDAG drawdowns; and identifies actual employment, housing and fiscal impacts.

SUMMARY OF FINDINGS

UDAG regulations were revised in response to changes mandated by the legislative amendments of 1980 and 1981. The major revisions involve placing greater emphasis on encouraging development activity to aid in economic recovery; taking steps to assure that the amount of the Action Grant award is the least required to make a project feasible; and incorporating a number of provisions designed to simplify application and planning requirements. In addition, the UDAG program office initiated a number of administrative changes in response to recommendations of the HUD Impact Evaluation Study. These changes include strengthening project selection procedures to insure that UDAG money does not substitute for private or other public funds and improving the accuracy of original estimates of anticipated benefits.

Over the four fiscal years covered by this chapter, grants of over $2.0 billion were awarded to 1,113 projects in distressed communities. In total:

- o the awards are expected to leverage $12.1 billion in private investment and $1.4 billion in other public funds;
- o metropolitan cities accounted for more than three-fourths of all UDAG dollars and almost three-fifths of all projects;
- o the largest proportion of the projects were located in the most distressed eligible cities; and
- o there was a fairly equal distribution of projects among industrial, commercial, and neighborhood project types. However, commercial projects accounted for almost half of all UDAG dollars.

About two-thirds of UDAG funds were used for direct incentives, which are defined to include direct money payments, or their equivalent, to the private sector. The proportion of UDAG funds used for direct incentives reached 80 percent in FY 1981, continuing a steady increase from the beginning of the program. The move to direct incentives was almost exclusively a shift to repayable incentives.

A variety of benefits are anticipated when the 1,113 projects are completed. These projects are expected to:

- create nearly 300,000 new permanent jobs in distressed cities;
- save over 100,000 other permanent jobs;
- generate over 200,000 construction jobs;
- produce about 60,000 newly constructed or rehabilitated housing units; and
- generate $223 million in annual property taxes.

Progress toward achieving potential impacts was examined for 874 projects that had grant agreements executed by both HUD and the grantee by the end of FY 1981. In these 874 projects:

- twenty percent had completed all construction work and, in another 18 percent, construction work was nearly complete;
- over 50,000 new permanent jobs were created, representing 23 percent of eventual expected employment in these projects; 58 percent of these jobs went to low- and moderate-income persons; 23 percent were filled by members of minority groups;
- over 6,700 housing units were constructed or rehabilitated, representing 15 percent of planned units; 57 percent of tnese completed units were for low- and moderate-income families; and
- annual property taxes increased by $8.7 million, accounting for six percent of planned property tax revenue.

LEGISLATIVE AND ADMINISTRATIVE HISTORY

Enactment. The Urban Development Action Grant program was established by Congress in 1977.[1] The authorizing legislation directed the Department of Housing and Urban Development (HUD) to use appropriated funds in "severely distressed cities and urban counties to help alleviate physical and economic deterioration" as evidenced by "...excessive housing abandonment or deterioration, ...population outmigration or a stagnating or declining tax base." The symptoms of distress singled out in the authorizing legislation were the age and condition of the housing stock, including residential abandonment; average income; extent of poverty; population outmigration; extent of growth lag; and a stagnating or declining tax base. The new program was to attack these problems by helping "...to restore seriously deteriorated neighborhoods,...reclaim for industrial purposes underutilized real property, As mentioned above, jurisdictions not designated as distressed may be eligible for the program under the "Pockets of Poverty" provision if they contain areas of severe distress. Eligibility of an area is determined by such criteria as minimum population size, proportion of low- and moderate-income residents, proportion of residents with incomes below the national poverty level, and provision of basic public services at least equivalent to those provided to more affluent areas. In addition, the jurisdictions must meet the same requirements of demonstrated results in housing and equal opportunity as distressed communities.

DATA SOURCES

Three basic data sources are used in this chapter. The first is the Action Grant Management Information System (AGIS) Application History data base which contains selected detailed data on the characteristics of all projects at the time of preliminary approval. This data base provides information on the distribution of projects and potential program impacts. The second data source is the Grant Agreement data base which contains selected characteristics for projects that had executed grant agreements (contracts) by the end of FY 1981.[4] This file provides the data on the types of incentives used in Action Grant projects. The third source of data is the AGIS Grant data base which contains information on project status and accomplishments as reported by grant recipients at the end of the Fourth Quarter, 1981. The data from this source are merged with information from the Grant Agreement file to measure program progress against planned impacts.

and...renew commercial employment centers." The grants were to provide supplemental financing to close the gap between available funds and actual costs, thus stimulating private investment which otherwise would not occur in these distressed communities.[2]

In FY 1 80, a Pockets of Poverty provision was added to the Action Grant program.' This provision allows otherwise ineligible communities that contain severely distressed areas, or pockets, to apply for Action Grant funds. To be eligible for the program, there must be a clearly defined pocket of poverty or distress within the jurisdiction, the project must be located in the pocket and directly benefit its low- and moderate-income residents, and local government must provide a match of 20 percent of the UDAG amount.

Budget Actions. The Action Grant authorizing legislation provided the program with $400 million in each of the 1978, 1979, and 1980 fiscal years. Congress appropriated that amount in the first two years of the program and increased the appropriation to $675 million in FY 1980. In 1980, Congress reauthorized the program for an additional three years at $675 million per year. However, the Housing and Community Development Amendments of 1981 changed the authorization to not more than $500,000,000 for fiscal years 1982 and 1983. At least 25 percent of each year's appropriation must be set aside for small cities, i.e., cities with less than 50,000 population that are not central cities in Standard Metropolitan Statistical Areas (SMSAs). The remainder goes to metropolitan cities and urban counties. Up to 20 percent of the appropriation may be used for Pockets of Poverty grants.

Program Design. With these statutory directives, HUD designed a program around the concept of private-public partnerships, emphasizing private sector initiative and responsibility. To receive an Action Grant, local governments must obtain a commitment of private investment funds several times that of the Action Grant. Action Grant projects are structured so that Federal dollars will only be advanced for projects that clearly contribute to economic development by creating jobs and improving the community's fiscal base.

Program Eligibility. The designation of a city or urban county as distressed, and thus potentially eligible for the program, is determined by using up to six criteria of physical and economic distress: age of housing, poverty, per capita income change, population growth/lag, unemployment, and job lag/decline. The median value for all metropolitan cities is used as the minimum threshold or standard for each criterion. Although the number of criteria applied varies by the population size of the community, in general, a jurisdiction must meet at least three of the qualifying standards. HUD publishes the list of potentially eligible cities and urban counties in the Federal Register. However, before one of these communities can submit an Action Grant application, it must request a determination of full eligibility. Technical assistance for developing the evidence for this request is available from HUD Area Offices. Full eligibility is granted when an Area Office has certified that the city or urban county has demonstrated results in providing housing for persons of low and moderate income, as well as equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups. Adverse recommendations on full eligibility by an Area Office are subject to review by the Headquarters Action Grant Office and the Assistant Secretary for Community Planning and Development (CPD).

RECENT PROGRAM INITIATIVES

LEGISLATIVE CHANGES

The Housing and Community Development Amendments of 1981 reduced the authorized funding for the UDAG program from $675 million to $500 million for each of the fiscal years 1982 and 1983.[5] The Amendments revised the purpose of the program to concentrate on stimulating economic development activity to aid in economic recovery. They also eliminated the previous requirement that there be a reasonable balance among neighborhood, industrial, and commercial projects. Furthermore, it required that steps be taken to assure that the amount of the Action Grant award was the least required to make a project feasible. In addition, the Amendments incorporated a number of provisions designed to simplify application/planning requirements.

The 1981 Amendments also retained two changes affecting the UDAG program which were included in 1980 Amendments to the basic Housing and Community Development statute. The first of these 1980 changes added Guam, The Virgin Islands and Indian Tribes to the definition of the term "city" for the purpose of eligibility under the UDAG program. The second dealt with the requirement that applicants identify and determine the effect of a proposed UDAG project on properties which are listed on the National Register of Historic Places or which may be eligible for inclusion on the National Register.

REVISED REGULATIONS

In response to the changes in the UDAG program mandated by the legislative Amendments of 1980 and 1981, and in line with Secretary Pierce's commitment to make the program more efficient and effective, revised UDAG Regulations have been published in the Federal Resister with an effective date of March 31, 1982. The major changes in the Regulations were:

- emphasis on economic development to stimulate recovery in severely distressed communities as the purpose of the program;
- clarification of expected applicant performance in meeting eligibility requirements related to the provision of housing for low- and moderate-income persons;
- elimination of the requirement that applicants prepare a written citizen participation plan, although public hearings are still required;
- elimination of requirements for comments by State and areawide clearinghouses on applications (OMB Circular A-95 procedures);
- deletion from the application of the requirement for a community development plan and a Housing Assistance Plan;
- requirement that applications need contain only certifications relating to compliance with historic preservation and relocation; and
- deletion of references to reasonable balance among types of projects as a selection criterion.

HUD EVALUATION STUDY

Study Findings. At the request of the Secretary, an in-depth impact evaluation of the UDAG program was undertaken in 1981 by the Office of the Assistant Secretary for Policy Development and Research. To determine the need for the program and to discover what the program is really achieving, the HUD team conducting this study examined intensively a representative sample of 80 projects in 70 cities. The team inspected sites, held detailed personal interviews with key people involved in each project, and consulted with a blue ribbon panel of real estate, financial and development experts on elements of the program and its process.[6]

The study found that the UDAG program is stimulating additional private investment, jobs, and taxes that would not occur in distressed cities and urban counties in the absence of the subsidies and that, in general, this is being done effectively. However, the study found certain deficiencies that can be reduced or eliminated through various administrative changes. These changes involve project selection procedures which can be strengthened to insure that Federal money does not substitute for private or other public funds, and changes to improve the accuracy of original estimates of anticipated benefits.[7]

Implementation of Evaluation Study Recommendations. In response to the recommendations of the HUD Impact Evaluation Study, a number of chanaes in the administration of the UDAG program have been initiated at the direction of the Secretary. The following steps are being taken:

- to assure that UDAG subsidies are awarded only when absolutely necessary, the required "but for" letter will be more carefully structured. It will require the developer to detail what private investment is the result of the UDAG subsidy and to confirm that the UDAG assistance is the least amount required. Program staff at Headquarters are being further trained to improve their underwriting capacity. Additional training is being given to HUD's Area Office staff to help in the review of applications for UDAG funding;

- to increase the probability that projects will be financially viable, market studies, feasibility analyses, detailed site information, and pro formas used by lenders will be provided by applicants and reviewed carefully by UDAG staff. These reviews will assess not only the need for UDAG funds but also the long-term financial viability of proposed projects; and

- to improve the accuracy of projected benefits associated with proposed projects, the UDAG application form is being revised to provide for a more careful and systematic estimation of jobs and local tax revenues resulting from the project.

Other Initiatives. To reflect the program changes required by legislation and to incorporate the administrative changes related to the Impact Evaluation Study recommendations, a revised application form has been prepared and is in Departmental clearance. The new form uses standard 8 1/2 by 11 inch bond instead of legal size paper; is a more coherent document which eliminates duplication; and is shorter in length but provides additional information such as a glossary of terms and detailed instructions for computing both employment and fiscal benefits. As indicated above, steps are being taken to strengthen the involvement of HUD Area Office staff, including a stronger role in the management and monitoring of Action Grants to assure successful completion.

In addition, other administrative steps are being taken to identify and reduce waste, fraud and abuse. On-site monitoring visits by HUD Area Office staff are targeted to those projects where activity is underway in order to review compliance with schedule and grant agreement requirements. Monitoring activities are placing increased emphasis on financial management procedures, particularly to insure that grantees are not drawing down UDAG funds in excess of current need. Monitoring at all levels is designed to provide an early-warning system on projects with potential problems.

PROJECT CHARACTERISTICS, PLANNED IMPACTS AND DISTRIBUTION

FINANCIAL CHARACTERISTICS

UDAG Financing. During its first four years, the Action Grant program announced preliminary application approval of 1,239 projects of which 1,159 had HUD-executed grant agreements involving obligations in the amount of $2,075,267. However, of the 1,239 announced projects, 126 have been cancelled or terminated leaving a balance of 1,113 active projects.[8] These 1,113 awards are expected to leverage commitments of $12.1 billion in private investment and almost $1.4 billion in other public funds, resulting in total planned investment in projects aided by the program in excess of $15.5 billion (Table 3-1). The total dollars of Action Grant awards rose during each of the four years, but private investment more than kept pace.[9] In FY 1981 alone, 410 projects received almost $664 million in Action Grant awards. These funds are expected to leverage over $4.5 billion in private investment and $423 million in other public funds. FY 1981 marked the first time that more than 80 percent of the total costs of the UDAG projects were supported by private investment. Furthermore, the level of other public investment has been roughly 7.5 percent of total cost for the last two years, down from over 10 percent in the initial years of the program.

TABLE 3-1
URBAN DEVELOPMENT ACTION GRANTS
DISTRIBUTION OF TOTAL PLANNED INVESTMENT
BY FISCAL YEAR

Fiscal Year	Number of Projects	Total Investment Dollars (000)	Total Investment Percent	Action Grant Funds Dollars (000)	Action Grant Funds Percent	Private Investment Dollars (000)	Private Investment Percent	Other Public Investment Dollars (000)	Other Public Investment Percent
TOTAL	1113	$15,525,850	100%	$2,001,704	12.9%	$12,144,353	78.2%	$1,379,793	8.9%
IT 1978	124	2,321,858	loo	276,666	11.9	1,746,173	15.2	299,019	12.9
FY 1979	263	3,580,531	100	450,320	12.6	2,770,613	77.4	359,598	10.0
FY 1980	316	4,011,626	100	610,999	15.2	3,103,091	77.4	97,536	7.4
FY 1981	410	5,611,835	100	663,719	11.8	4,524,476	80.6	423,640	75

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Over the four years, the total planned investment per project was almost $14 million, and ranged from a low of $154,000 to a high of $338,000,000. As seen in Table 3-2, although total investment in the average UDAG project in FY 1981 was $13.7 million (or roughly equal to the four-year average), the average UDAG grant dropped to $1.6 million in FY 1981, the lowest level in the program's history. In FY 1981, the average UDAG grant is expected to leverage over $11 million in private investment and $1 million in other public investment.

TABLE 3-2
URBAN DEVELOPMENT ACTION GRANTS
DISTRIBUTION OF INVESTMENT PER PROJECT
BY FISCAL YEAR

Fiscal Year	Total Investment Per Project (000)	Action Grant Dollars Per Project (000)	Private Investment Per Project (000)	Other Public Investment Per Project (000)
Total	$13,950	$1,799	$10,911	$1.240
FY 1978	18,725	2,231	14,082	2,912
FY 1979	13,614	1,712	10,535	1,367
FY 1980	12,695	1,933	9,820	942
FY 1981	13,687	1,619	11,035	1,033

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

UDAG Uses. Action Grant funds are typically used in three different ways. First, they may be used as direct incentives, which are defined to include direct money payments, or their equivalent, to private developers. These payments include loans, interest subsidies, rebates, and land write-downs. A second use of Action Grant funds is as indirect incentives, mainly the development of public infrastructure such as streets, water and sewer facilities, and parking. Finally, Action Grant funds are often used to cover relocation costs associated with projects.[10]

The only available source of information on UDAG incentives is the Grant Agreement file which contains data on 874 projects for which grant agreements had been executed as of the end of FY 1981.

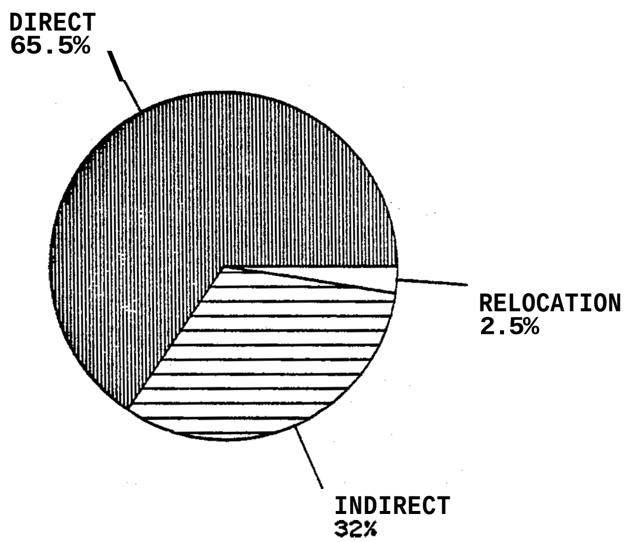
The distribution of direct and indirect incentives and relocation is presented in Figure 3-1. As the figure shows, almost two-thirds of Action Grant funds are used for direct incentives. Indirect incentives account for 32 percent of the total and relocation for less than three percent.

As Table 3-3 shows, direct incentives accounted for over 80 percent of the use of Action Grant funds in FY 1981, compared to 72 percent in FY 1980 and roughly half in FY 1978 and FY 1979. In FY 1981, indirect incentives fell to less than 20 percent of fund use, whereas more than 40 percent of the funds in tne first two years were used for such incentives. Similarly, grant expenditures on relocation fell from about three percent of grant funds in previous fiscal years to only one-half percent in FY 1981 projects.

FIGURE 3-1

URBAN DEVELOPMENT ACTION GRANTS

DIRECT AND INDIRECT INCENTIVES



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation.

TABLE 3-3
URBAN DEVELOPMENT ACTION GRANTS
PERCENTAGE DISTRIBUTION OF FUND USE
DIRECT AND INDIRECT INCENTIVES AND RELOCATION
BY FISCAL YEAR

Fiscal Year	Number of Projects	Total	Direct Incentives	Indirect Incentives	Relocation
Total	874	100%	65.7%	31.7%	2.6%
FY 1978	120	100	52.2	44.5	3.3
FY 1979	255	100	54.2	42.5	3.6
FY 1980	291	100	72.5	24.6	2.9
FY 1981	208	100	80.5	19.0	0.5

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analyis and Evaluation.

Distinguishing between direct and indirect incentives is a valuable approach to understanding how UDAG dollars are actually used to assist project development. It is **also** helpful to see how direct and indirect incentives are broken down. Among all projects, the bulk of direct incentives is provided in the form of loans, with land write-downs and related site improvements substantial but still a distant second. These two forms account for 95 percent of all direct incentives (Figure **3-2).** Interest subsidies and rehabilitation rebates are used far less frequently and are found generally in neighborhood projects.

FIGURE 3-2

URBAN DEVELOPMENT ACTION GRANTS

DIRECT INCENTIVES

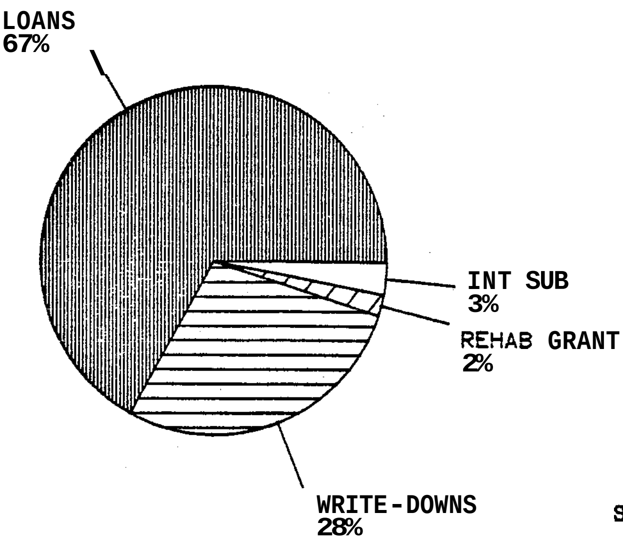
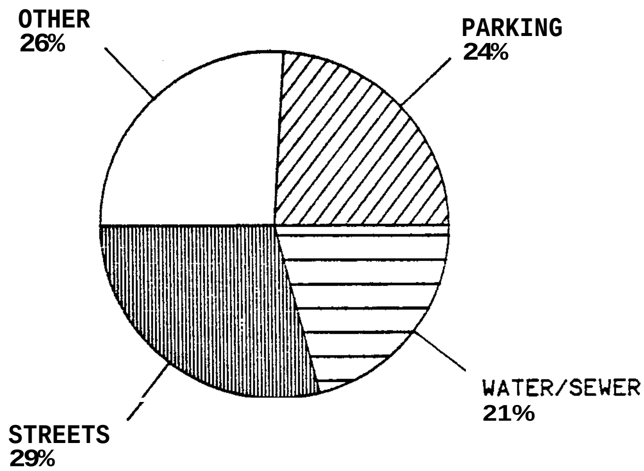


FIGURE S-3

URBAN DEVELOPMENT ACTION GRANTS

INDIRECT INCENTIVES



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation.

Indirect incentives, as Figure **3-3** shows, are divided almost equally between the construction of streets, water and sewer facilities, and parking structures. Twenty-nine percent of the indirect incentives goes for the construction of streets and sidewalks; 21 percent for the development of water and sewer facilities; and 24 percent for parking structures. The remaining 26 percent is used for a wide variety of infrastructure projects, such as pedestrian malls, elevated walkways, street lighting and landscaping.

Another way of viewing the breakdown of UDAG incentives is to separate them into categories of repayable incentives (i.e., paybacks to the community from the private sector) and non-repayable incentives and relocation. Table 3-4 reveals that the previously mentioned shift to direct incentives is almost exclusively a shift to repayable incentives. While only 20 percent of the incentives provided for FY 1978 projects required repayment by the private sector beneficiary, and a little over 30 percent in FY 1979, more than half of the funds were repayable in FY 1980 projects and fully two-thirds in FY 1981 projects.[11]

TABLE 3-4
URBAN DEVELOPMENT ACTION GRANTS
PERCENTAGE OF REPAYABLE AND NON-REPAYABLE INCENTIVES
BY FISCAL YEAR

	Number of Projects	Total	Repayable Incentives	Non-Repayable Incentives and Relocation
Total	874	100%	43.9%	56.1%
FY 1978	120	100	20.5	79.5
FY 1979	255	100	32.2	67.8
FY 1980	291	100	51.5	48.5
FY 1981	208	100	66.0	34.0

SOURCE: U.S. Department Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation.

PLANNED IMPACTS

New and Retained Permanent Employment. When the 1,113 projects that received awards in the first four years of the program are completed, nearly 300,000 new permanent jobs are expected to be generated in distressed areas (Table 3-5).[12] Because more Action Grant funds were available in FY 1980 and FY 1981, more new permanent jobs will be created from those years' projects than from either of the first two years' awards. In addition to the generation of new jobs, over 100,000 other permanent jobs are expected to be retained (saved) by Action Grant funding. Job retention rose substantially in FY 1981, reversing a decline in FY 1980.

TABLE 3-5
URBAN DEVELOPMENT ACTION GRANTS
PLANNED PERMANENT JOBS
BY FISCAL YEAR

Fiscal Year	New Permanent Jobs	Retained Permanent Jobs	New and Retained Permanent Jobs
Total	295.813	104,242	400.055
FY 1978	49,743	21,682	71,425
FY 1979	74,858	36,599	111,358
FY 1980	83,069	16,196	99,265
FY 1981	88,143	29,864	118,007

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

New Permanent Employment: Jobs Per Project and Dollars Per Job. When completed, it is anticipated that Action Grant projects will have created 266 new permanent jobs per project (Table 3-6). In FY 1981, the number of planned new permanent jobs per project continued to decline from that in previous fiscal years.

TABLE 3-6
URBAN DEVELOPMENT ACTION GRANTS
PLANNED NEW PERMANENT JOBS PER PROJECT AND
DOLLARS PER JOB
BY FISCAL YEAR

Fiscal Year	Number of Projects	New Jobs Per Project	UDAG Dollars Per Job
Total	1,113	266	$6,767
FY 1978	124	401	5,562
FY 1979	263	285	6,016
FY 1980	316	263	7,355
FY 1981	410	215	7,530

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Each new permanent job generated is anticipated to cost $6,767 of Action Grant funds.[13] Action Grant dollars per planned job for FY 1981 projects were $7,530, continuing the increase shown over the previous three years. The increase in UDAG dollars per job, however, is primarily the result of inflation.

New Permanent Jobs: Low- and Moderate-Income Persons. The Action Grant program places particular emphasis on employment opportunities for low- and moderate-income persons. When completed, the Action Grant projects are expected to have created almost 175,000 jobs for low- and moderate-income persons (Table 3-7). This will represent just under 60 percent of all planned new permanent jobs. The proportion of new permanent jobs estimated for low- and moderate-income persons has shown only minor variation over the four fiscal year period.

TABLE 3-7
URBAN DEVELOPMENT ACTION GRANTS
PLANNED NEW PERMANENT JOBS
LOW- AND MODERATE-INCOME PERSONS
BY FISCAL YEAR

Fiscal Year	Total New Permanent Jobs	Low/Moderate Permanent Jobs	Percent Low/ Moderate Jobs
Total	295,813	174,539	59.0%
FY 1978	49,743	30,778	61.9
FY 1979	74,858	40,843	54.6
FY 1980	83,069	49,596	59.7
FY 1981	88,143	53,322	60.5

Source U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Construction Employment. When all construction is completed, Action Grant projects will have generated 227,500 construction jobs (Table 3-8).[14] On the average, each project will have generated over 200 construction jobs. More construction jobs are expected from FY 1981 projects than from projects in any previous fiscal year. However, planned construction jobs per project have fallen over the years as average project size has dropped.

TABLE 3-8
URBAN DEVELOPMENT ACTION GRANTS
PLANNED CONSTRUCTION JOBS
BY FISCAL YEAR

Fiscal Year	Number of Projects	Construction Jobs	Construction Jobs Per Project
Total	1,113	227.569	204
FY 1978	124	43,318	349
FY 1979	263	62,248	237
FY 1980	316	50,231	159
FY 1981	410	71,772	175

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Housing: New Construction and Rehabilitation. The Action Grant program will produce almost 60,000 units of housing from the four years' projects (Table 3-9). One out of every four Action Grant projects will generate some housing. FY 1981 projects alone will produce about 16,500 housing units, more than in any other program year.

TABLE 3-9
URBAN DEVELOPMENT ACTION GRANTS
PLANNED HOUSING UNITS
BY FISCAL YEAR

Fiscal Year	Total Number of Projects	Projects Involving Housing	Percent of Projects	Total Housing Units
Total	1,113	300	27.0%	58,836
FY 1978	124	50	40.3	13,139
FY 1979	263	69	26.2	13,181
FY 1980	316	73	23.1	16,038
FY 1981	410	108	26.3	16,478

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Overall, 43 percent of all planned housing units (25,000) will be newly constructed, and 57 percent will involve the rehabilitation of existing housing (Table 3-10). The proportion of units scheduled for rehabilitation versus new construction has risen steadily since the inception of the UDAG program, reaching a high of about 62 percent in FY 1981.

TABLE 3-10
URBAN DEVELOPMENT ACTION GRANTS
PLANNED HOUSING UNITS
NEW CONSTRUCTION AND REHABILITATION
BY TYPE AND FISCAL YEAR

Fiscal Year	Total Housing Units: Number	Total Housing Units: Percent Of Total Units	New Construction Units: Number	New Construction Units: Percent Of Total Units	Rehabilitated Units: Number	Rehabilitated Units: Percent Of Total Units
Total	58,836	100%	25,158	42.8%	33,678	57.2%
FY 1978	13,139	100	7,162	54.5	5,977	45.5
FY 1979	13,181	100	5,541	42.0	7,640	58.0
FY 1980	16,038	100	6,262	39.0	9,776	61.0
FY 1981	16,478	100	6,193	37.6	10,285	62.4

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Housing: Low- and Moderate-Income Families. Almost half (28,400) of all the housing units to be produced will be for low- and moderate-income families (Table 3-11). In FY 1981 projects, 39 percent of the units will go to families in the low- and moderate-income groups, a steady drop from the high of 64 percent in FY 1978 projects.

TABLE 3-11
URBAN DEVELOPMENT ACTION GRANTS
PLANNED HOUSING UNITS
LOW/MODERATE-INCOME FAMILIES
BY FISCAL YEAR

Fiscal Year	Total Housing Units	Low/Moderate Income Housing Units	Percent Low/Moderate To Total
Total	58,836	28,386	48.2%
FY 1978	13,139	8,471	64.5%
FY 1979	13,181	6,068	46.0%
FY 1980	16,038	7,354	45.8%
FY 1981	16,478	6,493	39.9%

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Fiscal Impacts: Property Tax Revenue. In addition to generating employment and housing, Action Grant projects are expected to improve the fiscal base of distressed communities. When completed, the Action Grant projects will generate $222 million annually in property tax revenue (Table 3-12).[15] The expected annual property tax revenue from UDAG projects rose in FY 1981, reaching over 89 million or $0.13 per UDAG dollar.

TABLE 3-12
URBAN DEVELOPMENT ACTION GRANTS
PLANNED PROPERTY TAX REVENUE
BY FISCAL YEAR

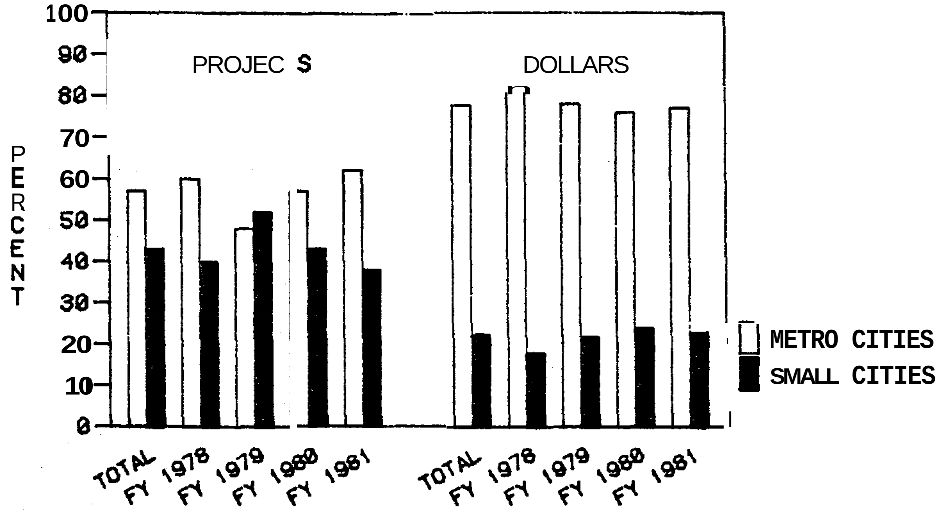
Fiscal Year	Property Tax Increase (000)	Property Tax Per UDAG Dollar
Total	$222,702	$0.11
FY 1978	23,351	0.08
FY 1979	59,878	0.13
FY 1980	50,387	0.08
FY 1981	89,086	0.13

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

DISTRIBUTION OF PROJECTS AND DOLLARS

Distribution Between City Types. By the end of FY 1981, 1,113 Action Grant projects, with awards of over $2.0 billion, were at various stages of development ranging from newly awarded to completed. As shown in Figure 3-4, 57 percent of all active projects are located in metropolitan cities. A larger proportion of FY 1981 projects (62 percent) are located in these cities than are projects from previous fiscal years (up from 57 percent in FY 1980).[16] Metropolitan city projects have received an even larger share of the dollars distributed (78 percent) over the four-year period.[17] The share of FY 1981 funds going to these projects was not very different from that in previous years.

FIGURE 3-4
URBAN DEVELOPMENT ACTION GRANTS
DISTRIBUTION OF PROJECTS AND DOLLARS
BY CITY TYPE AND FISCAL YEAR



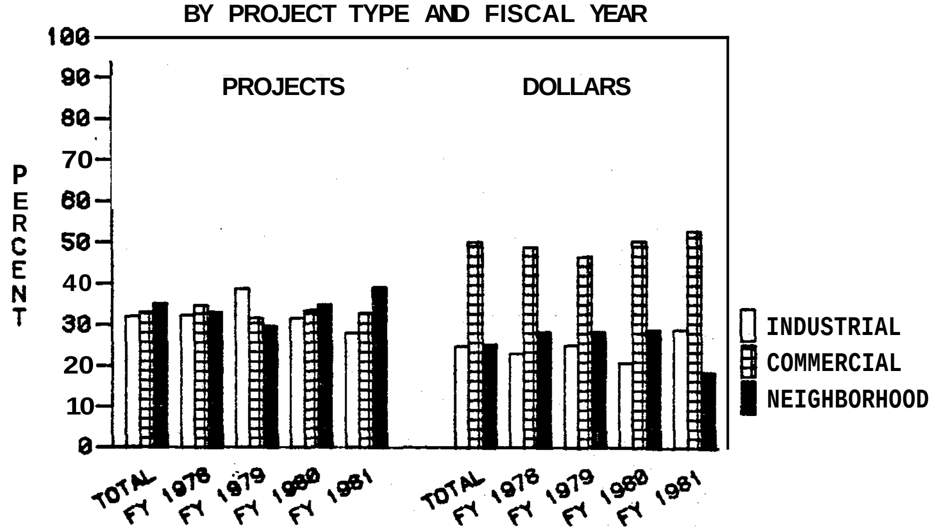
SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Small cities account for 43 percent of all the Action Grant projects and although the number of projects located in these cities increased in FY 1981, the share of projects declined from 43 percent in FY 1980 to 38 percent in FY 1981. Overall, small city projects have received 22 percent of the Action Grant dollars.

Distribution Among Project Types. Figure 3-5 presents the distribution of Action Grant awards among industrial, commercial, and neighborhood project types. As seen in the figure, the distribution of projects among these three categories is relatively balanced after four years of program operation, with each receiving about one-third of the awards. Little variation is seen in the share going to each category over the fiscal years.

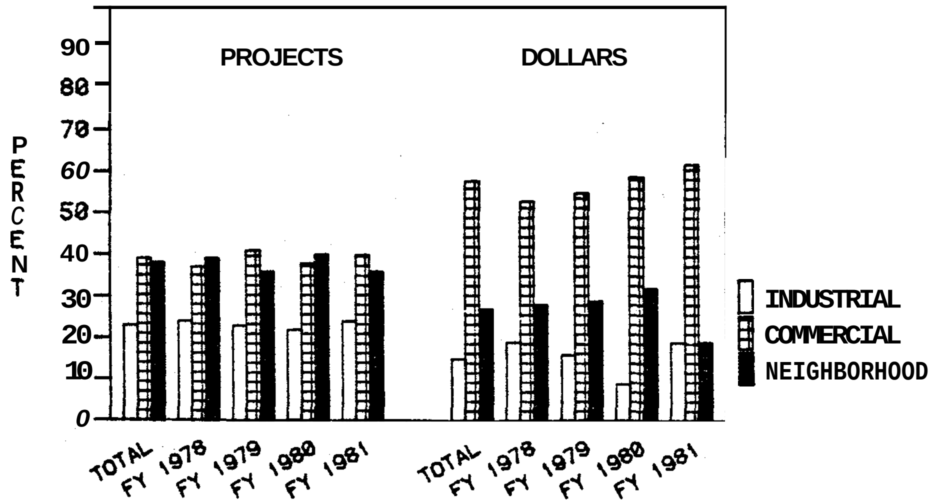
The four-year distribution of Action Grant funds shows a decidedly different picture from that shown for the distribution by number of projects. Industrial projects received 25 percent of the dollars, while the commercial category, although making up only a third of projects, received 50 percent of the funds. The remaining 25 percent of the Action Grant dollars went to neighborhood projects. The share of the dollars going to industrial projects increased over previous years to 29 percent in FY 1981. The commercial project category's share increased slightly in FY 1981 while neighborhood projects experienced a substantial drop from 28 percent down to 18 percent of the total allocation.

FIGURE 3-5
URBAN DEVELOPHENT ACTION GRANTS
DISTRIBUTION OF PROJECTS AND DOLLARS
BY PROJECT TYPE AND FISCAL YEAR



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Distribution of Project Types Within Metropolitan Cities. The distribution of industrial, commercial, and neighborhood projects within metropolitan cities is presented in Figure 3-6. Industrial projects account for a relatively small proportion (23 percent) of the 637 metropolitan city projects, although the share of these projects increased somewhat (to 24 percent) in FY 1981 over previous years. An even smaller proportion (16 percent) of Action Grant dollars went to projects in this category, with a significant increase in the FY 1981 share from each of the two previous years.



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Kanagement, Data Systems and Statistics Division.

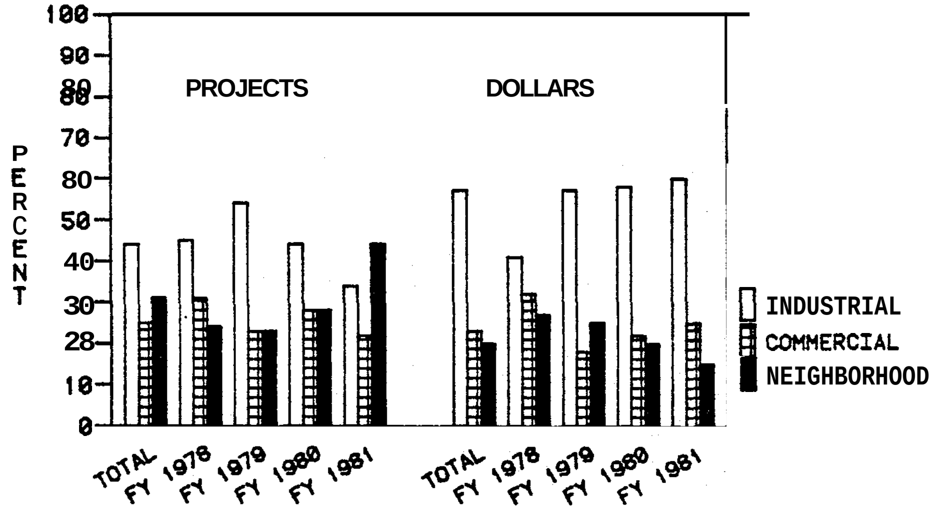
In contrast, commercial projects in metropolitan cities make up the largest percentage of both awards and dollars among the project types. These projects account for 39 percent of all metropolitan city projects and 58 percent of all metropolitan city dollars. Both the proportion of projects and dollars increased somewhat between FY 1980 and FY 1981.

Neighborhood projects account for about the same proportion of projects as the commercial category (38 percent), but a much smaller proportion of Action Grant dollars (27 percent). Although the share of projects has remained stable for metropolitan city neighborhood projects over the four-year period, the share of dollars declined substantially to 19 percent in FY 1981 from a high of 32 percent in FY 1980.

Distribution of Project Types Within Small Cities. The distribution of projects within small cities presents a rather different pattern from that found in metropolitan cities. As shown in Figure 3-7, industrial projects are the dominant category in small cities, whereas they are the category with the lowest funding level in metropolitan cities. Industrial projects account for 44 percent of the small city projects. However, the proportion of small city projects in this category declined significantly in FY 1981 from previous years (down from a high of 54 percent in FY 1979 to 34 percent in FY 1981). Industrial projects account for 57 percent of the small city Action Grant dollars, but in contrast to the declining proportion of the number of industrial projects over the fiscal years, the share of Action Grant dollars going to this category has actually increased during each of the fiscal years (up to 60 percent in FY 1981).

FIGURE 3–7

URBAN DEVELOPMENT ACTION GRANTS
SMALL CITIES
DISTRIBUTION OF PROJECTS AND DOLLARS
BY PROJECT TYPE AND FISCAL YEAR



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

Commercial projects rank well below industrial projects in both the share of projects and dollars. These projects account for one-fourth of the projects and about one-fourth of the dollars. Although the share of commercial projects decreased between FY 1980 and FY 1981, the proportion of dollars going to this category increased over the previous two fiscal years (to 25 percent).

Neighborhood projects account for somewhat less than a third of the projects and about a fifth of the dollars going to small cities. Although the share of projects going to this category jumped substantially in FY 1981 (from about one-fourth in previous years to 44 percent in FY 1981), the share of dollars continued its decline over the years, accounting for only 15 percent of the dollars in FY 1981.

Regional Distribution. The locational distribution of UDAG projects may also be viewed in terms of the four major census regions. A useful basis of comparison between regions is the distribution of the UDAG eligible population relative to the distribution of UDAG projects and dollars. As shown in Table 3-13, except for the West, there is a fairly equal distribution of eligible city population among the regions. About 28 percent of the eligible population resides in each of the Northeast and North Central regions, while 30 percent resides in the South. The West, with 14 percent, has the smallest proportion of eligible population.

After four years of the program, the distribution of projects and dollars only very roughly reflects this regional distribution of the eligible population. The Northeast, with 28 percent of the eligible population, has 38 percent of the Action Grant projects and 32 percent of the dollars. The North Central region shows the opposite pattern in that, although it also has 28 percent of the population, it accounts for a smaller proportion of the projects (26 percent), but a larger proportion of the dollars (33 percent). The South has a somewhat higher percentage of the eligible population (30 percent) than the previous two regions, and a higher percentage of the projects than the North Central region, but a smaller proportion of the dollars (25 percent) than the previous, regions. The West, with the smallest eligible population (14 percent), has, by far, the smallest proportion of projects (9 percent) and dollars (11 percent).

Another way of viewing the regional distribution of UDAG dollars is to compare the per capita distribution of funds for the eligible population. As seen in Table 3-13, the North Central region received the highest amount per eligible person ($29), followed closely by the Northeast with $28. The South's per capita amount was $20 while the West received $19.

TABLE 3-13
URBAN DEVELOPMENT ACTION GRANTS
REGIONAL DISTRIBUTION OF ELIGIBLE
POPULATION, PROJECTS, AND DOLLARS
FISCAL YEARS 1978-1981

REGION	ELIGIBLE POPULATION (000)	PERCENT OF TOTAL ELIGIBLE POPULATION	NUMBER OF PROJECTS	PERCENT OF TOTAL PROJECTS	ACTION GRANT DOLLARS (000)	PERCENT OF ACTION GRANT DOLLARS	DOLLARS PER CAPITA
All Regions	81,194	100%	1,113	100%	$2,001,705	100%	$25
Northeast	22,793	18.1	422	37.98	631,544	31.6	28
North Central	22,394	27.6	293	26.3%	652,993	32.6	29
South	24,557	30.2	304	27.38	502,180	25.1	20
West	11,450	14.1	94	8.5%	214,988	10.7	19

Source: U.S. Department of and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

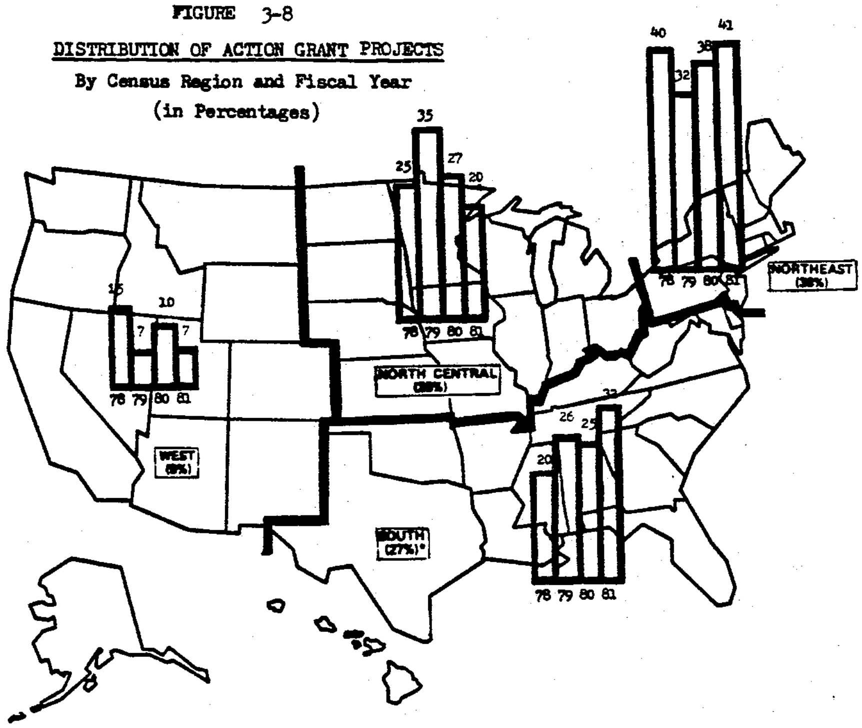
Distribution by Fiscal Years. The regional distribution of projects by the four fiscal years is mapped geographically in Figures 3-8 and 3-9. As seen in the two figures, the Northeast has 38 percent of the projects and 31 percent of the dollars. The proportion of projects in this region increased somewhat between FY 1980 and FY 1981 (up from 38 percent to **41** percent), while the proportion of dollars increased substantially from (25 percent to **36** percent).

FIGURE 3-8

DISTRIBUTION OF ACTION GRANT PROJECTS

By Census Region and Fiscal Year

(in Percentages)



* Includes Puerto Ricc

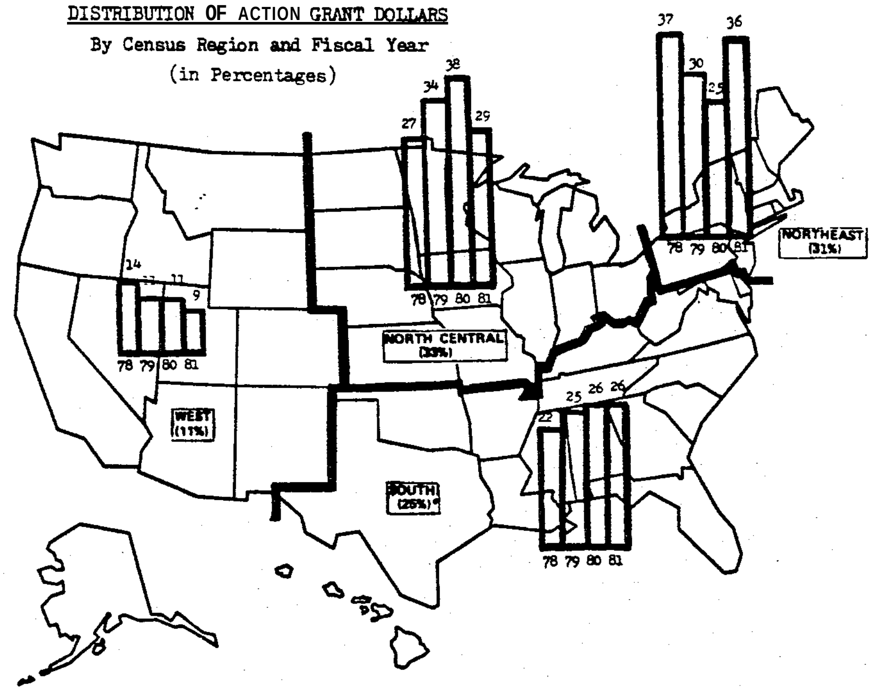
SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

FIGURE 3-9

DISTRIBUTION OF ACTION GRANT DOLLARS

By Census Region and Fiscal Year

(in Percentages)



The North Central region, with 26 percent of the projects and 33 percent of the dollars, experienced a decline from previous years in the proportion of projects in FY 1981, (down to 21 percent) and in the proportion of dollars (down to 29 percent).

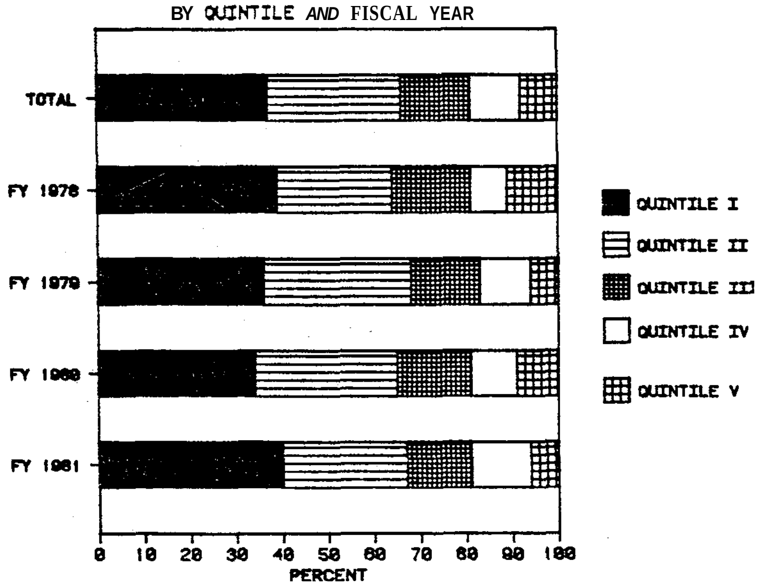
The South, with 27 percent of the projects and 25 percent of the dollars, experienced an increase in the share of projects in FY 1981 (up to 32 percent) but the share of dollars remained about the same (26 percent) relative to previous years.

Finally, the West has 9 percent of the projects and 11 percent of the dollars. Both the proportion of projects and dollars declined somewhat between FY 1980 and FY 1981 (from 10 percent to 7 percent and from 11 percent to 9 percent, respectively).

Distribution by Degree of City Distress. This section examines the distribution of active UDAG projects by the grantee's degree of distress. In the Action Grant awards selection process, eligible cities are ranked by a measure of distress called the impaction rank. The impaction rank is determined by a weighted index of three factors: age of housing stock, poverty, and population growth/lag. Figures 3-10 and 3-11 present the distribution of metropolitan city projects and dollars by quintile rank {a division of rankings into fifths). All eligible metropolitan cities are divided into five groups with an equal number of cities in each. The 20

FIWRE 3-19

URBAN DEVELOPMENT ACTION GRANTS
METROPOLITAN CRIES
IMPACTION RANK DISTRIBUTION OF PROJECTS
BY QUINTILE AND FISCAL YEAR

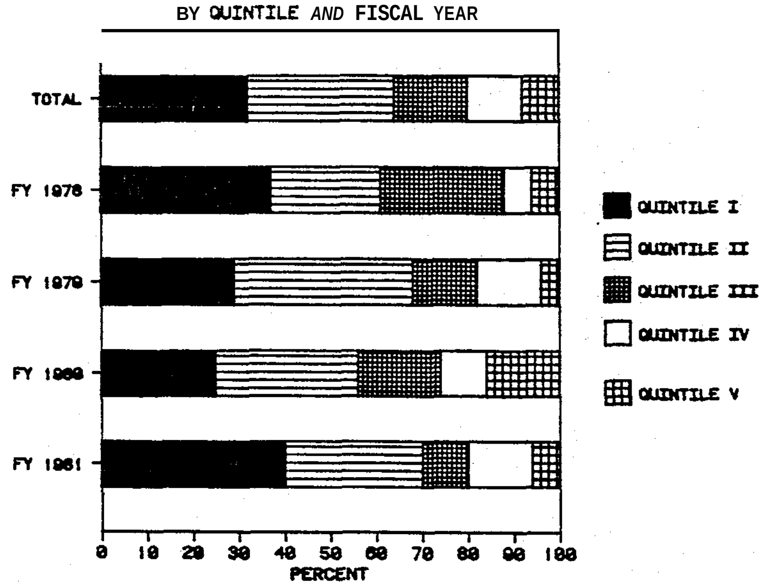


SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

percent most impacted or distressed eligible cities are placed in quintile I and the 20 percent least impacted or distressed in quintile V. The figures thus compare the range of impaction or distress of the awarded projects with those of the eligible cities.

As shown in Figure 3-10, 37 percent of all projects are located in the most impacted quintile of eligible cities(i.e., 37 percent went to the 20 percent most impacted cities), and an additional 27 percent of the awards are in cities in the next most impacted group. The percentage of projects in subsequent quintiles falls rapidly with only 15 percent in the third quintile, 11 percent in the fourth, and 8 percent in the least impacted 20 percent of eligible metropolitan cities. The distribution of Action Grant dollars follows almost the same pattern as that for the number of projects (Figure 3-11), with 32 percent in the first quintile and 9 percent in the fifth. There was little significant change in the overall degree of targeting to distressed metropolitan cities over the fiscal years.

FIGURE 3-11
URBAN DEVELOPMENT ACTION GRANTS
METROPOLITAN CITIES
IMPACTION RANK DISTRIBUTION OF DOLLARS
BY QUINTILE AND FISCAL YEAR



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data System and Statistics Division.

Figures 3-12 and 3-13 present the small city distribution of projects and dollars by city impaction rank. The distribution by degree of distress for small cities exhibits a somewhat different pattern from that of metropolitan cities--rather than a tapering off of projects from the most distressed to the least distressed cities, the small city distribution following the first quintile tends to remain about the same. The small city dollar distribution follows the same pattern.

As seen in Figure 3-12, 31 percent of the projects in small cities are in the most impacted quintile, with an additional 19 percent located in cities in the next most impacted group. The remaining projects are about evenly distributed among the remaining quintiles, ending with 17 percent in the least impacted 20 percent. The distribution of Action Grant dollars (Figure 3-13) follows, once again, almost the same pattern as that for the number of projects, with 32 percent in the first quintile and 18 percent in the fifth. Since FY 1979, there has been an increase in the proportion of projects and dollars going *to* small cities in the most distressed group.

FIGURE 3-12

URBAN DEVELOPMENT ACTION GRANTS
SMALL CITIES
IMPACTION RANK DISTRIBUTION OF PROJECTS
BY QUINTILE AND FISCAL YEAR

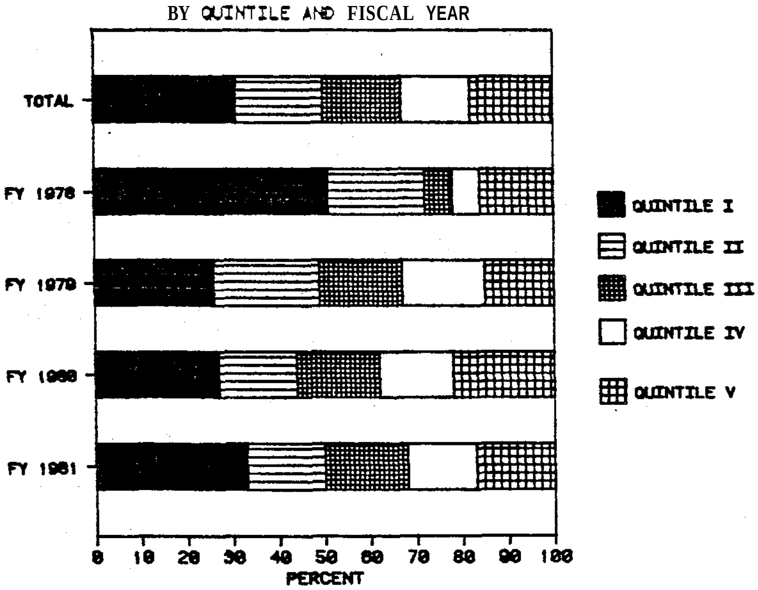
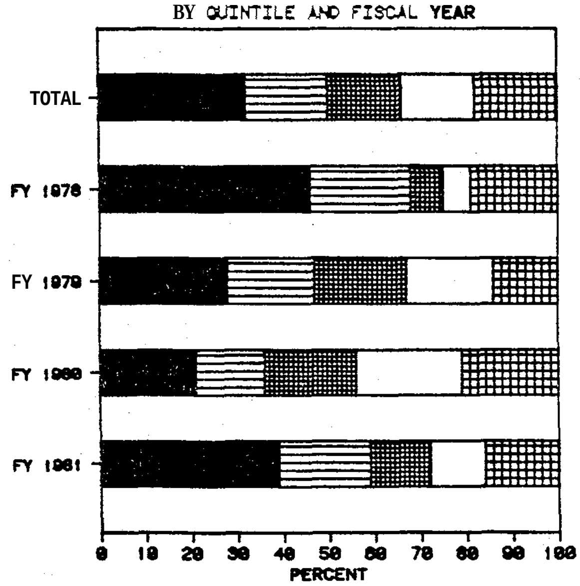


FIGURE 3-13

URBAN DEVELOPMENT ACTION GRANTS
SMALL CITIES
IMPACTION RANK DISTRIBUTION OF DOLLARS
BY QUINTILE AND FISCAL YEAR



SOURCE: U.S. Department of [illegible] and Urban [illegible] Community Planning and [illegible] Office of M[illegible] Data Systems and Statistics Division.

PROGRAM PROGRESS

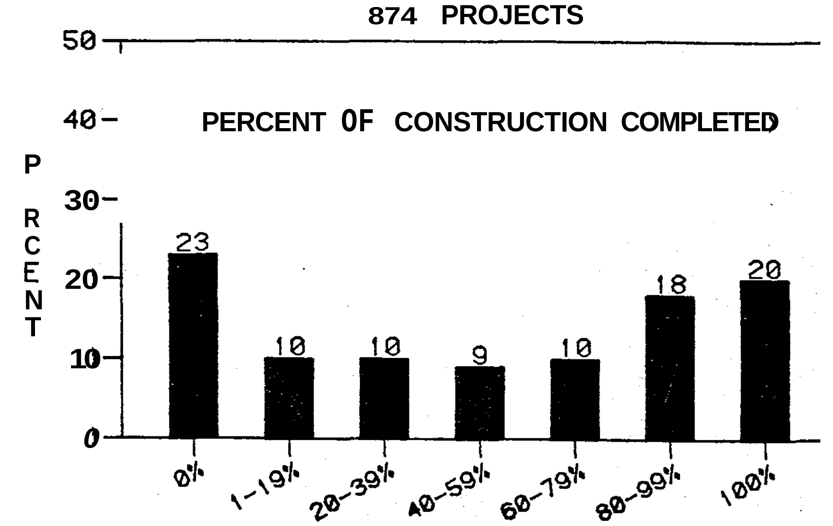
Progress is based on a comparison of planned impacts (drawn from **the** grant agreements) to actual impacts (drawn from the quarterly progress reports). The "planned" data referred to in this section are the contractual obligations of the grantees as provided for in the grant agreement.[18]

PROJECT CONSTRUCTION PROGRESS.

By the end of FY 1981, as Figure 3-14 indicates, 20 percent (174) of the 874 projects with signed grant agreements had completely finished construction. Another 18 percent of the projects (156) had from 80 to 99 percent of the construction work finished and could be classified as nearly complete. Twenty-three percent of the projects (204) had not started construction. Of the remaining 340 projects, 10 percent had less than 20 percent of the construction work completed; 10 percent had completed between 20 and 39 percent of the work; 9 percent had between 40 and 59 percent of the work completed; and 10 percent had between 60 and 79 percent completed.

FIGURE 3-14

URBAN DEVELOPMENT ACTION GRANTS
CONSTRUCTION COMPLETION STATUS
874 PROJECTS



SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Uanagement, Data Systems and Statistics Division.

CLOSEOUT AND COMPLETION STATUS.

A UDAG project is closed out when all of the activities defined in the grant agreement, including construction, are complete and all costs to be paid with grant funds (with minor exceptions) have been incurred. A project is complete (and a Certificate of Completion issued) when all of the benchmarks necessary for closeout have been met, a final audit has been approved, and any additional performance requirements as called for in the closeout agreement have been met. As shown in Table 3-14, of the 874 projects with active grant agreements, 39 (4.5 percent) received Certificates of Completion while 31 more (3.5 percent) reached the close-out stage by the end of FY 1981. Roughly 15 percent of the projects from each of FY 1978 and FY 1979 have been either closed out or completed.

TABLE 3-14
URBAN DEVELOPMENT ACTION GRANTS
COMPLETED AND CLOSED OUT PROJECTS
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Active Projects With Grant Agreements	Projects Completed	Percent Completed	Projects at Closeout Stage	Percent at Closeout Stage
Total	874	39	4.5%	31	3.6%
FY 1978	120	15	12.5	3	2.5
FY 1979	255	21	8.2	21	8.2
FY 1980	291	3	1.0	6	2.1
FY 1981	208	0	0.0	1	0.5

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Management, Data Systems and Statistics Division.

PRIVATE INVESTMENT PROGRESS.

In the 874 projects with grant agreements executed by the end of FY 1981, as Table 3-15 shows, 40 percent of the total planned private investment of $9.9 billion had been spent. In those projects receiving awards in FY 1978, 68 percent of the private investment had been expended, as had 56 percent of the FY 1979 planned private investment, 34 percent of FY 1980 planned private investment and 10 percent of FY 1981 planned private investment.

TABLE 3-15
URBAN DEVELOPMENT ACTION GRANTS
PRIVATE INVESTMENT EXPENDITURES
PLANNED AND ACTUAL
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects	Planned Expenditures (000)	Actual Expenditures (000)	Percent Expended
Total	874	$9,879,056	$3,967,205	40.2%
FY 1978	120	1,640,147	1,117,985	68.2
FY 1979	255	2,887,262	1,629,534	56.4
FY 1980	291	2,784,852	956,488	34.3
FY 1981	208	2,566,795	263,198	10.3

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and and Office of Management, Data Systems and Statistics Division.

UDAG DRAWDOWN PROGRESS.

Generally, grant agreements include specific provisions relating the drawdown of UDAG funds to the rate of private investment expenditures. Thus, UDAG drawdown progress would be expected to parallel that of private investment. As seen in Table 3-16, 44 percent of the UDAG funds had been drawn down by the end of FY 1981. For those projects receiving awards in FY 1978, 67 percent of the committed UDAG funds had been drawn down, as had 64 percent of FY 1979 funds, 37 percent of FY 1980 funds, and 10 percent of FY i981 funds.

TABLE 3-16
URBAN DEVELOPMENT ACTION GRANTS
ACTION GRANT DRAWDOWNS
PLANNED AND ACTUAL
BY FISCAL YEAR OF AWARD

Fiscal Year OF AWARD	Number of PROJECTS	Planned UDAG (000)	UDAG Drawdown (000)	Percent Drawdown
Total	874	$1,583,667	$694,611	43.9%
FY 1978	120	273,378	183,777	67.2
FY 1979	255	441,374	281,207	63.7
FY 1980	291	527,875	194,651	36.9
FY 1981	208	341,040	34,976	10.3

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

EMPLOYMENT PROGRESS:

New Permanent Jobs. A total of over 50,000 new permanent jobs were created by the end of FY 1981, representing 23 percent of the 225,000 planned (Table 3-17). About 35 percent of the planned jobs in FY 1978 and FY 1979 projects had been created, as had roughly 10 percent of the jobs in projects receiving awards in FY 1980 and FY 1981. Although not shown in Table 3-17, almost one-quarter (12,000) of the new permanent jobs created have been filled by persons who are members of minority groups.

TABLE 3-17
URBAN DEVELOPMENT ACTION GRANTS
NEW PERMANENT JOBS—PLANNED AND CREATED
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects With Planned New Jobs	Jobs Planned	Jobs Created	Percent Created
Total	766	225,272	50,952	22.6%
FY 1978	100	43,788	15,519	35.4
FY 1979	229	62,292	23,237	37.3
FY 1980	264	74,609	7,922	10.6
FY 198	1i7	344,583	4,274	9.6

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

Jobs for Low- and Moderate-Income Persons. Through the end of FY 1981, almost 30,000 new permanent jobs were created for persons of low- and moderate-income, accounting for 58 percent of all new jobs created. As seen in Table 3-18, 23 percent of the planned 130,000 jobs for low- and moderate-income persons had been created. Thirty-four percent of the jobs planned in FY 1978 projects and 43 percent of those planned in FY 1979 projects were in place.

TABLE 3-18
URBAN DEVELOPMENT ACTION GRANTS
NEW PERMANENT JOBS—PLANNED AND CREATED
LOW- AND MODERATE-INCOME PERSONS
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects With Planned New Jobs	Jobs Planned	Jobs Created	Percent Created
Total	766	129,837	29,554	22.8%
FY 1978	100	24,410	8,364	34.3
FY 1979	229	35,786	15,494	43.3
FY 1980	264	43,358	4,074	9.4
FY 1981	173	26,283	1,622	6.2

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

HOUSING PROGRESS:

New Construction and Rehabilitation. Of the 43,500 housing units planned for construction or rehabilitation in the 204 projects that provided for housing, 6,700 (15 percent) have been completed by the-end of FY 1981 (Table 3-19). Thirty-four percent of the housing in FY 1978 projects and 21 percent of the housing in FY 1979 projects has been completed, as has 10 percent of the housing in FY 1980 projects. Not surprisingly, virtually none of the housing in projects receiving awards in FY 1981 had been completed by the end of that fiscal year.

TABLE 3-19
URBAN DEVELOPMENT ACTION GRANTS
HOUSING UNITS— PLANNED AND CREATED
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects With Planned Housing	Housing Planned	Housing Completed	Percent Completed
Total	204	43,534	6,640	15.3%
FY 1978	41	8,452	2,855	38.8
FY 1979	57	12,202	2,504	20.5
FY 1980	58	13,271	1,267	9.5
FY 1981	48	9,609	14	0.1

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

Housing Progress: Low- and Moderate-Income Families. As Table 3-20 shows, construction was completed on 15 percent of the 25,000 housing units planned for low- and moderate-income families. Thirty-four percent of the low- and moderate-income units planned in FY 1978 projects, 24 percent of those receiving awards in FY 1979, and about nine percent of those from FY 1980 had been completed. Low- and moderate-income housing constituted 58 percent of both the total housing completed and the total housing planned.

TABLE 3-20
URBAN DEVELOPMENT ACTION GRANTS
LOW/MODERATE-INCOME HOUSING UNITS
PLANNED AND CREATED
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects With Planned Housing	Low/Mod Housing Planned	Low/Mod Housing Completed	Percent Completed
Total	204	25,418	3,807	15.0%
FY 1978	41	5,152	1,754	34.0
FY 1979	57	5,703	1,361	23.9
FY 1980	58	7,529	684	9.1
FY 1981	48	7,034	8	0.1

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

FISCAL PROGRESS:

Property Tax Revenue; As Table 3-21 shows, grantee jurisdictions expect to realize $146 million dollars in annual property tax revenues from the 776 UDAG projects with planned revenues.[19] In those projects, property tax revenues increased annually by almost $9 million by the end of FY 1981, accounting for six percent of the revenues expected after completion of the projects. Fourteen percent of the $27 million per year expected after completion of the FY 1978 projects and 9 percent of the $44 million per year from FY 1979 projects was generated.

TABLE 3-21
URBAN DEVELOPMENT ACTION GRANTS
PROPERTY TAX REVENUE-PLANNED AND GENERATED
BY FISCAL YEAR OF AWARD

Fiscal Year of Award	Number of Projects With Planned Revenues	Revenues Planned (000)	Revenues Generated (000)	Percent Generated
Total	776	$145,666	$8,714	6.0%
FY 1978	78	27,341	3,860	14.1
FY 1979	224	44,542	3,840	8.6
FY 1980	268	43,180	831	1.9
FY 1981	206	30,603	183	0.6

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, and Office of Management, Data Systems and Statistics Division.

FOOTNOTES

1 The Housing and Community Development Act of 1977, Pub. L. 95-128, Section 110(b) 91 Stat. 1125 (codified at 42 USC 5318).

2 To be potentially eligible to compete for UDAG funds, a city or urban county must meet at least the minimum criteria for determining distress. To be fully eligible, HUD must certify that the local jurisdiction has demonstrated results in providing housing for persons of low and moderate income, as well as equal opportunity in housing and employment for low- and moderate-: ncome persons and members of minority groups.

3 Housing and Community Development Amendments of 1979, Pub. L 96-153, Section 104(a), 93 Stat. 1102 (Codified at 42 USC 5318).

4 The grant agreement is a contract defining the scope and terms of the Action Grant project which has been signed by both HUD and the recipient jurisdiction.

5 Housing and Community Development Amendments of 1981, Pub. L. 97-35, 95 Stat. 384 (1981).

6 U.S. Department of Housing and Urban Development, Office of Policy Development and Research, An Impact Evaluation of the Urban Development Action Grant Program. Washington, D.C., January, 1982.

7 The study found that full substitution occurred in eight percent of the 80 projects. In all cases of full substitution, conclusive evidence indicated that the same project would have occurred in the same place and time without UDAG funding. In addition, partial substitution occurred in 13 percent of the projects. In these cases, some part of the project did not depend on UDAG funding. In 15 percent of the projects, there was some, but not sufficient evidence to suggest that substitution might have occurred.

8 This total includes only active projects. Overall, an additional 126 projects were cancelled or terminated: 25 from FY 1978; 39 each from FY 1979 and FY 1980; and 23 from FY 1981.

9 The number and amount of awards for fiscal years 1978-1980 as presented in this report differ from those provided in previous UDAG Annual Reports to the Congress. Previous reports used the program year definition for the fiscal year placement of a particular project, i.e., a project was placed in the quarter of the fiscal year in which it competed. To avoid confusion regarding budget figures on funds obligated by fiscal year, this year's report classifies a project according to the quarter in which the award was announced, i.e., in the quarter following the competition. Thus, a project that was previously classified as a fourth quarter, FY 1978 award is now classified as a first quarter, FY 1979 award.

10 Data for this subsection are drawn from 874 projects that had mutually-executed grant agreements by the end of FY 1981. These projects account for all but 29 of those that had reached the grant agreement stage. The files of those 29 were unavailable for coding.

11 Most UDAG loans are structured as "soft" second mortgages. The rate and terms are structured to provide sufficient incentive during the early years to attract the private investment. Most loans provide for increases in later years when the development is financially stable. The UDAG funds are used to share the downside risk and are "soft" in the sense that if a project is operating and can meet the first mortgage debt service, but funds are insufficient to meet the UDAG second, a foreclosure by the City will not occur.

12 The HUD Impact Evaluation Study concluded that, for various reasons, the actual impacts of projects may fall short of those anticipated. If the study's discounts from potential impacts are applied to the data reported in the remainder of this section, the revised potential impacts are: new permanent jobs 228,000; retained jobs, 80,000; low- and moderate-income jobs 141,000; housing 53,000; low- and moderate-income housing 26,000; and property tax increase $142 million.

13 The impact evaluation indicated that the actual cost per job is $8,797.

14 Full details on construction plans are required on all applications; however, because of the variety of types of construction and scale of projects, construction employment is reported in a variety of ways. Aggregation of construction employment across all projects can only be approximated. Consequently, construction data are intended only to show the general scale of potential economic impact and not as a precise measure.

15 Other local revenues, such as income and sales taxes, will also be generated by the activities of these projects. Data on these other sources of local revenue are not currently available.

16 The relatively high percentage of metropolitan city projects and dollars in FY 1978 is the result of having two metropolitan city funding rounds and only one small city round in the first fiscal year of the program.

17 Eleven of these projects, with $15.8 million in awards, were in pockets of poverty. Nine urban county projects received $11.6 million in awards.

18 Data in this section are drawn from 874 projects that had grant agreements executed by the end of FY 1981. The files of another 29 projects with grant agreements were unavailable for coding. However, their omission has little effect on the progress reported in this section. The 874 projects accounted for all but 2,200 jobs and 480 housing units.

19 Revenues reported in this section include both local property taxes and payments in lieu of property taxes. All dollar figures are presented on an annual basis. Data on other sources of local revenue are not available.

CHAPTER 4: THE SECTION 312 REHABILITATION LOAN PROGRAM

The Housing and Community Development Amendments of 1978[1] require HUD to submit an annual report to Congress on the Section 312 Rehabilitation Loan program in conjunction with the annual reports on the CDBG program required by Section 113(a) of the Housing and Community Development Act of 1974.[2]

This chapter reports on Section 312 program activity during FY 1981. The chapter is divided into five sections. The first section provides an overview of FY 1981 activities. The second summarizes program changes--legislative, budgetary, and administrative. The third section reports on the sources, uses, and distribution of Section 312 funds, while the fourth discusses the types of loans made and the types of properties and borrowers assisted. The final section examines the effectiveness of loan servicing and debt collection activities.

OVERVIEW

Section 312 of the Housing Act of 1964[3] created the Section 312 Rehabilitation Loan program. The Act, as amended, authorizes the Secretary of Housing and Urban Development (HUD) to make direct loans to eligible property owners to assist them in rehabilitating single family and multifamily residential properties and neighborhood-scale nonresidential properties. The program has recently operated in conjunction with and in support of other community development programs, primarily the Community Development Block Grant (CDBG) and the Urban Homesteading programs.

Program Changes. The most significant program changes made during FY 1981 were budgetary ones. As a result of budgetary rescissions the program operated almost entirely on loan repayments and recoveries of prior years' obligations. The only substantive legislative changes removed restrictions on the amount and circumstances for multifamily lending for FY 1982 operations.

Some changes were also made in the fund allocation system. They included the elimination of the separate allocation for homesteading, the substitution of the CDBG formula B for the dual formula as a measure of need, and the inclusion of homesteading obligations along with general use ones as a measure of local capacity.

The Administration is proposing to terminate the Section 312 Loan program in FY 1983 and to replace it with a Rental Rehabilitation Grant program. The latter has three important advantages over the Section 312 program: (1) the Rental Rehabilitation Grant program will not be as staff intensive, and therefore, will have much lower administrative costs; (2) the rehabilitation grants will allow much more local discretion and will require far less Federal intervention; and, (3) public subsidies provided under the Rental Rehabilitation Grant program will be limited to the amount necessary to induce the rehabilitation as compared to the costly, fixed subsidy levels inherent in Section 312 lending.

Funding Status. A net total of $90.927 million was available in FY 1981, all of which was used by the end of the fiscal year. The percentage of funds used for operating costs increased somewhat because of a rise in loan servicing and debt collection costs.

Relative distribution patterns for fund allocations were about the same as in previous years, despite the change in the allocation formula. Obligation patterns, on the other hand, were somewhat different. In FY 1981, multifamily funding amounted to a slightly larger portion of total loan obligations than in any previous year. UDAG-eligible jurisdictions and localities that participated in the Section 312 program on a discretionary basis also received slightly larger shares of the FY 1981 loan funds.

A total of $84,522,179 was obligated in FY 1981 which was more than 99 percent of the funds assigned. A total of 3,320 loans was made to rehabilitate 5,902 dwelling units. The number of localities participating was 549.

Loan Characteristics. Loan characteristics essentially mirrored those of previous years. With the exception of a continued rise in rehabilitation costs, the same can be said of the types of properties assisted in FY 1981. For borrowers, however, a slight change was evident. During FY 1981, there was less participation among low- and moderate-income, elderly, and minority owner-occupants.

Debt Collection. Debt collection continued to be a high priority area within the Department, and during FY 1981 loan servicing efforts substantially reduced Section 312 loan delinquencies and improved monthly collection activity. The delinquency rate as of December 31, 1981, was 11.5 percent, 6 percent when late payment cases were discounted. Monthly collections on the HUD-held inventory of defaulted loans rose by more than 20 percent during FY 1981, and the number of defaulted cases referred for legal action increased more than ten times over the previous year's level. Nevertheless, legal action has been rather slow and has been completed on just nine cases.

RECENT PROGRAM INITIATIVES

LEGISLATIVE

The Housing and Community Development Amendments of 1981[4] extended the authority of the Secretary to make Section 312 loans through FY 1982, using as a funding source the repayment proceeds from previously originated loans. Previously no more than a third of the Section 312 loan funds could be used for the rehabilitation of multifamily properties. This restriction was removed from the statute and will not apply to FY 1982 loans. Also removed was the provision that required multifamily loans to be consistent with an overall community development strategy developed pursuant to a CDBG program authorized under Title I of the Housing and Community Development Act of 1974. An amendment conforming to changes in the CDBG legislation eliminated language relating Section 312 loans to "an approved community development program" and substituted a reference to "community development activities."

previous years, but in FY **1981** each field office was directed to give priority for funding to distressed (UDAG-eligible) localities and to set a goal of obligating at least 75 percent of its FY **1981** Section **312** general use funds in distressed localities.

SOURCES AND DISTRIBUTION OF FUNDS

For FY **1981** the principal source of Section **312** funds was loan repayments and recoveries of prior years' obligations. Also, the program suspension and new priorities set after lending resumed impacted on national distribution patterns.

SOURCES OF FUNDS

Congress initially appropriated **$134** million for FY **1981** Section **312** loan activity. When added to the uncommitted balance from FY **1980** and the estimate of loan repayments and recoveries expected during the fiscal year, the overall total initially available was projected to be **$219.296** million.

As indicated in Table **4-1,** after the budget rescission of **$124.349** million and a reduction of **$4.020** million, **$90.927** million remained available for FY **1981** Section **312** loans and related expenses.

FUND ALLOCATION PATTERNS

Relative distribution patterns for fund allocations were not very different in FY **1981** from those of previous years. The first FY **1981** general use allocations to HUD field offices were made in November **1980;** multifamily allocations, in December **1980;** and allocations to individual localities, in January **1981.** Revised funding plans were developed after the budget rescissions and reductions.

Allocations to Localities. Initially, a total of **$100.439** million was allocated to **286** "target" localities[7] **--** **228** CDBG entitlement communities and **58** recipients of Small Cities comprehensive grants. Twenty-eight **(10** percent) of these target localities did not obligate any of their allocated funds during FY **1981.**

Despite the change in the formula used to allocate FY **1981** funds to localities, only minor regional shifts resulted.[8] On the other hand, the formula change caused a substantial increase in the percentage of funds allocated to central cities and smaller shifts of allocations to very large and very distressed jurisdictions.[9]

FUND RESERVATIONS AND OPERATING COSTS

All available Section **312** funds were reserved during FY **1981.** Seven percent was used for loan servicing, acquired security, and capitalized interest; the remainder for loan reservations. (See Table **4-2.)**

REGULATORY ACTION

For FY 1981 the Department decided to continue operating the Section 312 program under the old Handbook and Notices, much in the manner in which the program has operated since 1965. Consequently, no deregulation activity occurred. The 1978 legislative change on interest rates was never implemented. The interest rate for Section 312 loans remained at 3 percent for all borrowers during FY 1981; however, the Department recently circulated for internal comment a Notice that would institute a sliding scale interest rate for FY 1982 loans. A Notice will be issued shortly to implement an 11 percent interest rate for all Section 312 Rehabilitation loans, except for cases in which the statute provides that loans for the rehabilitation of single family, owner-occupied properties will bear a 3 percent rate if the borrower's income is at or below 80 percent of the area median income.

Loans for multifamily investor-owned rental rehabilitation properties will also bear an 11 percent interest rate, except where the private funds equal or exceed those funds provided by this program, in which case the interest rate will be 5 percent.

CHANGES IN THE ALLOCATION SYSTEM

Fund Categories. For FY 1981, the Department eliminated the separate allocation for Section 810 Urban Homesteading programs and assigned Section 312 funds to HUD field offices in just two categories:

1. General use funds -- for rehabilitating residential and mixed-use properties with one to four dwelling units (single family), single family Urban Homesteading properties, and nonresidential properties.

2. Multifamily funds -- for rehabilitating residential or mixed-use properties with five or more dwelling units.

Formula Change. General use funds were, in turn, allocated to localities via formula as in the past. However, in prior years the formula used to allocate Section 312 general use funds to localities gave equal weight to three factors: (1) local need as determined by the CDBG dual formula, (2) local priority for rehabilitation as measured by the amount of CDBG funds budgeted for rehabilitation, and (3) local capacity as measured by the amount of Section 312 general use funds obligated in the two previous fiscal years.

For FY 1981, HUD revised the first factor of the forumla to more directly reflect economic and physical distress. Instead of using the dual formula approach to measure local need, only formula B was used. It is based on the age of housing (50 percent weight), extent of poverty (30 percent weight), and degree of population growth lag (20 percent weight) factors. There was also a change made to the third factor -- to the amount of Section 312 general use and homesteading funds obligated in the two previous years rather than general use obligations alone. The same system of targets and ceilings was used as in

Table 4-1
Source of Section 312 Funds, by Fiscal Year
As of September 30,1981
(Dollars in Thousands)

Source	FY 75	FY 76[a]	FY 77	FY 78	FY 79	FY 80	FY 81
Uncommitted Balance, Start of Year[b]	$29,765	$ 48,089	$ 59,482	$52,760	$ 13,122	$ 49,216	$ 9,867
Appropriations	0	50,00	50,000	0	230,000	135,000	134,000
Rescissions/Reductions[c]	0	0	0	0	0	-25,500	-128,369
Recoveries of Prior Years' Obligations	—	—	—	0	15	108	10,175
Loan Repayments and Receipts	19.443	31,155	30,881	38,598	43,387	59,124	65,254
Total	$49,208	$129,244	$140,363	$91,358	$286,524	$217,948	$90.927

Source: U.S. Department of Housing and Urban Development, Office of Finance and Accounting.

[a] Includes the transition quarter.

[b] Unobligated and unreserved funds.

[c] For FY 81. includes $124,349,000, rescinded by P.L. 97-12 and a $4,020,000 reduction pursuant to P.L. 96-526.

Table 4-2
Use of Section 312 Funds, by Fiscal Year
As of September 30,1981
(Dollars in Thousands)

USE	FY 75	FY 76"	FY 77	FY 78	FY 79	FY 80	FY 81
Loan Reservations	$ (1,829)	$67,147	$84,884	$75,118	$233,868	$203,223	$84,522
Loan Servicing and Operating Costs	1,375	1,909	1,689	1,830	2,118	3,374	5,140
Acquired Security	1,941	707	1,031	1,288	1,321	1,484	1,218
Capitalized Interest	—	—	—	—	—	—	46
Total	1,487	69,763	87,604	78,236	237,307	208,081	90,927
Unreserved Balance	$-48,089	$59,482	$52,760	$13,122	$ 49,216	$ 9,867	$ 0

Source: U.S. Department of Housing and Urban Development. Office of Finance and Accounting.

[a] Includes the transition quarter.

Although loan activity declined, loan servicing and operating costs increased. This increase was due to the costs of an on-line computer processing service used to track defaulted loan accounts, a new contract that provided credit reports on defaulted borrowers, additional FNMA servicing costs, fixed cost factors, and the fact that some servicinq costs now borne through contractual arrangements were previously funded from the Department's general staffing allocation.

LOAN OBLIGATIONS

Because of the proposed termination of the Section 312 program, program activity was suspended from March 4, 1981, until early July 1981. When funding resumed, priority was given to loan cases that had been in the pipeline prior to the suspension and to localities participating in the Small Rental Property Rehabilitation Demonstration.[10]

Distribution Patterns. Relative distribution patterns for FY 1981 obligations were different from those in FY 1980. Multifamily rehabilitation took a larger share of FY 1981 loan funds than in previous years, and distressed localities and jurisdictions participating on a discretionary basis received slightly more funds than in previous years.

In FY 1981 loan obligations totaled $84,522,179, but $1,019,052 of that amount was cancelled during the year and was unavailable for reuse. Of the remaining $83,503,127, $56,507,597 (68 percent) was used to rehabilitate single family and nonresidential properties, $5,216,250 (6 percent) to support the Urban Homesteading program, and $21,779,280 (26 percent) for multifamily rehabilitation. (See Table 4-3.)

A total of $4,147,850 of the Section 312 funds obligated during FY 1981 was used to support the Smal? Property Rental Rehabilitation Demonstration; $100,000 for single family Demonstration loans and the remainder for multifamily ones. Overall, 99.8 percent of the funds available to field offices in FY 1981 was obligated by the end of the fiscal year.

Regional Distribution. Some regional variations in funding patterns were observed during FY 1981. (See Table 4-3.) The largest percentage of FY 1981 Section 312 funds was expended in the New York (21 percent), Chicago (15 percent), and Atlanta (14 percent) Regions. The FY 1981 distribution amounted to a substantial increase in the percentage of funds expended in the New York region and a significant decline in the percentage that went to the Midwest, the Chicago Region. This change in distribution pattern probably stemmed from the timing of the program suspension and the fact that priority was given to applications already in the pipeline prior to the suspension.

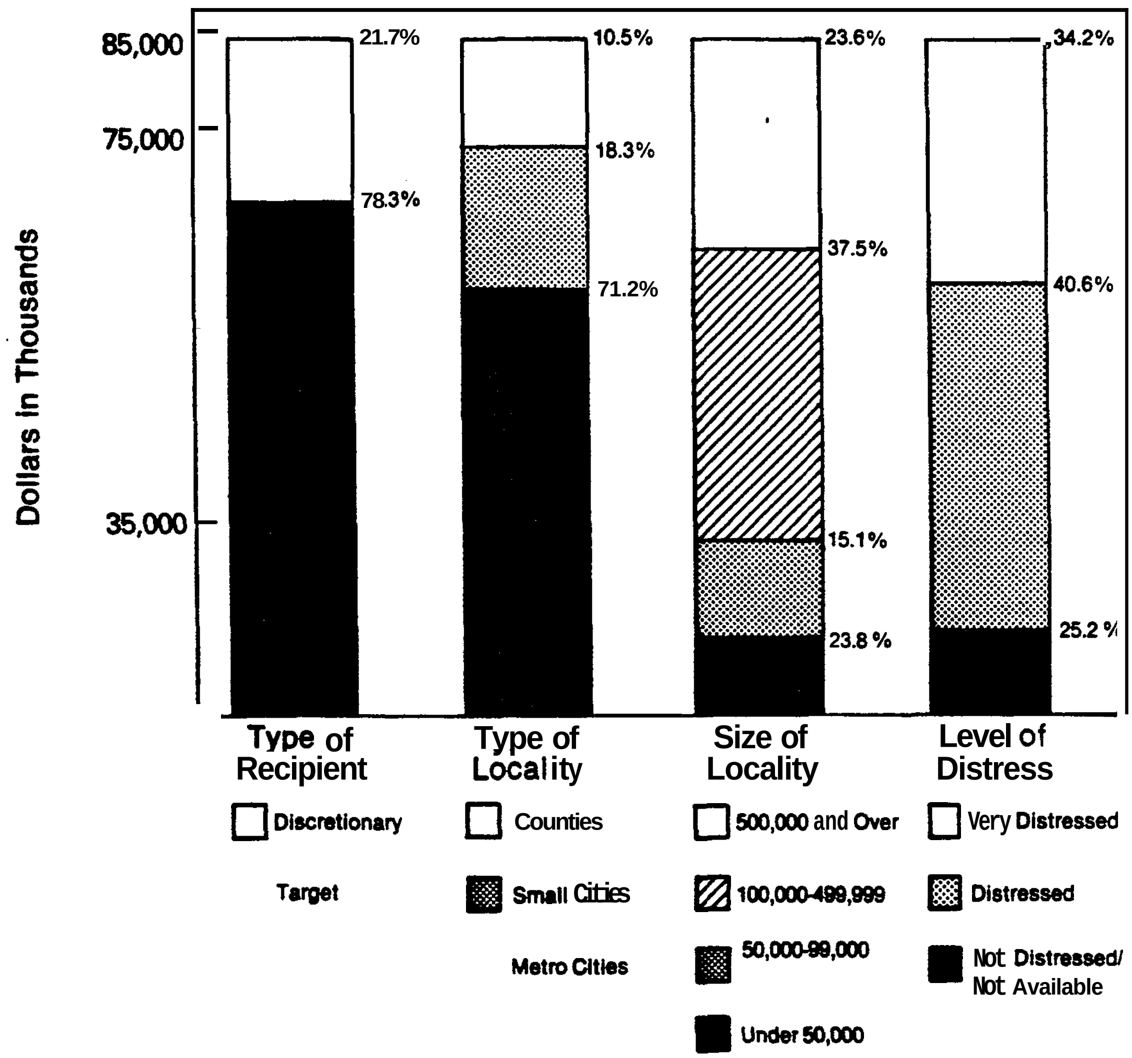
For FY 1982 priority will be given to multifamily loan activity. Of the $68 million expected to be available from loan repayments, the Department is proposing to set aside $57 million for multifamily loans and the remaining $11 million for single family properties in HUD-approved Urban Homesteading areas.

Table 4-3
Summary of Section 312 Fund Use During FY 81, by Program Catagory, HUD Region, and Area

	SINGLE FAMILY a NONRESIDENTIAL		HOMESTEADING		MULTIFAMILY		TOTAL	
	$ Amount	%	$ Amount	%	$ Amount	%	$ Amount	%
REGION I	$ 4,732,148	8.4	$ 398,100	7.6	$ 2,046,350	9.4	$ 7,176,598	8.6
Boston	3,630,700		398,100		1,437,100		5,465,900	
Hartford	655,648		0		268,450		924,098	
Manchester	445,800		0		340,800		786,600	
REGION II	$ 12,604,700	22.3	$ 765,450	14.7	$ 3,795,980	17.4	$ 17,166,130	20.6
Buffalo	2,462,450		216,250		922,100		3,600,800	
New York	6,346,400		130,950		2,071,880		8,549,230	
Newark	3,269.150		418.250		802,000		4,489,400	
Caribbean	526,700		0		0		526,700	
REGION III	$ 6,872,200	12.2	$ 172,200	3.3	$ 3,145,800	14.4	$ 10,190,200	12.2
Baltimore	1,006,000		0		944,700		1,950,700	
Philadephia	2,681,750		150,650		945,400		3,777,800	
Pittsburgh	1,999,800		0		1,030,650		3,030,450	
Richmond	1,010,350		21,550		0		1,031,900	
Washington, DC	174,300		0		225,050		399,350	
REGION IV	$ 7,060,700	12.5	$ 1,775,300	34.0	$ 2,886,950	13.3	$ 11,722,950	14.0
Atlanta	1,146,450		423,550		507,400		2,077,400	
Birmingham	1,193,250		0		289,000		1,482,250	
Columbia	1,028,300		0		620,550		1,648,850	
Greensboro	1,041,750		0		393,000		1,434,750	
Jackson	411,600		0		0		411,600	
Jacksonville	780.950		913,850		644,400		2,339,200	
Knoxville	931,300		0		0		931,300	
Louisville	527.100		437,900		432,600		1,397,600	
REGION V	$ 8,677,449	15.3	$ 1,049,500	20.1	$ 2,905,650	13.3	$ 12,632,599	15.1
Chicago	2,248,300		193,400		624,000		3,065,700	
Columbus	1,840,650		195,950		650,600		2,686,400	
Detroit	2,342,700		184,700		77,100		2,604,500	
Indianapolis	928,949		10,900		525,000		1,464,849	
Milwaukee	607,550		306,200		165,100		1,078,850	
Minneapolis	710,100		158,350		863,850		1,732,300	
REGION VI	$ 3,679,600	6.5	$ 19,450	0.4	$ 30,250	0.1	$ 3,729,300	4.5
Dallas	1,456,400		19,450		30,250		1,506,100	
Little Rock	570,100		0		0		570,100	
New Orleans	654,050		0		0		654,050	
Oklahoma City	303,000		0		0		303,000	
San Antonio	696,050		0		0		696,050	
REGION VII	$ 2,922,800	5.2	$ 868,550	16.7	$ 2,455,650	11.3	$ 6,247,000	7.5
Kansas City	731,150		410,700		839,250		1,981,100	
Omaha	1,225,000		101,000		486,400		1,812,400	
St. Louis	966,650		356,850		1,130,000		2,453,500	
REGION VIII	$ 2,332,650	4.1	S 0	0.0	$ 577,750	2.7	$ 2,910,400	3.5
Denver	2,332,650		0		577,750		2,910,400	
REGION IX	$ 5,189,550	9.2	$ 167,700	3.2	$ 1,209,900	5.6	$ 6,567,150	7.9
Honolulu	47,900		0		0		47,900	
LOS Angeies	3,333,250		167,700		1,052,500		4,553,450	
San Francisco	1,808,400		0		157,400		1,965,800	
REGION X	$ 2,435,800	4.3	$ 0	0.0	$ 2,725,000	12.5	$ 5,160,800	6.2
Anchorage	0		0		0		0	
Portland	1,189,500		0		705,000		1,894,500	
Seattle	1,246,300		0		2,020,000		3,266,300	
SUBTOTAL	$ 56.507,597	100.0	$ 5,216,250	100.0	$ 21,779,280	100.0	$ 83,503,127	100.0
Cancellations Unavailable for Reuse							1,019,052	
TOTAL							$84,522,179	

As shown in Figure 4-1, most of the Section 312 funds obligated during FY 1981 were expended in target localities, metro cities, localities with populations of 100,000 or more, and UDAG-eligible jursidictions. Seventy-eight percent of the FY 1981 funds went to communities that had received target allocations. Seventy-one percent went to entitlement cities; 61 percent to localities with populations of 100,000 or more persons; and 75 percent to distressed jurisdictions.

Figure 4-1
Distribution of FY 81 Section 312 Funds, by Select Characteristics of Participating Localities



ACTIVITY LEVELS

Number of Loans. As indicated in Table 4-4, 3,320 loans were made during FY 1981: 2,869 single family, 281 homesteading, 134 multifamily, and 36 nonresidential loans. These loans will result in the rehabilitation of 5,902 dwelling units, 4,160 single family units and 1,742 units in multifamily properties. About a third of the total are rental units.

Table 4-4
Section 312 Loan Activity in FY 81, by Program Category

Program Category	Properties Assisted #	Properties Assisted %	Dwelling Units #	Dwelling Units %	Localities Participating
Single Family	2869	86.4	3843	65.1	512
Homesteading	281	8.5	317	5.4	53
Multifamily	134	4.0	1742	29.5	78
Nonresidential	36	1.1	—	—	27
Total	3320	100.0	5902	100.0	549

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Urban Rehabilitation, "Area Office Quarterly Reports — Fourth Quarter, FY 81." Compiled by Office of Program Analysis and Evaluation.

PARTICIPATING LOCALITIES

The smaller amount of funds coupled with increased demand at the local level led to less concentration of funds than in previous years, but despite a the drop in funds, a total of 549 localities obligated Section 312 funds during FY 1981. More than half (53 percent) of these localities participated on a discretionary basis and most were distressed, CDBG entitlement communities. Moreover, monitoring information also indicates that communities are currently using about 40 percent of their CDBG monies for housing rehabilitation and conservation activities.

Loans Per Locality. Single family Section 312 loans were made in 512 different local jurisdictions, for an average of 5.6 loans and 7.5 dwelling units per locality. For the homesteading and nonresidential categories, the averages were 4.9 and 1.3 loans per locality, respectively; for multifamily, 1.7 loans and 22.3 dwelling units per locality.

Funds Per Locality. On average, individual jurisdictions with single family programs obligated about $105,450 for single family rehabilitation. Those with homesteading programs obligated about $93,250 to support homesteading efforts; those with multifamily programs, $279,220 for multifamily rehabilitation; and those with neighborhood-scale commercial programs, $99,260 for nonresidential rehabilitation. The overall average for all localities was $151,900. However, the amount obligated ranged from as low as $1,150 in a small rural community that made only one loan in FY 1981 to more than $4 million in a large jurisdiction.

CHARACTERISTICS OF LOANS, PROPERTIES AND BORROWERS

TYPES OF LOANS

The typical Section 312 loan made in FY 1981 was a secured, single family, owner-occupied loan for about $18,700, with a 20-year term and a 3 percent interest rate. (See Figure 4-2.). More than 85 percent of the loans made during FY 1981 were owner-occupied loans that had 20-year terms. All carried a three percent interest rate, regardless of the borrower's income.

Loan Amount. Average loan amounts per property were $18,690 for single family, $18,563 for homesteading, $162,530 for multifamily, and $74,450 for nonresidential loans. Average loan amounts per dwelling unit were $13,980 for one- to four-unit properties, $16,455 for homesteading loans, and $12,500 for multifamily loans.

Security Position. Less than two percent of the FY 1981 Section 312 loans were unsecured, and for nearly half of the loans made HUD was in a first lien position.

PROPERTY CHARACTERISTICS

Properties assisted in FY 1981 were generally small, older properties that required moderate-level rehabilitation. (See Figure 4-3.) Sixty-nine percent of the properties that received Section 312 loans during FY 1981 were built before 1939. Ninety-five percent were located in an area approved under the Title I CDBG program.

Size. Most were one-unit properties. In fact, nearly all of the properties that received single family or homesteading funds had no more than two dwelling units. Multifamily properties assisted in FY 1981 were relatively small and contained an average of 13 dwelling units.

Figure 4·2
Select Characteristics of FY 81 Section 312 Loans

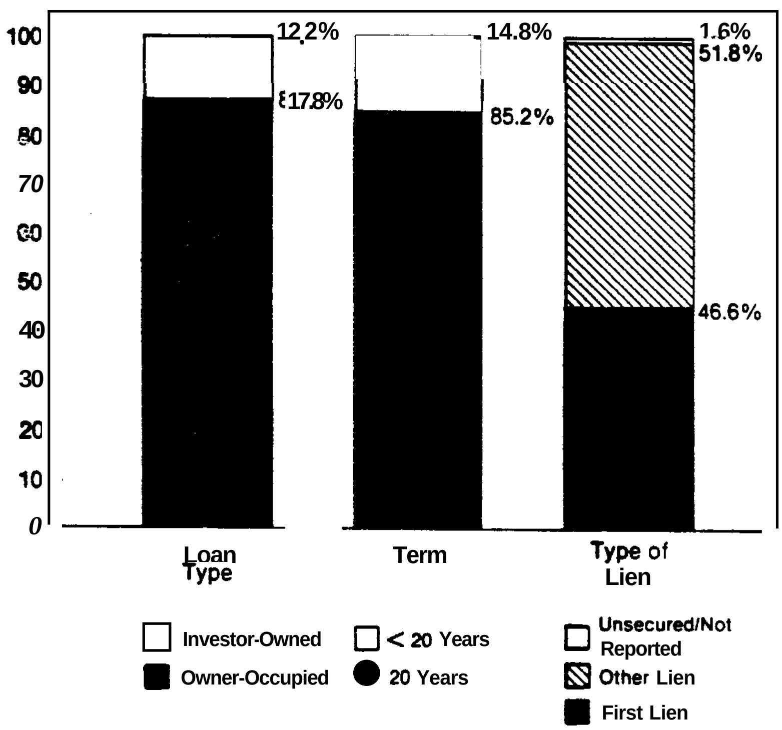


Figure 4·3
Characteristics of FY 81 Section 312 Properties

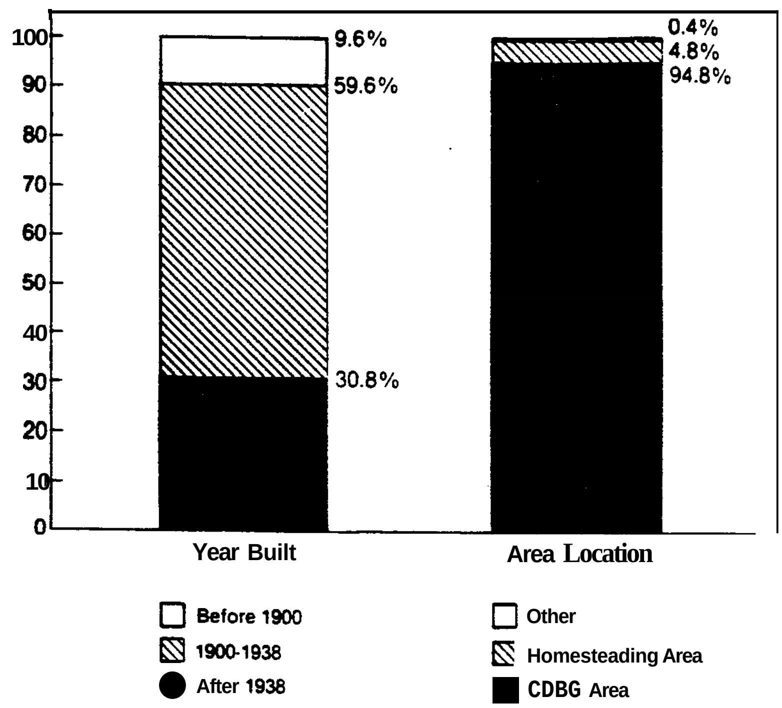


Figure 4·4
Section 312 Loan Properties
Mean Rehabilitation Cost per Dwelling Unit, by Type of Loan
(FY 78 - FY 81)

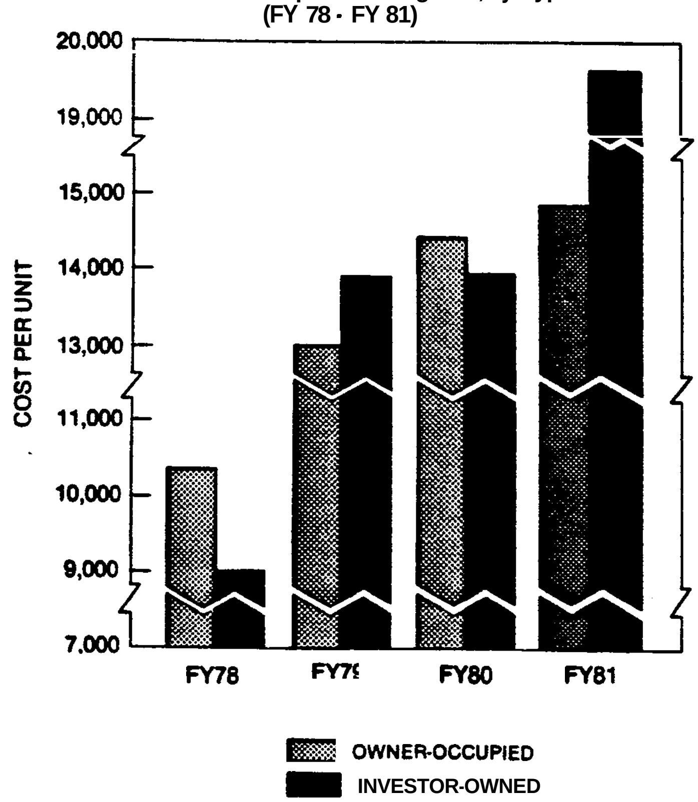
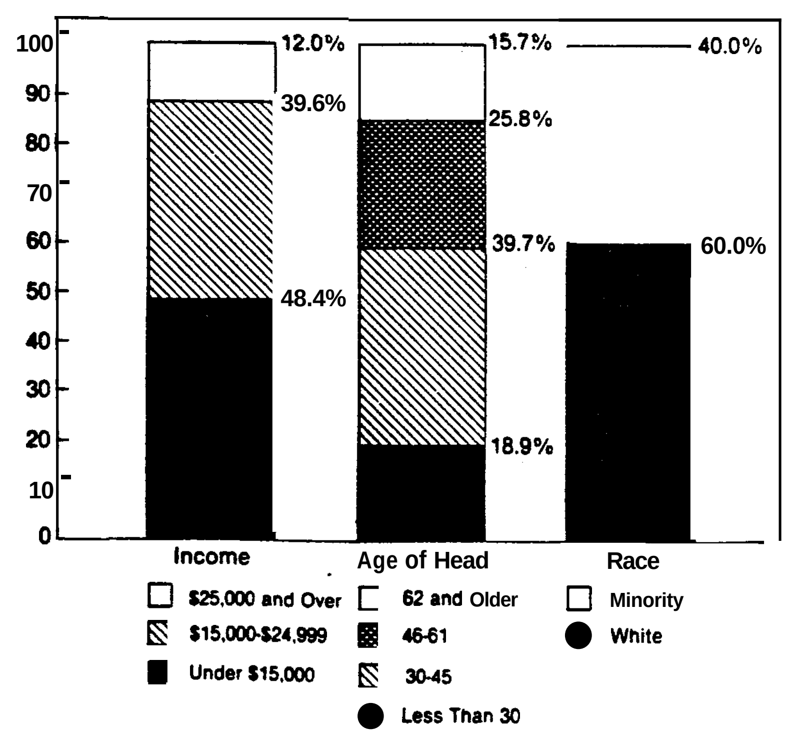


Figure 4·5
Characteristics of FY 81 Section 312 Borrowers
(Owner-Occupants)



Average Rehabilitation Costs. As shown in Figure 4-4, rehabilitation costs continued to increase during FY 1981, but at a slower pace for owner-occupied properties than in previous years. This trend probably stemmed from localities shifting to somewhat less deteriorated, owner-occupied properties when faced with less funding. Higher rehabilitation costs for investor-owned properties were probably offset through private leveraging. For properties assisted in FY 1981 average rehabilitation costs per dwelling unit were $14,825 for owner-occupied properties and $19,608 for investor-owned properties.

CHARACTERISTICS OF BORROWERS

Section 312 owner-occupants continue to be mostly low- and moderate-income, small families with relatively young heads of households. (See Figure 4-5.) However, the past year brought a drop in the participation of low- and moderate-income households and minority and elderly households.

Participation of Elderly and Minority Households. There was a slight decline in the participation of elderly and minority households during FY 1981. Sixteen percent of the FY 1981 Section 312 loans to owner-occupants went to households whose head was 62 years of age or older, compared to 17 percent of the FY 1980 loans. Similarly, 40 percent of the FY 1981 loans went to minority households compared to more than 44 percent of those made during FY 1980.

Low- and Moderate-Income Participation. In making Section 312 loans, priority must be given to low- and moderate-income applicants who own the property to be rehabilitated and will occupy the property after its rehabilitation. For the Section 312 program, "low- and moderate-income" is defined as annual household income that is at or below 95 percent of the area median income, when adjusted for family size.

As indicated in Table 4-5, the percentage of owner-occupied loans made to low- and moderate-income borrowers declined from 68 percent in FY 1980 to 58 percent in FY 1981. While nearly half the owner-occupants that received Section 312 loans in FY 1981 had annual incomes under $15,000, 12 percent had annual incomes of $25,000 or more. As in prior years, low- and moderate-income participation in the program was higher in western regions of the country and lower in the northeastern sections.

Table 4-5
Number and Percent of FY 81 Section 312 Borrowers Whose Annual Income Is 95 Percent or Below the SMSA Median', By HUD Region (Owner-Occupants)

Region	= or Below	Above	Total	% = or Below
I	86	79	165	52.1
II	126	188	314	40.1
III	229	139	368	62.2
IV	165	114	279	59.1
V	177	148	325	54.5
VI	80	66	146	54.8
VII	78	58	136	57.4
VIII	51	48	99	51.5
IX	130	41	171	76.0
X	117	16	133	88.0
Overall	1239	897	2136	58.0

Source: U.S. Department of Housing and Urban Development, Office of Management, Data Systems and Statistics Division, "R-84 Loan Application File." Compiled by Office of Program Analysis and Evaluation.

'Determined by comparing borrower's incomes with 221d(3) income limits which are adjusted for household size and regional variations.

LOAN SERVICING AND DELINQUENCY RATES

Administrative Steps. Debt collection continued to be a high priority area within the Department, and during FY 1981 several steps were taken to collect on defaulted Section 312 loans. They included:

1. the institution of a policy of aggressive foreclosure and judgment procedures;

2. the adoption of stringent write-off procedures to hold the total amount of funds written-off to less than two percent of the total unpaid balances;

3. the use of a negotiated arrangement with the Internal Revenue Service (IRS) to obtain addresses on defaulted borrowers who had skipped out on their loans; and,

4. the issuance of a Notice that established written guidelines for resolving delinquencies by repayment agreement, foreclosure, judgment etc., and for handling assumption and subordination requests and bankruptcies.

Delinquency Rate. As of December 31, 1981, HUD had a total of 65,413 active loan cases with unpaid balances totaling $711.201 million. (See Table 4-6.) More aggressive servicing efforts and new policies and procedures caused a drop in loan delinquencies, from 18.8 percent as of December 31, 1980, to 11.5 percent as of December 31, 1981. The greatest decline occurred in the seriously delinquent category which dropped from 9.6 percent in 1980 to 3.4 percent in 1981.

Table 4-6
Number and Unpaid Balances of Section 312 Loans, by Payment Status and Fiscal Year
(Dollars in Thousands)

Status	(As of December 31, 1980)				(As of December 31,1981)			
	# of Loans	%	Upaid Balances $Amount	%	# of Loans	%	Upaid Balances $Amount	%
Current	51,857	812	$515,237	79.8	57,070	00.5	$602,117	84.7
Delinquent:								
3 Months or Less	5,891	9 2	88,608	13.7	5,325	8.1	89,967	12.6
More than 3 Months	0,163	9.6	42,186	6.5	2,210	3.4	19,116	2.7
Subtotal	12,054	18.8	130,794	20.2	7,535	11.5	109,083	15.3
Total	64,011	100.0	$646,031	100.0	65,413	100.0	$711,201	100.0

Source: Federal National Mortgage Association and U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Urban Rehabilitation.

Moreover, many of the loans that were less than three months delinquent were actually less than one month in arrears. Such loans may be considered late payments rather than actual delinquencies. Thus, when these less than one-month delinquencies are excluded from the analysis, the effective delinquency rate as of December 31, 1981, was 6 percent.

Regions that previously had the highest delinquency rates -- i.e., the Northeast and Midwest -- have cut their delinquency levels almost in half. Again, this drop in delinquency rates was accomplished through the resolution of loans in the HUD-held inventory that had been delinquent for quite some time and had received little or no attention in earlier years, and through more aggressive servicing of other accounts before they became seriously delinquent.

Monthly Collections. Collections on HUD-held loans increased by more than a third in FY 1981. from $5.787 million in FY 1980 to $7.947 million by the end of FY 1981. In addition, collections on loans held by FNMA rose from $48.417 million in FY 1980 to $58.927 million in FY 1981, an increase of 22 percent.

For the HUD-held inventory, HUD successfully entered into repayment agreements with nearly half of the the defaulted borrowers. Because these loans had not been properly serviced for many years, HUD elected to offer repayment agreements rather than immediately foreclose or seek judgments against the borrowers. Now that the backlog of improperly serviced loans has been eliminated, HUD does not expect to enter many repaynent agreements in the future. Aside from a limited number of forebearance agreements necessitated by temporary inability to pay, future defaults will be promptly referred for legal action.

Table 4-7 reflects the status of Section 312 debt collection efforts begun in FY 1980 to resolve loan cases in the HUD-held portfolio of defaulted loans. Not shown are 498 additional loans (with outstanding principal balances of $1,676,005) that were brought current by HUD during FY 1981, and were returned to the Federal National Mortgage Association (FNMA) for further servicing. Also not shown are another 298 loans (with principal balances of $1,461,777) that were paid off and 405 loans (with principal and accrued interest balances of $1,021,673) that were written off as uncollectible.

Referrals for Legal Action. Also during FY 1981, 798 loan cases were submitted to HUD's General Counsel for legal action, bringing the total caseload for legal action to 853 cases. The principal and interest due on these cases was $9.3 million, and among those cases were 19 multifamily loans with outstanding balances of $2.6 million. HUD is currently experiencing a backlog on cases submitted for legal action both internally and externally and is working on improving procedures to further speed up referrals for legal action and their resolution.

Table 4-7
Status of Section 312 Loan Resolution Efforts
(As of December 31,1881)

Action	# of Loans	%	Unpaid Balance $ Amount	Unpaid Balance %
Foreclosure initiated	830	10.5%	$11,193,875	15.9%
Judgment Initiated	690	8.8	2,222,579	3.2
Repayment Agreement	3784	48.2	34,371,000	48.8
Current	1864	23.7	16,929,000	24.0
Pending Resolution	690	8.8	5,686,000	8.1
Total	7858	100.0%	$70,402,454	100.0%

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Urban Rehabilitation.

FOOTNOTES

1 Pub. L. 95-557, 92 Stat. 2082 (Codified at 42 U.S.C. 1452b).

2 Pub. L. 93-383, 88 Stat. 633 (Codified at 42 U.S.C. 5313).

3 Pub. L. 88-560, 78 Stat. 769 (Codified at 42 U.S.C. 1452b).

4 Pub. L. 97-35, 95 Stat. 357 (Codified at 42 U.S.C. 1452b).

5 45 Fed. Reg. 59702 (1980).

6 Distress is based on six criteria used to qualify localities for Urban Development Action Grants. These criteria include: (1) age of housing--1 to 2 points; (2) per capita income increase--1 point; (3) population growth lag--1 point; (4) unemployment--1 point; (5) job growth lag--1 point; (6) poverty--minus 1 to 2 points. Distressed jurisdictions are central cities and other jurisdictions over 50,000 that score between 3 and 5 points and jurisdictions under 50,000 that score 3 or 4 points. Very distressed jurisdictions are central cities and jurisdictions over 50,000 that score 6 or 7 points and jurisdictions under 50,000 that score 5 or 6 points. Jurisdictions that score less than three points are not distressed.

7 Targets are minimum amounts of Section 312 general use funds that localities can expect to receive so long as they meet agreed-upon quarterly use schedules and Congressional or Executive actions do not reduce the amount of funds available.

8 Section 312 general use allocations to localities were distributed among HUD regions as follows:

Region	FY 1981	FY 1980
I	7.5%	7.5%
II	15.3	14.7
III	13.6	13.9
IV	14.3	13.0
V	20.6	20.7
VI	8.0	7.6
VII	5.3	4.6
VIII	2.2	2.5
IX	9.7	11.6
X	3.5	3.9
Total	100.0%	100.0%

9 Section 312 general use allocations to localities were distributed among locality types as follows:

Type of Locality	FY 1981	FY 1980
Central City	74.5%	67.4%
Non-Central City		
Over 50,000	5.1	6.2
Metro Small City	3.9	5.7
Non-metro Small City	4.8	7.7
Urban County	10.6	12.3
Other County	1.1	0.7
Total	100.0%	100.0%

The distribution pattern for localities with various poopulations was:

Population	FY 1981	FY 1980
500,000 and Over	30.3%	27.6%
250,000 - 499,999	24.2	22.2
100,000 - 249,999	21.6	20.0
50,000 - 99,999	10.6	11.9
Under 50,000	13.3	18.3
Total	100.0%	100.0%

The distribution of Section 312 general use allocations by localities' levels of distress was as follows:

Level of Distress	FY 1981	FY 1980
Very Distressed	38.9%	33.2%
Distressed	34.9	37.5
Not Distressed	24.9	28.5
Not Rated	1.3	0.8
Total	100.0%	100.0%

10 This Demonstration was launched in FY 1981 to encourage local governments to use CDBG funds to rehabilitate small rental properties, and to improve localities' ability to effectively and efficiently administer rehabilitation activities.

The Demonstration is based on the premise that the subsidy for the rehabilitation of property should be separated from the rent subsidy for low-income tenants. Under the Demonstration, rehabilitation subsidies will be provided through a one-time, front-end mechanism such as a grant, a deferred-payment loan, or a below-market-rate interest loan. The amount of subsidy provided is to be kept at the minimum level necessary to allow investors to rehabilitate and maintain rental units and to obtain a reasonable rate of return based on market rate rents.

Twenty-three localities were selected for the first round of the Demonstration. They are expected to commit $7.52 million of their CDBG funds to the Demonstration effort and to receive 714 additional Section 8 certificates to permit eligible low-income tenants of rehabilitated properties to live in the renovated properties or move to other decent housing of their own choice.

CHAPTER 5: THE URBAN HOMESTEADING PROGRAM

Section 810(e) of the Housing and Community Development Act of 1974[1] requires HUD to submit to Congress an annual report on the Urban Homesteading program. This chapter reports on the current status of this program and is divided into five parts. The first part examines recent program initiatives. The second looks at the HUD inventory and housing abandonment. The third part reports funding and expenditure data, while the fourth and fifth parts describe the characteristics of homesteading communities and the properties transferred to them under the Section 810 program.

OVERVIEW

The Urban Homesteading program was authorized by Section 810 of the Housing and Community Development Act of 1974.[2] The Act, as amended, permits the transfer of eligible properties owned by the Department of Housing and Urban Development (HUD), the Veterans Administration (VA), and the Farmers Home Administration (FmHA) at no cost to communities with HUD-approved homesteading programs. Local governments, in turn, offer the properties at nominal or no cost to homesteaders who agree to repair them and reside in them for a minimum of three years. Section 810 appropriations are used to reimburse the respective Federal agencies for the value of the units transferred to local homesteading programs.

The Community Development Block Grant (CDBG) program is the major source of funding for the administrative costs of local urban homesteading programs. In addition, CDBG funds are used by a number of programs to purchase local properties for use in their programs. Through FY 1981, the major contributors to homestead rehabilitation were CDBG direct loans, leveraged loans, and grants; Section 312 rehabilitation loans; commercial bank loans and other private financing; and sweat equity.

Program Operations During FY 1981. Aggregate data for the Urban Homesteading program indicate that during FY 1981, 89 localities actively participated in the program and that a total of $6.967 million in Section 810 funds was expended to reimburse Federal agencies for the value of properties transferred to local homesteading programs. Another $3.621 million sum was obligated, but was not officially expended.

A total of $5.216 million, or 6 percent of all FY 1981 Section 312 rehabilitation loan funds, was expended in Urban Homesteading neighborhoods. The percentage of Section 312 funds set aside for homesteading that went to homesteaders rose in FY 1981. For FY 1981, a total of $4.329 million of the Section 312 funds set aside for homesteading, 83 Percent of the total for that fund category, was loaned to homesteading households, compared to just 69 percent of the FY 1980 Section 312 funds obligated in homesteading neighborhoods.

HUD made 281 Section 312 loans averaging $18,563 in homesteading neighborhoods. Of that number, 234 went to homesteading households, and the average loan amount was $18,498.

The average "as is" value of HUD properties transferred to local homesteading programs in FY 1981 was $9,580; in FY 1980, $9,450. The former represents a 27 percent increase over the FY 1979 average of $7,555.

Cumulative Status. Cumulative program data as of September 30, 1981, indicate that $16.4 million of the $55 million Congress had appropriated for the Urban Homesteading program remained unobligated. As of that date HUD had allocated a cumulative total of $49 million in Section 810 funds to local homesteading programs.

By the end of FY 1981, 96 comnunities had been approved for participation in the Urban Homesteading program. Twenty-three of these jurisdictions entered the program during the first round of the Demonstration, October 1975; 16 jurisdictions were approved during the second round, May 1977; and, 57 other comnunities have been approved since 1978, after the Demonstration was converted into an operating program. These 96 local programs are generally clustered in the north central and northeastern sections of the country where the bulk of the HUD single family inventory is located.

Since the program's inception, local Urban Homesteading programs have acquired 6,133 properties from all sources. The great majority of these properties, 5,437 properties (89 percent), were transferred from HUD; 101 properties (about two percent) came from the VA and FmHA; and 595 properties (10 percent) were acquired locally.

A total of 5,122 properties (84 percent) acquired for urban homesteading had been conditionally conveyed (i.e., transferred to homesteaders pending successful completion of all program requirements), and 4,656 properties (76 percent) had been occupied by the homesteader. Rehabilitation had begun on 5,029 properties (82 percent) and completed on 3,770 properties (62 percent). Fee simple title to 1,354 properties (22 percent) had been transferred to homesteaders who had completed the minimum three-year occupancy period and met all other program requirements.

The dropout rate for homesteaders has remained low. Since the program's inception, only six percent of all homesteaders have dropped out of the program, and they generally opted out very early in the homesteading process.

RECENT PROGRAM INITIATIVES

There were no legislative changes made to the Urban Homesteading program in FY 1981. However, a proposal for a multifamily homesteading demonstration was developed in FY 1981 and is being forwarded by the Administration as a FY 1983 legislative proposal. The purpose of this component is to spur local interest in conserving deteriorated, multifamily housing stock and to encourage local jurisdictions to develop innovative property reuse strategies for locally-held multifamily properties and to design new approaches to financing the rehabilitation of multifamily homesteads. In addition, several administrative changes were made through Departmental Notices to the field and Handbook revisions. These new provisions:

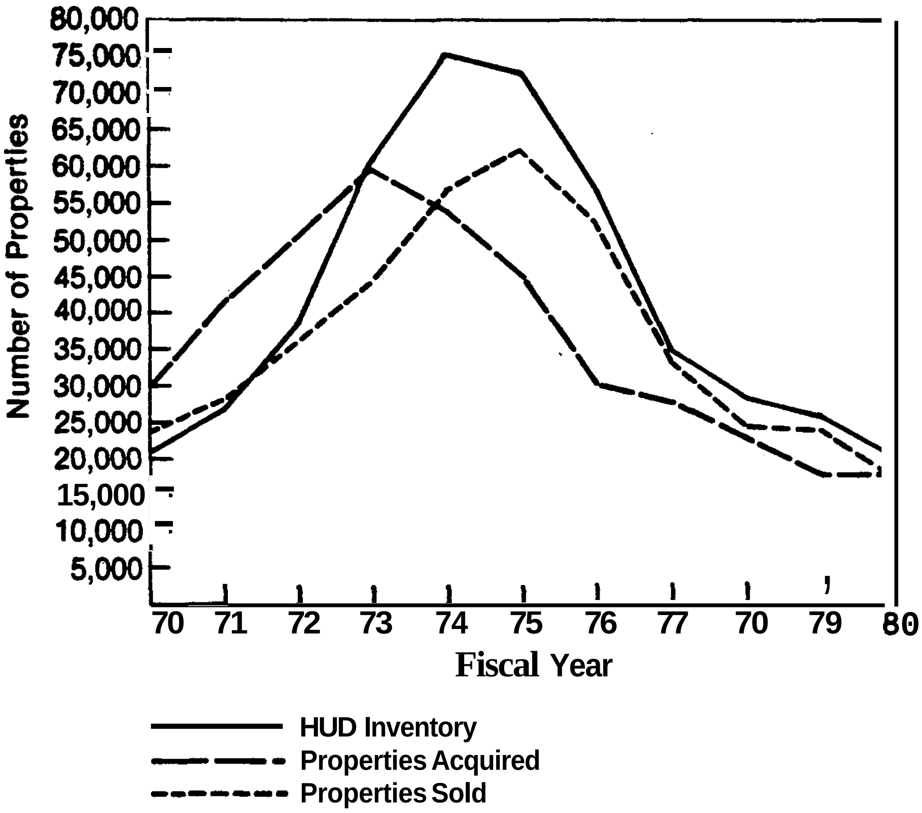
- required the homesteading agreement between HUD and localities to be executed by both the unit of local government and an independent public agency designated to carry out the program, if such an agency was designated;
- revised the Urban Homesteading agreement form;
- required an explicit local warranty of legal authority to receive properties at no cost and to convey them to homesteaders without substantial consideration;
- specifically highlighted the fact that localities may acquire properties owned by the VA or FmHA, and completed arrangements for reimbursing VA and FmHA for properties;
- revised the schedule for executing homesteading agreements to conform to the Federal fiscal year; and
- clarified areas of potential conflict of interest.

In addition, as part of its efforts to eliminate opportunities for fraud and mismanagement the Department reconciled in-house management information on local Urban Homesteading programs to official accounting records. For FY 1982, the Department intends to expand its efforts to improve expenditure rates and increase staff productivity at both the Federal and local levels.

SCOPE OF THE URBAN HOMESTEADING PROGRAM

Urban Homesteading and the HUD Inventory. The inventory of HUD-owned single-family properties has declined from 75,000 properties in 1974 to 19,000 properties as of September 30, 1981. (See Figure 5-1.) This decline in the size of the HUD inventory stemmed from factors other than homesteading activity. HUD tightened its mortgage underwriting standards and practices; the use of "as-is" sales reduced the time needed to dispose of properties and increased the volume of sales;[3] HUD actions to prevent foreclosures also contributed to the slowing of acquisitions; changes in HUD's loan management and mortgage assignment policies reduced the number of mortgages foreclosed after delinquency and default; and the recovery from the 1974-75 recession led to an overall decline in foreclosures and aided in the remarketing of existing units.

Figure 5-1
Changes in the HUD, Single Family Inventory
FY 1970 - 1980



While the inventory has declined in absolute numbers, a substantial number of single family properties are still acquired by HUD each year. During FY 1981, for example, nearly 12,668 properties were acquired nationally and, therefore, were potentially available for homesteading. However, it is estimated by HUD that approximately 10 to 15 percent of all current acquisitions are occupied at the time HUD acquires them. Thus, of the current 13,448 unsold properties, nearly 37 percent are occupied as a result of occupied conveyances, regular rentals, or squatter occupancy. Since Section 810 prohibits the conveyance of occupied properties to localities for homesteading, these properties are unavailable for homesteading until vacant.

The bulk of the existing single family inventory and ongoing acquisitions is located in those HUD regions and field offices with active homestead programs. Four regions (11--New York, 111--Philadelphia, IV--Atlanta, and V--Chicago) account for 90 percent of all the unsold inventory. Seventy-four of the 96 homesteading programs approved as of September 30, 1981, are located in these four regions.

As Table 5-1 indicates, for the past two years HUD acquisitions were fewer than 51 properties in more than two-thirds of the homesteading localities. During FY 1980 HUD acquired 51 or more properties in only 38 percent of the 77 jurisdictions for which property inventory data were available, and 29 percent during FY 1981. On average, Demonstration communities have more HUD-acquired properties than do recent program entrants. The number of current homesteading jurisdictions in which HUD acquired no properties increased from 12 (16 percent) in FY 1980 to 15 (20 percent) in FY 1981.

TABLE 5-1

NUMBER OF PROPERTIES ACQUIRED BY HUD IN 77 SELECTED HOMESTEADING COMMUNITIES DURING FY 1980 AND FY 1981

# Of Properties	FY 1980		FY 1981	
	Demo Communities (N)	Recent Entrants (N)	Demo Communities (N)	Recent Entrants (N)
0	0	12	1	14
1 - 10	1	14	2	14
11 - 50	11	9	14	10
51 - 100	9	5	7	2
Over 100	12	4	9	4
Total	33	44	33	44

SOURCE: U.S. Department of Housing and Urban Development, Office of Housing, Office of Single Family Housing, Family Property Disposition Division.

Thus, some homesteading jurisdictions apparently have little or no possibility of acquiring a steady source of homestead properties from the HUD inventory alone. Moreover, comparison of the FY 1980 and FY 1981 acquisition figures suggests a general decline in the availability of HUD properties for homesteading use. Of the 77 homesteading jurisdictions considered, 54 experienced a decrease in the absolute number of HUD acquisitions. Conversely, HUD acquisitions increased in 14 jurisdictions between FY 1980 and FY 1981; there were no HUD acquisitions in nine communities during both fiscal years.

Urban Homesteading and Abandonment. In addition to assisting in the reduction of the HUD inventory of acquired properties, the Urban Homesteading program was a limited national response to the problem of urban housing abandonment. Ninety-six communities have operated Urban Homesteading programs, and because the program emphasizes the use of Federal, primarily HUD-owned, single family units in targeted neighborhoods, the program's effect on the overall national abandonment problem has been limited.

In most cities, abandonment is concentrated, but in some, the magnitude of abandonment is great and the abandoned properties are scattered.[4] Consequently, previous program requirements that targeted homesteading activities to just a few neighborhoods unnecessarily limited the program's usefulness to local jurisdictions that faced scatter-site abandonment. Moreover, although homesteading communities experienced both single family and multifamily abandonment, most residential abandonment has occurred in multifamily properties and the program was neither initially designed nor intended to address the disposition of those units.[5]

PROGRAM FUNDING AND EXPENDITURES

Section 810 funds are used to reimburse HUD, the VA, and the FmHA for the value[6] of transferred Federal properties. In addition, the CDBG program, the Section 312 Rehabilitation Loan program, and private leveraging have been the primary sources of rehabilitation funding for homesteaders. Also, the CDBG funds have been used to pay local administrative costs and for property acquisition.

Section 810 Funding. Since 1975 Congress has appropriated $55 million to support the acquisition of Federal properties for Urban Homesteading programs. (See Table 5-2.) Although the appropriations increased over the first four years of the program, no appropriations were approved for the period FY 1980-82. For FY 1980-81 the balance of unexpended appropriations was sufficient to operate the program at levels comparable to previous years.

HUD had allocated over $49 million in Section 810 funds to approved cornunities by the end of FY 1981.[7] The size of a community's allocation was calculated on the basis of the expected number of available HUD properties suitable for homesteading, the average "as-is" value of appropriate Federally-acquired properties in the jurisdiction, and the community's past homesteading performance.

Expenditures and Drawdown Rates. A total of $35 million in Section 810 funds had been expended by the end of FY 1981. This amount constituted more than 71 percent of the $49 million allocated to communities by HUD.

CDBG Funding. Most homesteading cornunities that received CDBG funds have used them to support the administration of their programs and for property acquisition and rehabilitation financing. Some communities have made direct rehabilitation grants or low-interest loans to homesteaders or used CDBG funds to leverage rehabilitation loan funds from private sources. In most communities that purchased local properties for homesteading, CDBG funds were the principal source for their acquisition.

TABLE 5-2
STATUS OF THE URBAN HOMESTEADING PROGRAM, BY FISCAL YEAR
(DOLLARS IN THOUSANDS)

ITEM	FY 76-77	FY 78	FY 79	FY 80	FY 81
Appropriations	$20,000	$15,000	$20,000	$ 0	$ 0
Outlays	$ 6,547	$ 6,844	$ 7,178	$ 7,464	$ 6,967
HUD Transfers	1,441	1,151	950	790	1,105
Local Programs Approved	23/39	39	76	94	96

Source: U.S. Department of Housing and Urban Development, Office of Finance and Accounting and Community Planning and Development, Office of Urban Rehabilitation.

Nearly all communities with approved homesteading programs received CDBG program funds during 1981. Of the 87 communities receiving CDBG funds, 70 were Entitlement recipients and 17 were Small Cities program grantees. Only nine communities with homesteading programs did not receive any CDBG funds during FY 1981.

Section 312 Rehabilitation Loans to Homesteading Areas. Section 312 loan activity during FY 1981 generated 281 single family loans in homesteading areas. Of the loans made in homesteading areas, 234 or 83 percent went to homesteaders. Section 312 loans made to residents of homesteading areas averaged $18,563, which was just slightly below the $18,700 loan average for all Section 312 single family loans made in FY 1981. Within homesteading areas, however, Section 312 loans to homesteaders were generally slightly lower than those to other property owners in the homesteading neighborhoods.

Private Financing. Many homesteading communities rely on private sector financing for all or part of the rehabilitation cost. Some have developed creative financing mechanisms to provide rehabilitation financing. HUD plans to stress this funding source even more in the future.

Sweat Equity. Homesteader "sweat equity" has been another important contributor to the rehabilitation of homestead properties. It is generally encouraged by homesteading communities but has been limited by local rules that require homesteaders to be certified or licensed prior to undertaking technical work such as wiring, plumbing, and heating and by provisions that summarily limit sweat equity contributions to cosmetic property improvements.

CHARACTERISTICS OF HOMESTEADING COMMUNITIES

By the end of FY 1981, HUD had approved 96 communities, 87 cities, and 9 counties as participants in the Urban Homesteading program; however, only 89 jurisdictions operated programs during FY 1981.[8]

Characteristics of Approved Homesteading Communities. The 96 communities with approved homesteading programs are concentrated in the eastern United States, primarily within the northeastern quadrant where the bulk of the HUD-acquired property inventory is also concentrated. Four states--Ohio, Pennsylvania, Michigan, and New York--contain 43 percent of all Urban Homesteading communities.

TABLE 5-3

SELECTED CHARACTERISTICS OF HOMESTEADING COMMUNITIES

Type of Locality	1st Round Demo	2nd Round Demo	Recent Entrants	Overall
Central City	87%	63%	44%	57%
Non-Central City	13	31	42	33
Urban County	0	6	14	10
Distress Level				
Distressed*	84%	80%	65%	73%
Not Distressed	16	20	35	27
Population				
500,000 and Over	39%	20%	3%	15%
250,000-499,999	31	27	12	19
100,000-249,999	17	20	20	19
Under 100,000	13	33	65	47
CDBG Recipient Type				
Entitlement	91%	88%	62%	73%
Small Cities	9	0	26	18
No CDBG Funds	0	12	12	9
TOTAL	100%	100%	100%	100%
N	23	16	57	96

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation.

* UDAG-eligible.

The Homesteading program is heterogeneous in terms of the communities that participate. It has attracted very large cities--New York City, Chicago, Los Angeles, Philadelphia, and Detroit have participated at one time or another--as well as small jurisdictions.

Homesteading communities are typically central cities. (See Table 5-3.) Almost three out of five of the approved homesteading programs are located in central cities, 33 percent in smaller cities and suburban communities, and 10 percent in urban counties. Approved homesteading communities also are more likely to be physically and economically distressed than the average community. For example, roughly half of all CDBG entitlement cities fall above the UDAG eligibility line, but nearly three-quarters of the homesteading program participants have distress rankings of three or more, thereby making them eligible for UDAG assistance.

HOMESTEADING PROPERTIES

Number of Properties. As of September 30, 1981, local Urban Homesteading programs had acquired a total of 6,133 properties of which 5,437 were from HUD, 101 from other Federal agencies, and 595 from local sources. The number of HUD-held properties transferred to local homesteading programs peaked at 1,151 in FY 1978 and fell to 790 in FY 1980, but rose again to 1,105 during FY 1981.

Factors Related to Property Availability. The decline in HUD property transfers was directly related to a decrease in the number of properties available for homesteading. Unanticipated delays in the expansion from a demonstration to an operational program initially led to fewer than estimated property transfers. The Ferrell litigation,[9] which imposed a six- to eight-month moratorium on the sale of HUD-acquired single family properties further contributed to the drop in properties conveyed to localities.

Other factors that have negatively impacted on the availability of properties include the fact that: (1) the legislation authorizing HUD to reimburse the VA and FmHA for their properties transferred to localities for homesteading purposes was not enacted until December 21, 1979; (2) the Regulations implementing that new authority were not effective until September 15, 1980; and (3) other implementing procedures were not fully agreed upon between HUD and the other two Federal agencies until the summer of 1981.

Source of Properties. The vast majority of approved homesteading programs rely on the HUD inventory as their principal source of properties for homesteading. Over half of all approved programs have used HUD properties exclusively. Twenty-two programs have used both HUD and locally-acquired properties. The communities that have used local properties only are, without exception, recent entrants.

TABLE 5-4

SOURCE OF PROPERTIES FOR APPROVED URBAN HOMESTEADING PROGRAMS

Source of Properties	Number of Communities: 1st Round Demo	2nd Round Demo	Recent Entrants	Total
Federal only	14	9	29	53
Federal and local	9	7	6	22
Local only	0	0	19	19
No properties	0	0	2	2
Total	23	16	57	96

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Urban Rehabilitation, "Area Office Quarterly Reports."

Use of Locally-Acquired Properties. Although the focus of the Urban Homesteading program is on the transfer of HUD and other Federal properties to approved programs at no cost, program features allow communities to move beyond the Federal inventory as a source of suitable homestead properties. The program Regulations allow homesteading communities to utilize local properties for homesteading purposes.

However, on average, locally-acquired properties currently constitute only ten percent of total homestead properties. Recent entrants are somewhat more likely to use locally-acquired properties than are the Demonstration communities, and they are the only communities that have used only local properties in their program. Nineteen of these communities had not received any HUD properties as of September 30, 1981. Although 16 of the 39 Demonstration jurisdictions indicated that they use local and Federal units, the great majority have handled less than five local units.

Status of Homesteading Properties. Once a property is acquired by a local homesteading program, it is conveyed to a homesteader through a process that embodies six milestones: (1) homesteader selection; (2) conditional conveyance; (3) initiation of rehabilitation; (4) homesteader occupancy; (5) completion of rehabilitation; and (6) fee simple conveyance. Table 5-5 shows the status of the 5,437 properties that have been transferred from HUD to local homesteading programs through FY 1981.

The differences in the number of properties at various stages in the process reflect several features of the Urban Homesteading program. First, the homesteading process is ongoing. Properties are continually acquired even as others are being rehabilitated. Secondly, the process is long relative to the age of the program, Fee simple conveyance of the property to the homesteader occurs at least three years after occupancy begins. The time between local acceptance of a HUD-held property and homesteader occupancy adds more time to the process. Since the program was approximately six years old as of September 30, 1981, it is not surprising that just 22 percent of all properties had reached final conveyance. Finally, the number of participating communities has grown. Not all comnunities and, therefore, not all properties have been in the program for the entire period. Many of these local programs have been in operation long enough to acquire properties but not long enough to convey them.

As of September 30, 1981, 6,060 households had been selected for homesteading. Although this figure indicates that homesteaders have been selected for 99 percent of all properties acquired for homesteading, this high proportion may be somewhat misleading because some communities report both their primary and alternate homesteader selections. Nevertheless, by the end of FY 1981 approximately 84 percent of all homesteading properties had been conditionally conveyed to homesteaders, and 76 percent were occupied by homesteaders. Rehabilitation had been initiated on 82 percent of all properties acquired and completed on 62 percent of the properties. Fee simple conveyance, which marks the completion of the minimum three-year conditional conveyance and occupancy period, had occurred in 22 percent of all homesteading properties.

Value of FY 1981 HUD Properties Transferred. Fewer Section 810 funds were officially expended in FY 1981 than in FY 1980 or FY 1979. but more homestead properties were transferred to local communities. Average property values increased slightly, from $9,450 in FY 1980 to $9,580 in FY 1981.[10]

However, average Section 810 property values vary considerably among Urban Homesteading comnunities. Previously, the average ranged from as low as $5,000 in some communities to more than $20,000 in others.

Table 5-5
Status of Urban Homesteading Properties As of September 30,1981 (Cumulative Totals)

LOCALITY	TRANSFERRED FROM HUD TO LOCALITY*	HOMESTEADERS SELECTED	TRANSFERRED CONDITIONALLY TO HOMESTEADERS	OCCUPIED	REHAB STARTED	REHAB COMPLETED
Akron, OH	4	3	3	3	3	3
Anderson, SC	0	12	8	8	8	8
Athens, OH	0	8	6	6	6	3
Atlanta, GA	157	140	140	140	140	140
Babylon, NY	11	20	3	1	3	1
Baltimore, MD	76	63	57	46	57	34
Benton Harbor, MI	14	15	15	12	12	3
Berkeley, MO	10	6	6	6	4	3
Boston, MA	46	40	37	36	47	40
Bradford, PA	0	3	3	3	3	3
Brookhaven, NY	30	42	30	0	0	0
Broward County, FL	12	12	4	2	2	2
Buffalo, NY	26	19	12	2	12	2
Camden, NJ	54	42	31	31	31	8
Chicago, IL	282	300	235	235	237	151
Cincinnati, OH	68	101	101	79	100	79
Cleveland, OH	33	34	27	27	27	27
Columbus, OH	302	335	306	253	306	240
Compton, CA	38	39	39	33	36	33
Dade County, FL	67	93	33	24	31	22
Dallas, TX	368	369	369	364	369	350
Dayton, OH	98	68	68	46	68	50
Decatur, GA	107	113	109	105	109	105
DeKalb, GA	32	32	20	19	20	19
Des Moines, IO	2	4	4	3	2	2
Detroit, MI	81	65	38	12	26	9
East Liverpool, OH	0	15	14	13	15	14
East St. Louis, IL	129	100	100	97	100	97
Flint, MI	56	59	59	54	58	41
Freeport, NY	79	81	75	67	74	67
Gary, IN	319	332	271	234	267	150
Hartford, CT	0	2	2	1	2	1
Haverhill, MA	0	3	3	3	3	3
Hazel Park, MI	3	0	0	0	0	0
Hempstead Village, NY	29	30	19	11	19	11
Highland Park, MI	14	13	13	11	12	11
Indianapolis, IN	221	238	238	199	206	170
Islip, NY	233	320	158	152	158	152
Jefferson Co., KY	24	20	20	9	20	9
Jennings, MO	7	4	4	4	4	2
Jersey City, NJ	15	14	12	13	14	12
Joliet, IL	38	34	34	31	33	31
Kansas City, MO	147	193	116	109	113	107
Lawrence, MA	0	5	3	1	3	1
Lebanon, PA	0	5	5	5	5	5
Los Angeles, CA	24	22	22	22	22	22
Louisville, KY	24	20	19	8	16	8
Luzerne County, PA	0	1	0	0	0	0
Madison Heights, MI	1	1	1	1	1	1
Milwaukee, WI	265	280	275	267	273	178
Minneapolis, MN	93	200	174	163	174	135
Montgomery County, OH	27	26	15	13	14	13
Mt. Holly, NJ	3	3	3	3	3	1

Table 5-5

Status of Urban Homesteading Properties As of September 30,1981 (Cumulative Totals) (continued)

LOCALITY	TRANS-FERRED FROM HUD TO LOCALITY*	HOME-STEADERS SELECTED	TRANSFERRED CONDITION-ALLY TO HOME-STEADERS	OCCUPIED	REHAB STARTED	REHAB COMPLETED
Nanticoke, PA	0	0	0	0	0	0
Nassau County, NY	89	150	83	72	83	72
New Haven, CT	5	5	5	2	5	2
Newark, NJ	6	3	2	0	2	0
Newport News, VA	11	11	11	11	11	11
New York City, NY	29	29	29	29	29	29
Oakland, CA	120	118	118	115	118	114
Omaha, NE	29	29	29	29	29	29
Palm Beach Co., FL	51	98	29	29	29	29
Patterson, NJ	4	4	4	2	2	2
Philadelphia, PA	360	333	333	333	333	110
Phoenix, AR	88	114	57	67	90	90
Pine Lawn, MO	9	7	7	6	4	3
Pinellas Co., FL	10	10	10	10	10	10
Piqua, OH	1	2	2	2	2	1
Plainfield, NJ	20	11	10	4	13	3
Port Huron, MI	6	4	4	4	4	4
Portland, OR	1	1	1	1	1	1
Pottsville, PA	0	0	0	0	0	0
Richmond, VA	3	0	0	0	0	0
Rochester, NY	161	188	149	145	149	65
Rockford, IL	115	115	104	104	104	104
Saginaw, MI	26	26	26	25	26	19
St. Louis, MO	103	37	37	33	33	33
St. Paul, MO	0	144	142	141	141	80
St. Petersburg, FL	69	85	47	35	42	35
Salem, OR	0	0	0	0	0	0
Shamokin, PA	0	7	7	7	7	7
Sioux City, IO	0	7	7	4	5	4
South Bend, IN	110	98	92	87	92	45
Springfield, MA	28	59	56	54	56	54
Steubenville, OH	0	0	0	0	0	0
Sunbury, PA	0	0	0	0	0	0
Tacoma, WA	58	58	58	58	58	58
Tampa, FL	10	8	8	0	8	0
Toledo, OH	91	113	113	94	97	60
Warner Robbins, GA	24	23	23	20	23	20
Warren, OH	7	5	5	5	5	3
Wilkes Barre, PA	0	0	0	0	0	0
Wilmington, DE	104	114	101	98	101	54
Xenia, OH	5	3	3	2	3	2
York, PA	0	33	31	21	26	21
Youngstown, OH	15	20	20	20	20	17
Total	**5,437**	6,060	5,122	4,656	**5,029**	**3,770**

'Locations with zero transfers are using only locally-owned properties.

FOOTNOTES

1 Pub. L. 93-383, 88 Stat. 633 (Codified at 42 U.S.C. 1706e).

2 Ibid.

3 In 1973 HUD expanded its "as-is" Property Disposition program in response to its extensive inventory. The "as-is" Property Disposition program currently accounts for approximately 60 percent of HUD property dispositions. Properties are advertised on an "all cash, as-is" basis to the highest bidder. HUD gives priority to purchasers who intend to occupy the property as homeowners and secondarily to private investors who purchase properties for renovation and resale to homeowners (often with FHA insurance) or for use as rentals. The use of "as-is" sales reduces the time needed to dispose of properties and increases the volume of sales.

4 Robert W. Burchell and David Listokin, The Adaptive Reuse Handbook: Procedures to Inventory, Control, Manage, and Reemploy Surplus Municipal Properties (Piscataway, N.J.: The Center for Urban Policy Research, 1981), pp. 522-541.

Reports on the 1978 HUD National Abandonment Survey which provides information on the number and type of surplus urban properties and on local methods for managing these properties. About 250 of the 500 American cities larger than 25,000 either experienced severe population decline between 1970 and 1975 or sustained population decline from 1960 to 1975. Of these, i50 cities surveyed reported noticeable local abandonment and were included in a follow-up telephone survey. Over three-quarters of these cities were located in the Northeast and North Central regions of the country. Communities with populations under 100,000 made up two-thirds of the comnunities surveyed, but 32 cities with populations over 250,000 and 7 cities over one million were represented.

The survey contained abandonment data on 41 of the 96 communities with approved Section 810 programs. Approximately 60 percent of the Demonstration comnunities were included, compared with 31 percent of the jurisdictions which entered after Urban Homesteading reached full program status.

5 Section 810 defines single family structures as one- to four-unit properties. The 1978 HUD National Abandonment Survey defines multifamily as any dwelling suitable for more than one family.

6 Value as defined in HUD Regulations at 24 CFR, part 590.

7 To make allocations HUD field offices gather estimates of the number of HUD, VA, and FmHA properties to be made available in a given jurisdiction. They multiply that number times the average "as-is" value of Federal properties in that area to calculate a Section 810 request. The aggregate of these requests constitutes the Section 810 allocation.

The Section 810 allocation produces, in effect, a line of credit from which a jurisdiction draws as it accepts Federal properties. No money goes to the jurisdiction since Section 810 directly reimburses FHA (or VA or FmHA) for properties used in homesteading.

8 Three communities--Philadelphia, PA, St. Louis, MO, and Steubenville, OH--had been suspended. Philadelphia and St. Louis had been suspended because of program mismanagement. Steubenville had been suspended because of failure to meet fair housing and equal opportunity and HAP requirements or goals under its CDBG program. Of the four other inactive communities, three had become inactive because the HUD inventory for their area had been depleted of single family properties suitable for homesteading. These localities included Compton, CA, Los Angeles, CA, and Tacoma, WA New York City had become inactive because it felt that the Urban Homesteading program was administratively too expensive to operate.

9 Ferrell vs. Landrieu No. 73C 334 (N.D. Ill), was a national class action suit filed in 1973 on behalf of HUD-insured single family mortgagors who were threatened with foreclosure. Because a large number of units are conveyed from HUD's property disposition inventory for the Urban Homesteading program, this case affected homesteading activity in FY 1979 and FY 1980.

The Ferrell case was initially settled in July 1976. By stipulation HUD agreed to establish and administer what has come to be referred to as its "assignment program" pursuant to which mortgagors of FHA-insured single family mortgages may obtain foreclosure relief in times of temporary financial distress. Subsequently, the Ferrell plaintiffs challenged HUD's administration of its assignment program, charging that it was not being administered in accordance with the 1976 stipulation. After lengthy negotiations, the parties consented to the entry of an amended stipulation which was approved by the court on November 9, 1979. In order to ensure that an adequate number of properties would be available to offer to aggrieved former mortgagors, HUD instituted a temporary moratorium on property dispositions, including those under the Section 810 Urban Homesteading program. This moratorium took effect in December 1979 and continued for six to eight months in most communities. During this time, HUD could not offer properties to communities for urban homesteading use.

10 Considers the $3.621 million in obligated funds that were not officially expended.

APPENDIX A

FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

Due to the change in the definition of "Fiscal Year" incorporated in Chapter 3 of the Report (as explained in Footnote 9 on Page 90), the following list contains only those awards announced in the second, third and fourth quarters of FY 1981. Awards announced in the first quarter of FY 1981 are included in those listed in the Third Annual Report:

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
ALABAMA								
Birmingham	Subsidized interest rate down-payment loans to single-family home purchasers.	N	$ 2,100,000	$ 6,941,020	-0-	-0-	150	$124,938
Calera	Relocate street and gas lines to enable local corporation to construct building and improve storage facilities for railroad-wheel manufacturing.	I	$ 500,000	$ 4,779,168	-0-	50	-0-	$ 28,000
Fort Deposit	Second mortgage loan to sign manufacturing company to purchase land, improve site and construct office and manufacturing space.	I	$ 950,000	$ 3,336,693	$32,000	95	-0-	$ 20,000
Greenville	Construction loan to glove manufacturing company for new plant construction and equipment modernization.	I	$ 400,000	$ 1,490,451	$50,000	-0-	-0-	$ 57,800
Hayneville	Loan to purchase new weaving equipment for an aging textile plant in distressed area.	I	$ 680,000	$12,500,830	-0-	-0-	-0-	$ 20,000
Livingston	Construct and equip a medical arts clinic adjacent to an existing hospital which is to be modernized.	N	$ 820,000	$ 3,589,950	-0-	62	-0-	-0-
Selma	New streets, sidewalks and street lighting, and renovation of historic homes; also new townhouse construction and purchase and restoration of historic house for reuse as a corporate conference center.	N	$ 270,000	$ 1,074,755	-0-	-0-	18	$ 9,009

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT *AWARDS*

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
ALABAMA (Cont'd)								
Tuscaloosa	Provide law-interest home mortgage loans to low, moderate and medium-income, single-family home buyers.	N	$ 1,200,000	$ 5,000,000	-0-	-0-	100	$ 26,000
ARIZONA								
Tucson	Loan to expand semiconductor assembly plant in high-need, pocket-of-poverty area.	I	$ 750,000	$ 5,466,000	$ 188,000	400	-0-	$ 348,000
ARKANSAS								
Plainview	Acquisition of production equipment for new sawmill.	I	$ 390,000	$ 1,718,485	-0-	110	-0-	-0-
CALIFORNIA								
Los Angeles	Land acquisition necessary to construct and rehabilitate warehouse, office, merchandising, and parking space on a 40-acre site.	I	$13,500,000	$62,211,205	$13,094,550	500	-0-	$ 333,333
Oakland	Low-interest loan to local electronic canponent manufacturing firm for leasehold improvements, upgrading of new facility and provision of latest production equipment.	I	$ 222,180	$ 1,252,133	$ 89,860	90	-0-	$ 11,407
Oakland	Loan to construct industrial condominium units, day care center, and medical office unit.	I	$ 1,613,000	$ 7,387,000	$ 1,389,375	300	-0-	$ 199,360
Pittsburg	Land acquisition, relocation and reconstruction of pier-haul line in downtown **urban** renewal area and loan for construction of frame townhouses in adjacent low-income minority neighborhood.	N	$ 2,114,000	$12,325,770	-0-	5	162	-0-

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
CALIFORNIA (Cont'd)								
San Francisco	Acquisition, site improvement and development of public parking spaces for construction of supermarket and office building.	N	$ 2,671,665	$ 9,176,440	$ 25,000	443	-0-	$361,825
San Francisco	Second mortgage loan to developer for rehabilitation of four hotels into low-income housing for residents of the area.	N	$ 2,663,000	$ 6,595,000	$ 1,000,000	11	491	$141,450
COLORADO								
Denver	Restoration of historic hotel, conversion of hotel annex to office space and construction of parking garage.	C	$ 1,000,000	$ 5,256,460	-0-	70	-0-	$186,473
CONNECTICUT								
Ansonia	Low-interest rehabilitation loans to low- and moderate-income homeowners,	N	$ 205,000	$ 570,000	-0-	-0-	100	-0-
Hartford	Second mortgage loan for reconstruction of the largest older hotel in the City's downtown area.	C	$ 1,000,000	$15,100,000	-0-	265	-0-	$352,280
New Haven	Renovate brewery into FHA-insured rental housing units and a factory into condominiums; construction of townhouses and renovation of commercial space for retail use.	N	$ 2,430,000	$ 8,933,659	$ 900,000	46	162	$421,900

FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
CONNECTICUT (Cont'd)								
Norwalk	Loans to renovate historic buildings for housing and retail uses and for construction and second mortgage financing of low- and moderate-income condominiums.	N	$ 875,000	$ 3,006,182	$ 120,000	33	59	$116,441
Norwalk	Loan for rehabilitation and reconstruction of vacant historic buildings for retail use and development of condominium units.	N	$ 400,000	$ 6,728,838	$ 155,500	163	100	$133,502
Norwich	Construct bulkhead and prepare site for new condominiums, a restaurant, retail space and a marina.	N	$ 630,000	$ 3,750,000	$ 1,014,000	116	-0-	$167,807
West Haven	Construct new sewer line and box culvert on street adjoining existing site to be developed for construction of Section 235 townhouses.	N	$. 767,000	$ 4,810,000	$ 200,000	-0-	100	$185,000
DISTRICT OF COLUMBIA								
Washington, DC	Rehabilitation grants or low-interest loans for homeowners to stabilize the 14th and U Street neighborhood and mitigate effects of gentrification on area residents.	N	$ 160,000	$ 400,000	-0-	-0-	60	-0-

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
FLORIDA								
De Funiak Springs	Construct rail spur and access road to new concrete-block manufacturing plant on industrial site adjacent to airport.	N	$ 198,000	$ 1,250,000	-0-	35	-0-	$ 22,188
Pensacola	Loan to renovate historic train station and build hotel with parking spaces.	C	$ 760,000	$10,680,547	-0-	196	-0-	$332,000
Tampa	Road improvements to facilitate construction of corporate head-quarters building and R&D facilities of industrial company.	I	$ 800,000	$15,202,000	$ 700,000	312	-0-	$168,511
GEORGIA								
Alma	Loan to construct granola bar factory.	I	$ 200,000	$ 958,562	-0-	25	-0-	$ 5,660
Americus	On and off-site improvements to build single-family homes for lower-income families and non-interest-bearing second mortgages for very law-income families.	N	$ 240,000	$ 667,556	$ 840,000	-0-	24	$ 3,700
*Atlanta	Acquisition of land and three buildings to expand facilities of beverage distribution company.	I	$ 400,000	$ 1,541,520	-0-	100	-0-	$ 23,486
Columbus	No-interest second mortgages for low-and moderate-income families, 40-percent minority, to purchase scattered single-family homes.	N	$1,025,000	$ 3,487,000	-0-	-0-	300	$ 63,900

*Terminated

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTICN GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
GEORGIA (Cont'd)								
La Grange	Infrastructure and write-down of single family homes in central-city subdivision development for moderate-incane families.	N	$ 375,000	$ 2,030,536	-0-	-0-	35	$ 7,078
Macon	Second mortgages on scattered single-family homes to write-down costs for low- and moderate-income purchasers.	N	$ 525,000	$ 1,673,357	-0-	-0-	50	$ 31,820
Valdosta	Law-'nterest second mortgages to make houses affordable for moderate-income purchasers.	N	$ 68,750	$ 191,250	-0-	-0-	6	$ 2,729
Valdosta	Low-interest second mortgages to low- and moderate-income buyers of new single-family homes.	N	$ 420,000	$ 1,774,533	-0-	-0-	40	$160,000
IDAHO								
Spirit Lake	Extend water and sewer lines to industrial development site and construct water .reservoir to facilitate construction of new electrical component manufacturing plant.	I	$ 1,331,000	$ 4,927,100	-0-	365	-0-	-0-
ILLINOIS								
Chicago	Rehabilitate roller rink for conversion to grocery store.	N	$ 84,000	$ 314,265	-0-	20	-0-	$ 44,024
Chicago	Second mortgage loan for renovation of historic "Loop" buildings into apartments and office space, commercial/retail and parking spaces.	N	$ 5,000,000	$21,606,582	-0-	603	356	$820,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing units	Estimated Local Tax Revenue
ILLINOIS (Cont'd)								
Chicago	Loans to help finance construction of two neighborhood shopping centers.	N	$ 1,500,000	$11,641,489	-0-	452	-0-	$260,435
Chicago	Loan to minority-owned commercial laundry services firm to expand operations by rehabilitating an existing building and constructing an expansion.	I	$ 260,000	$ 892,153	-0-	72	-0-	$ 77,024
Chicago	Loan for renovation of existing industrial building for retail and office space.	C	$ 390,000	$ 2,772,858	-0-	119	-0-	$154,298
Danville	On-site improvements and parking spaces €or an in-town shopping center and office building.	C	$ 2,698,985	$16,447,189	$1,500,000	321	-0-	$254,632
East St. Louis	Grants to leverage home improvement loans to low- and moderate-income homeowners in three inner-city neighborhoods.	N	$ 212,000	$ 530,000	-0-	-0-	176	$ 29,448
Joliet	Subsidy to reduce interest rate to low- and moderate-income homeowners borrowing from rehabilitation loan pool.	N	$ 1,000,000	$ 3,570,522	$1,126,000	-0-	600	$ 14,811
Mound City	Assistance to purchase capital equipment for construction of new grain loading facility,	I	$ 410,000	$ 2,844,317	-0-	44	-0-	$ 62,972
Pana	Purchase land in central business district for resale to developer for construction of discount store.	N	$ 253,100	$ 1,600,000	100,000	60	-0-	$ 78,660

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
ILLINOIS (Cont'd)								
Rockford	Shared-appreciation mortgages for individual low- and moderate-income purchasers of rehabilitated properties.	N	$ 91,825	$ 233,300	$ 114,000	-0-	11	$ 706
Salen	Loan for purchase of capital equipment for expansion o^ printing firm.	I	$ 1,230,000	$ 7,365,103	-0-	300	-0-	-0-
Springfield	Second mortgage loan for construction of hotel above parking deck of city convention center.	C	$ 3,100,000	$16,409,699	-0-	312	-0-	$335,845
INDIANA								
Indianapolis	Law-cost home improvement loans and mortgages for acquisition/rehabilitation in two inner-city neighborhoods.	N	$ 573,000	$ 2,458,595	$ 162,8 5	-0-	25	$ 47,107
Salem	Second mortgage loan for construction of shopping center and parking spaces.	N	$ 451,000	$ 2,857,095	-0-	128	-0-	$ 10,543
IOWA								
Sioux City	Partial construction and mortgage financing for a mixed-use development in downtown area.	C	$ 2,000,000	$25,099,000	-0-	565	-0-	$398,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
KANSAS								
Kansas City	Loan to minority-owned doctors' group for construction of medical office building on vacant urban renewal land.	C	$ 264,798	$ 1,626,539	-0-	33	-0-	$ 24,000
*Kansas City	Off-site improvements, roads, an interceptor sewer, storm sewers, a fire station and related site development costs for construction of automobile assembly plant.	I	$13,460,000	$272,000,000	-0-	-0-	-0-	$1,100,000
Kansas City	Loan for equipment purchase for chemical plant expansion.	I	$ 650,000	$ 13,271,123	-0-	24	-0-	$ 71,945
KENTUCKY								
Bowling Green	Street, water and sewer improvements and related infrastructure for construction of single-family homes for low- and moderate-income purchasers.	N	$ 206,000	$ 808,000	-0-	-0-	25	$ 12,470
Covington	Assistance to build condominiums over parking garage in redeveloped riverfront area.	N	$ 432,600	$ 2,682,100	$ 1,044,030	3	32	$ 64,080
Dayton	Loan to assist a new company to purchase and reopen two closed steel making plants.	I	$ 8,000,000	$ 23,509,000	-0-	1,000	-0-	-0-
Lexington	Second mortgage loans to facilitate purchase of townhouses by low- and moderate-income families.	N	$ 405,000	$ 1,605,948	$ 895,200	-0-	47	$ 19,900

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimate Local Tax Revenue
KENTUCKY (Cont'd)								
Middlesboro	Loan to partially offset extraordinary site work associated with construction of new regional shopping center.	C	$ 2,000,000	$13,471,000	-0-	800	-0-	$ 19,900
LOUISIANA								
*De Quincy	Loan to construct plastics-waste recycling facility to replace present downtown plant.	N	$ 136,800	$ 659,642	-0-	10	-0-	-0-
Lafayette	Cwvert an existing garage into a modern office building and construct a new garage in downtom redevelopment area.	C	$ 929,500	$ 3,123,214	$ 500,000	165	-0-	$ 51,598
Lake Charles	Extension of water and sewer lines, right-of-way acquisition and construction of street extension for access to interstate highway to facilitate construction of new hotel.	C	$ 837,000	$10,233,364	$ 70,000	205	-0-	$ 136,600
New Orleans	Loan to minority-investor limited-partnership organizatiw to develop hospital/medical canplex involving both renovation and new construction.	N	$ 1,760,000	$ 9,168,403	-0-	444	-0-	$ 187,800
New Orleans	Renovate and rehabilitate historic housing units and construct new motel.	N	$ 1,000,000	$ 2,804,956	-0-	41	39	$ 66,450
New Orleans	Provide infrastructure for mixed-use downtown canplex to include a hotel, a new retail mall and parking garage.	C	$ 6,000,000	$94,985,000	-0-	954	-0-	$6,506,450

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
LOUISIANA (Cont'd)								
Ruston	Sliding-scale loan to build shopping center with three anchor stores and small shops.	C	$ 455,159	$ 3,870,537	-0-	200	50	$ 166,281
Shreveport	Development of multi-level parking facility to canplement 13-story office building.	C	$ 3,265,400	$ 8,713,133	-0-	122	-0-	$ 137,472
Shreveport	Provide fill, sewer facilities and other site-related costs for construction of minority-owned and operated bank.	N	$ 593,790	$ 1,484,477	-0-	15	-0-	$ 7,887
MAINE								
Belfast	Reduce cost of financing for purchase of machinery and equipment for joint venture to introduce a new line of steel-toed safety shoes into this country.	I	$ 250,000	$ 982,782	$100,000	160	-0-	$ 19,000
Lewiston	Law-interest loan to develop downtown historic structure into office and retail spaces.	C	$ 310,000	$ 1,032,529	-0-	86	-0-	$ 13,305
Pittsfield	Rehabilitate dam and complete manufacturing canpany expansion program.	I	$ 126,000	$ 471,008	-0-	100	-0-	$ 7,590
Portland	Construct gravity sanitary sewer line to allow insurance canpany to add computer center and office building.	C	$ 1,500,000	$10,255,375	$656,250	500	-0-	$ 314,426

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	WAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MARYLAND								
Baltimore	Renovate lobby and install freight elevator and crosswalk for theatre to attract Broadway plays.	N	$ 315,000	$ 1,200,000	-0-	15	-0-	-0-
Baltimore	Assistance in financing the conversion of a group of industrial buildings into townhouse units.	N	$ 715,000	$ 3,220,400	-0-	3	47	$ 84,031
Baltimore	Second mortgages for construction of low-cost townhouses built with one rental apartment each.	N	$ 589,425	$ 3,730,000	$ 40,000	-0-	89	$123,600
Baltimore	Second mortgages to reduce initial cost of new townhouses for middle-income residents in low- to moderate-incane neighborhood.	N	$ 987,500	$ 5,880,591	$765,000	-0-	89	$150,000
Baltimore	Funds to purchase equipment for expansion of a steel service canpany into a newly rehabilitated industrial building.	I	$ 285,000	$ 1,991,310	-0-	60	-0-	$ 11,878
Baltimore	Interest-free loans to reduce cost of townhouses to purchasers.	N	$ 965,600	$ 2,414,000	$327,210	-0-	68	$ 61,695
Denton	Write-down of effective interest rate for hame improvement loans.	N	$ 154,732	$ 540,000	-0-	-0-	75	$ 4,000
MASSACHUSETTS								
Beverly	Installation of storm drainage improvements for new warehouse/distribution center.	I	$ 600,000	$ 2,006,386	-0-	55	-0-	-0-

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MASSACHUSETTS (Cont'd)								
Boston	Renovate and adapt historic building for reuse as light manufacturing and retail space.	N	$ 1,113,000	$ 3,639,901	$ 4,000,000	272	-0-	$103,000
Boston	Land acquisition, renovation of existing plant and purchase of new equipment for printing plant expansion.	I	$ 202,000	$ 1,019,196	-0-	25	-0-	$ 16,250
Brookline	Acquisition, relocation and demolition costs for new hotel which will provide training and employment for residents of distressed areas.'	C	$ 1,855,000	$18,652,000	$ 641,900	318	-0-	-0-
Cambridge	Provide energy audits as incentive to non-profit groups to invest in energy conservation measures in their buildings.	N	$ 388,600	$ 981,500	$ 20,000	1	-0-	-0-
Chelsea	Second mortgage to rehabilitate and expand nursing home.	N	$ 338,000	$ 4,359,725	-0-	60	-0-	$ 25,000
Fall River	Loan for construction of new office building and parking complex in downtown business area.	C	$ 2,200,000	$ 8,765,198	$ 1,800,000	240	-0-	$110,000
Holyoke	Provide funds to offset acquisition, demolition, and site clearance costs, and construction of a railroad spur to the site of a new laminated paper manufacturing facility.	N	$ 126,000	$ 1,500,000	-0-	15	-0-	$ 18,511
Holyoke	Subsidy to reduce sales price of dwelling units for low-income and minority persons.	N	$ 240,000	$ 600,000	$ 116,900	-0-	24	$ 9,782

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MASSACHUSETTS (Cont'd)								
Holyoke	Assist in the construction of a canputer manufacturing plant. Also assist in the rehabilitation of a manufacturing facility and construction of a headquarters building for a printing canpany.	I	$ 2,000,000	$17,846,000	$ 1,000,000	1,020	-0-	$537,500
Lynn	Repayment of interim loan for construction of business facilities in industrial park and provision of low-interest loan to one company for site development costs.	I	$ 2,375,000	$ 8,770,423	-0-	356	-0-	$254,250
Malden	Financial assistance to construct an office building and parking facility in downtown area.	C	$ 2,493,000	$13,008,519	$ 4,347,000	1,000	-0-	$300,000
Malden	Second mortgage to reduce construction cost of office building and grant to city for administrative costs.	C	$ 320,000	$ 2,004,590	-0-	100	-0-	$ 32,000
New Bedford	Loan to developers for rehabilitation and conversion of historic building into market-rate multi-family housing and a retail complex in the downtown area.	C	$ 400,000	$ 1,786,165	-0-	20	324	$ 220
New Bedford	Loan to construct office building to provide for expansion of the banking and data processing facilities of its major tenant.	C	$ 500,000	$ 8,612,446	-0-	183	-0-	$ 62,000
New Bedford	Financial assistance to construct hotel with condominiums on upper floors.	C	$ 900,000	$18,411,435	-0-	156	52	$173,000
Quincy	Loan to construct office building.	C	$ 2,000,000	$30,026,500	-0-	716	-0-	$615,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MASSACHUSETTS (Cont'd)								
Springfield	Low interest rate loans to multi-family property owners for energy-conservation improvements.	N	$ 100,000	$ 500,000	$ 25,000	-0-	1,000	$ -0-
MICHIGAN								
Bangor	Install roads, utilities, and a railroad trunk line in industrial park to serve new manufacturing plant.	I	$ 410,000	$ 2,773,143	$ 20,000	70	-0-	$ 26,784
Benton Harbor	Law-interest loan to purchase, rehabilitate and upgrade vacant existing aluminum reprocessing plant.	I	$ 1,300,000	$ 17,025,800	-0-	200	-0-	$ 116,252
Detroit	Loan to construct and expand stamping plant facilities.	I	$ 2,080,000	$ 8,854,200	-0-	489	-0-	$ 397,673
Hamtramck	Relocate businesses and households and site preparation for construction of automobile assembly plant.	I	$30,000,000	$250,000,000	$57,975,000	-0-	-0-	$8,914,163
Hancock	Water and sewer lines to industrial park for construction for first occupant, a soft-drink bottling firm.	N	$ 75,000	$ 450,000	$ 35,000	5	-0-	$ 18,069
Kalamazoo	Off-site street improvements for mall construction to include retail space, Section 8 and elderly housing, condominiums and parking spaces.	C	$ 650,000	$ 6,059,372	-0-	82	53	$ 39,300
Lansing	Equity assistance to minority-owned firm for construction of rental housing in downtown area.	N	$ 935,000	$ 4,137,975	-0-	-0-	146	$ 194,447

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MICHIGAN (Cont'd)								
Muskegon	Loan to purchase capital equipment for new chemical manufacturing facility.	I	$ 727,150	$14,550,000	-0-	50	-0-	$127,322
Muskegon Heights	Loan to rehabilitate vacant portion of existing energy and natural resources facility and acquisition of new equipment.	I	$ 450,000	$ 7,137,910	-0-	201	-0-	$ 23,158
Pontiac	Site acquisition for construction of door-assembly manufacturing firm in industrial park and purchase of capital equipment.	I	$ 115,000	$ 477,926	-0-	20	-0-	$ 25,000
MINNESOTA								
Baudette	Assistance for development of alfalfa pellets, race horse oats and seed production facility on site of former Air Force Base.	N	$ 425,000	$ 1,160,564'	$ 697,000	48	-0-	$ 43,056
Crosby	Loan to developer to purchase vacated 2-cycle gasoline engine manufacturing plant,	N	$ 400,000	$ 1,592,350	-0-	55	-0-	-0-
Mankato	Off-site improvements for development of vacant parcel of urban renewal land into a retail catalog building with on-site parking.	C	$ 300,000	$ 1,681,900	-0-	60	-0-	-0-
Minneapolis	Loan to non-profit developer of elderly housing to reduce rents; also loan for construction of market-rate housing.	N	$ 3,853,000	$12,187,500	$ 40,000	22	295	$286,900

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRAM' AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MINNESOTA (Cont'd)								
Minneapolis	Assistance to construct shopping center in American Indian community.	N	$ 1,119,000	$ 3,064,247	$ 1,942,000	103	-0-	$ 56,500
Minneapolis	Assistance to rehabilitate vacant buildings for development of low-income limited-equity housing cooperative in American Indian community.	N	$ 450,000	$ 1,281,000	-0-	-0-	32	$ 23,000
Princeton	Loan to female-headed plastics products corporation to purchase six plastic moulding machines needed for expansion of production.	I	$ 130,000	$ 642,897	-0-	45	-0-	-0-
Rush City	Loan to construct and equip a new facility in industrial park.	I	$ 400,000	$ 1,510,445	-0-	40	-0-	$ 32,000
St. Paul	Contribution to mortgage loan pool to provide below-market interest rate financing to homeowners for energy and rehabilitation improvements.	N	$ 2,410,000	$10,642,358	$ 500,000	-0-	1,580	-0-
St. Paul	Loan to assist in installation of hot water district heating system to serve the central business district and capable of expansion to serve entire metropolitan area.	I	$ 7,700,000	$49,121,000	$ 2,300,000	40	-0-	$1,225,000
Virginia	Assistance for interior reconstruction of vacant city recreation building for quality office space in downtown area.	C	$ 620,000	$ 2,677,140	-0-	92	-0-	$ 87,126

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Other Private Investment	Estimated Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Local Tax Revenue
MISSISSIPPI								
Metcalfe	Second mortgage loans to low- and moderate-income purchasers of single-family homes.	N	$ 213,989	$ 645,000	$ 290,626	-0-	30	$ 3,564
Natchez	Low-interest third mortgage loan to construct sewer and water lines for new shopping center.	C	$ 136,000	$ 2,068,614	-0-	100	-0-	$ 92,003
Rosedale	Provide funds to minority-owned firm for construction of blue-jeans manufacturing plant in industrial park.	I	$ 415,000	$ 1,369,128	-0-	112	-0-	$ 1,300
MISSOURI								
*Mountain View	Construct elevated water storage tank in industrial park to allow existing factory to expand and new businesses to use the park.	I	$ 340,000	$ 1,785,000	-0-	80	-0-	-0-
Springfield	Assistance to construct hotel and convention center with retail and office space and residential condominiums.	C	$ 3,800,000	$17,828,000	$ 257,000	390	56	$ 219,000
St. Louis	Loan to assist in development of new retail mall, renovated office space and new parking facilities.	C	$18,000,000	$67,645,000	-0-	a12	-0-	$ 1,125,220

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
MISSOURI (Cont'd)								
Willow Springs	Construct water tower to provide required fire flow protection and water pressure to facilitate construction of addition to existing nursing home.	C	$ 222,258	$ 555,646	-0-	45	-0-	-0-
MONTANA								
Great Falls	Assistance to rehabilitate historic theatre in central business district for conversion into office and retail space.	C	$ 500,000	$ 2,281,674	-0-	70	-0-	$ 36,400
Great Falls	Construction loan to permit wholesaler of food products to expand and modernize its warehousing and distribution facilities,	I	$ 515,000	$ 9,000,162	-0-	50	-0-	$ 82,526
NEBRASKA								
Omaha	Assistance to renovate a vacant project into townhouses for low-income persons,	N	$ 350,000	$ 1,000,000	$ 848,875	-0-	50	$ 34,143
NEW JERSEY								
Cape May	Interest subsidies to lower rehabilitation costs of one-to-four-unit residential owner-occupied structures for lower-income persons.	N	$ 168,300	$ 482,000	$ 13,800	-0-	70	$ 2,564

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW JERSEY (Cont'd)								
East Orange	Below-market interest rate loans to homeowners to rehabilitate substandard dwellings.	N	$ 500,000	$ 1,500,000	-0-	-0-	283	$ 41,100
Elizabeth	Low-interest financing for eligible energy improvements for homeowners.	N	$ 600,000	$ 2,000,000	-0-	10	500	-0-
Harrison	Loan to purchase and rehabilitate vacant complex for conversion to manufacturing, warehouse and office facilities.	I	$ 450,000	$ 1,950,000	-0-	355	-0-	$ 48,683
Irvington	Loan to demolish burned-out industrial building and construct new one.	I	$ 75,000	$ 304,915	-0-	9	-0-	$ 12,799
*Keyport	Construct access roads and drainage facilities and provide a loan for the renovation and expansion of a ceramic tile manufacturing plant.	I	$ 725,000	$11,908,594	-0-	98	-0-	-0-
*Linden	Loan to construct chemical manufacturing plant.)	I	$ 1,030,000	$ 4,124,039	-0-	114	-0-	-0-
Neptune	Loan for extraordinary site costs and construction of first-phase of industrial park.	I	$ 765,790	$ 3,540,420	-0-	220	-0-	$ 64,400
Newark	Build garage and enclosed walkways for insurance company office facility.	C	$ 4,000,000	$24,200,000	-0-	374	-0-	$1,016,878

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW JERSEY (Cont'd)								
Orange	Loan for acquisition of site and construction of new machine shop for industrial process repair depot near downtown area.	I	$ 412,800	$ 1,485,816	-0-	75	-0-	-0-
Paterson	Assistance in the acquisition, renovation and purchase of new computer system for drug canpany to expand its pharma- ceutical distribution business.	I	$ 365,000	$ 1,544,139	-0-	36	-0-	$ 20,000
Paterson	Loan to purchase 'and renovate vacant building for expansion of laminates manufacturing firm and grant for acquisition and demolition of residential structures, relocation and public improvements.	I	$ 511,750	$ 6,881,219	-0-	88	-0-	$ 92,871
Paterson	Loan to cookie manufacturing canpany to build new facility.	I	$ 420,000	$ 2,152,825	-0-	60	-0-	$ 101,185
Paulsboro	Interest-rate subsidies for home rehabilitation loan program for one- two-unit residential, owner-occupied structures.	N	$ 68,025	$ 194,600	$ 5,525	-0-	36	$ 992
Perth Amboy	Assistance for acquisition and development of industrial park including demolition and rehabilitation of industrial buildings.	I	$ 1,520,000	$ 7,449,223	-0-	400	-0-	$ 136,200

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW JERSEY (Cont'd)								
Red Bank	Assistance in construction of parking garage to serve new addition to regional hospital.	C	$ 2,835,000	$39,767,000	$ 1,285,000	758	-0-	$ 24,000
Red Bank	Assistance to construct new office building to utilize abandoned sewage treatment plant site.	C	$ 400,000	$ 1,612,606	-0-	59	-0-	$ 51,000
Trenton	Acquisition of industrial-type buildings to be demolished and a new neighborhood shopping center to be built on the site.	C	$ 2,000,000	$ 7,150,000	-0-	171	-0-	$ 126,325
NEW MEXICO								
Taos	Construct water supply system improvements and water and sewer lines to serve units in new residential subdivisions.	N	$ 1,125,000	$ 4,456,500	-0-	-0-	62	$ 44,550
Tucumcari	Loan to construct ethanol plant to stabilize local market for grain farmers.	I	$ 2,720,000	$ 9,447,365	$ 587,308	20	-0-	$ 42,541
NEW YORK								
Albany	Assistance to rehabilitate vacant historic building to provide retail and office space in downtown area.	C	$ 248,000	$ 1,285,000	$ 115,000	114	-0-	$ 11,893
Albany	Assistance in renovating top floor of vacant waterhouse in waterfront area for use as a restaurant.	C	$ 103,000	$ 481,312	$ 15,000	26	-0-	$ 5,715

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
Buffalo	Second mortgage loan to renovate historic office building in downtown area.	C	$ 2,400,000	$ 8,333,568	-0-	320	-0-	$ 62,000
Buffalo	Loan to construct and equip laboratory building to expand pharmaceutical company's research facilities.	I	$ 1,010,000	$ 4,582,545	-0-	152	-0-	$ 41,439
Canastota	Loans for addition to copper-wire manufacturing plant and extension of sewer service to the industry's site.	N	$ 356,000	$ 1,116,000	-0-	45	-0-	$ 3,000
Elmira	Second mortgage loan to purchase existing and new machinery and equipment as part of acquisition and reactivation of vacant foundry.	I	$ 800,000	$ 3,224,977	-0-	350	-0-	$ 159,389
Gloversville	Second mortgage to partially finance construction of facility to process tannery wastes into fertilizer.	I	$ 590,000	$ 2,051,092	-0-	66	-0-	$ 14,136
Hornell	Loan to renovate existing textile plant and grant for street and utility reconstruction.	I	$ 750,000	$ 5,804,382	$ 75,000	50	-0-	-0-
Hudson	Low-interest loan for expansion of plant manufacturing humidifiers and vaporizers.	N	$ 140,000	$ 497,649	$ 137,000	18	-0-	$ 5,667

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
Hudson	Assistance to rehabilitate buildings involving both residential and commercial space in urban renewal area.	N	$ 159,822	$ 473,360	-0-	8	33	-0-
Jamestown	Subsidized interest-rate home rehabilitation program for low- and moderate-income homeowners.	N	$ 432,000	$ 1,080,000	-0-	-0-	400	$ 33,640
Newburgh	Renovate existing building to permit relocation and expansion of manufacturer of substitute dairy products.	I	$ 191,000	$ 574,163	-0-	36	-0-	$ 50,518
New York City	Assistance for new construction and rehabilitation of retail shopping, office and museum space in historic South Street Seaport area,	C	$20,450,000	$168,000,000	$103,000,000	3,418	15	$10,055,156
New York City	Below-market interest rate third mortgage loan for development costs of major hotel/convention facility in Times Square.	C	$21,750,000	$214,290,000	-0-	1,200	-0-	$13,059,031
New York City	Renovate vacant bakery complex for use as sound stages and production facilities for feature films, television, video and other recording uses.	I	$ 2,200,000	$ 9,243,404	$ 1,618,500	412	-0-	$ 864,314
New York City	Loan to relocate and expand lock manufacturing canpany.	I	$ 1,120,000	$ 4,026,572	-0-	150	-0-	$ 41,100

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
New York City	Provide low-interest home improvement loans to low- and and moderate-income one- to four-family homeowners.	N	$ 1,500,000	$ 5,150,000	-0-	120	570	-0-
New York City	Renovate and expand grocery distribution warehouse in Brooklyn.	C	$ 227,000	$ 1,921,990	-0-	25	-0-	$ 44,000
New York City	Assistance to purchase equipment for wholesale grocery distribution center in Queens.	C	$ 450,000	$ 5,928,139	-0-	120	-0-	$138,301
New York City	Assistance to acquire and retool macaroni production and warehousing facilities.	I	$ 325,000	$ 2,389,145	-0-	35	-0-	$113,784
New York City	Assistance to construct two-story commercial building with retail and office space in The Bronx.	N	$ 515,000	$ 1,558,566	$ 550,000	50	-0-	$ 30,206
Niagara Falls	Loan to acquire land and construct electrical and plumbing warehouse distribution center.	I	$ 503,000	$ 2,950,000	$ 500,000	35	-0-	$ 82,932
Norwich	Loan to expand children's wear manufacturing facility and purchase equipment.	I	$ 108,000	$ 657,705	-0-	50	-0-	$ 12,100
Ogdensburg	Second mortgage loans to write-down costs on single-family homes for low- and moderate-income purchasers.	N	$ 115,500	$ 428,850	-0-	-0-	15	$ 16,825

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
Oneida	Loan to develop an office/commercial canplex in new plaza.	C	$ 540,000	$ 1,944,000	$ 95,000	50	-0-	$ 25,000
Oneonta	Loan for acquisition and re-novation of vacant building in downtown area for regional sports, medical and senior citizen physical rehabilitation center.	C	$ 80,000	$ 285,633	-0-	8	-0-	$ 1,413
Perry	Loan for site fill, compaction and required concrete retaining walls in new mini-mall.	N	$ 56,000	$ 567,500	-0-	32	-0-	-0-
Port Chester	Acquire and clear site for tobacco canpany expansion and provide relocation payments and assistance to households and businesses in structures to be demolished.	I	$ 650,000	$ 2,215,250	$ 150,000	60	-0-	$ 36,432
Potsdam	Loan to renovate fire-ridden historic mixed-use building and construct commercial and apartment building for low- and moderate-income persons in central business district.	C	$ 108,000	$ 351,265	$ 44,000	11	18	$ 27,387
Poughkeepsie	Loan to construct office building on urban renewal site in central business district.	C	$ 1,750,000	$ 6,469,192	$ 172,000	342	-0-	$191,000

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
Rensselaer	Interest subsidies on home improvement loans to finance exterior and interior housing rehabilitation and correct building-code violations.	N	$ 75,000	$ 187,500	$ 140,000	-0-	40	$ 1,600
Rochester	Write-down interest rate of mortgages on single-family owner-occupied homes to be purchased and rehabilitated.	N	$ 1,000,000	$ 9,750,000	-0-	-0-	250	-0-
Rochester	Assistance to tool and machine canpany for new building and production equipment,	I	$ 390,000	$ 1,492,635	$ 475,000	49	-0-	$ 15,465
Rochester	Assistance to develop modern supermarket on vacant urban renewal land.	N	$ 250,000	$ 1,908,544	-0-	16	-0-	$ 31,200
Rochester	Below-market rate financing to rehabilitate vacant multi-family properties in low and moderate-income neighborhoods,	N	$ 100,000	$ 389,122	-0-	-0-	20	$ 6,037
Rochester	Loan for acquisition and renovation of canputer manufacuring facility,	I	$ 1,500,000	$ 6,956,978	-0-	210	-0-	$117,015
St. Johnsville	Assistance to construct new supermarket and convert existing market into a bank, pharmacy and diner with adjacent parking facilities.	N	$ 97,500	$ 422,493	-0-	29	-0-	$ 5,300

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (Cont'd)								
*Saranac Lake	Loan to construct retail, commercial, office and theatre complex in downtown area.	C	$ 575,000	$ 3,221,796	-0-	121	-0-	$ 32,156
Syracuse	Loan to construct 12-story office building in central business district.	C	$ 2,000,000	$19,064,654	-0-	717	-0-	$ 485,033
Troy	Assistance to purchase 14 vacant or under-utilized structures fran urban renewal agency and renovate for inclusion on the National Register of Historic Places.	C	$ 1,045,890	$ 5,606,780	$ 710,000	170	38	$ 395,676
Utica	Three-year loan to owner of downtown building for extensive alterations for use by the State University of New York, and adjacent parking.	C	$ 350,000	$ 1,251,546	-0-	35	-0-	-0-
Watertown	Loan to rehabilitate and expand air-brake manufacturing facility.	I	$ 6,565,000	$32,434,842	-0-	400	-0-	-0-
Watertown	Assistance for land acquisition, construction of cable manufacturing plant and purchase of machinery and equipment for Canadian company to operate subsidiary plant in USA.	I	$ 750,000	$ 4,815,408	$ 500,000	75	-0-	$ 15,770
Yonkers	Loan for new construction, rehabilitation, demolition, and site improvements to redevelop manufacturing canplex of electronics firm.	I	$ 5,500,000	$34,660,321	-0-	1,050	-0-	$ 579,000

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NORTH CAROLINA								
*Charlotte	Loan to developer to construct luxury convention hotel with two skywalks and underground parking.	C	$ 2,400,000	$45,921,695	-0-	544	-0-	$764,857
High Point	Second mortgage loan for construction of new hotel to assist furniture industry with better showroom environment.	C	$ 1,700,000	$10,642,543	$ 3,575,000	215	-0-	$250,462
Lumberton	Assistance to construct two-story commercial building with second floor for four one-bedroom apartments for low/moderate-income persons.	C	$ 61,800	$ 202,774	-0-	10	4	$ 3,264
West Jefferson	Extend water and sewer service for new shopping center,	C	$ 350,018	$ 2,464,204	-0-	140	-0-	$ 26,474
OHIO								
Akron	Second mortgage subsidy to non-profit minority organization to construct townhouse condominiums for moderate- and middle-income households.	N	$ 2,405,000	$ 7,440,000	$ 1,590,000	3	186	$141,840
Canton	Loan to construct hotel for redevelopment of major downtown area, Project also includes construction of new office building and parking garage.	C	$ 2,400,000	$29,837,000	-0-	500	-0-	$213,159
Cleveland	Second mortgage to construct single-family detached houses.	N	$ 255,000	$ 663,000	$ 7,000	-0-	17	$ 21,359

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
OHIO (Cont'd)								
Cleveland	Second mortgage loan to develop industrial center in downtown area.	I	$ 500,000	$ 3,400,000	-0-	140	-0-	$113,460
Cleveland	Assistance to renovate historic downtown theatre to become home of Great Lakes Shakespeare Festival.	N	$ 750,000	$ 2,735,400	-0-	76	-0-	-0-
Columbus	Loan to construct new retail mall in deteriorated part of central business district.	C	$ 6,000,000	$27,510,600	$ 3,725,000	700	-0-	$774,980
Columbus	Construction and relocation of utilities for new retail mall.	C	$ 5,000,000	$28,515,307	-0-	706	-0-	$265,930
Columbus	Loan to paper company to purchase equipment for renovated facility to permit expansion of manufacturing and warehousing operations.	I	$ 315,000	$ 5,655,314	-0-	32	-0-	$ 77,150
Colunbus	Loan to renovate and expand the historic Ohio Theatre to include a multi-level arts pavillion, expanded stage and open air esplanade.	C	$ 1,500,000	$ 4,000,000	$ 2,000,000	119	-0-	$131,458
Massillon	Loan to rehabilitate vacant shopping center adjacent to City's central business district.	C	$ 360,000	$ 1,342,594	-0-	40	-0-	$ 33,071
OKLAHOMA								
Chandler	Construct sewer line for new store, trailer park and existing low-income housing units.	N	$ 227,000	$ 920,000	-0-	40	-0-	$ 98,500

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FISCAL YEAR 1981 URBAN DEVELOPMENT CTION GR NT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
OKLAHOMA (Cont'd)								
Guthrie	Replace existing sidewalks, construct "mini" park and acquire additional municipal parking as part of downtown historic district revitalization,	C	$ 800,000	$ 2,541,600	-0-	50	-0-	$ 110,000
Guthrie	Make street improvements and install water and sewer lines for new motel.	C	$ 452,280	$ 3,472,869	-0-	45	-0-	$ 26,018
Guthrie	Acquisition and development of site in historic district for conversion into public parking lot to serve rehabilitated cammercial complex.	C	$ 359,000	$ 1,309,605	-0-	100	-0-	$ 36,194
Muskogee	Land acquisition, relocation and realignment of sewer and water lines, storm sewer system and area streets for new retail center in central business district.	C	$11,750,000	$42,900,000	$ 3,736,900	1,456	-0-	$1,750,000
Tecumseh	Replacement of old sidewalks and curbs, street paving, street lights, trees and shrubs and construction of new parking facility in revitalization of downtown area,	N	$ 240,000	$ 964,850	$ 158,000	45	-0-	$ 75,507
OREGON								
Eugene	Loan to renovate historic facility into neighborhood cammercial center and provide parking.	C	$ 83,000	$ 210,000	$ 23,300	18	-0-	$ 5,375

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FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT NARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
OREGON (Cont'd)								
Portland	Long-term, low-interest second mortgage for "retail marketplace" to include public mezzanine, seating area and roof garden in historic area,	N	$ 1,224,150	$ 4,998,827	$ 250,000	151	-0-	$ 88,716
Portland	Second mortgage loan for land acquisition and construction of new graphic arts printing facility and warehouse.	I	$ 265,000	$ 1,255,000	-0-	164	-0-	$ 102,878
PENNSYLVANIA								
Altoona	Subsidized interest-rate rehabilitation loans for low-income homeowners to remedy code violations and provide weatherization improvements.	N	$ 287,946	$ 816,000	-0-	-0-	75	$ 37,219
Altoona	Loan to rehabilitate multi-family rental housing units to provide below-market rents for low- moderate-income persons.	N	$ 140,000	$ 469,660	$ 517,700	-0-	-0-	-0-
Altoona	Loan to wholesale grocery cooperative to acquire four sites and construct freezer and cooler additions, a dry grocery addition, and a new truck loading zone.	C	$ 244,000	$ 889,151	$ 610,000	25	-0-	$ 33,200

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State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (Cont'd)								
Bethlehem	Loan to construct two office buildings in central business district.	C	$ 1,865,000	$ 5,740,000	-0-	200	-0-	$108,000
Chester	Loan to construct oil refinery plant and purchase machinery to recycle used motor oil.	I	$ 1,600,000	$ 7,146,000	-0-	40	-0-,	$ 61,000
Clairton & West Elizabeth	Loan to rehabilitate and modernize float-glass plant shut down since 1974.	I	$ 3,000,000	$18,076,935	$ 2,600,000	204	-0-	-0-
Clearfield	Write-down effective interest rate for home-improvement loans and second mortgages to help low-and moderate-income persons purchase homes.	N	$ 184,000	$ 543,500	-0-	-0-	70	$ 7,200
Edwardsville	Second mortgages for moderate-income purchasers of single-family homes.	N	$ 266,826	$ 768,000	-0-	-0-	57	$ 8,633
Erie	Assistance to construct "mini-mall" for lease to minority enterprises.	N	$ 83,150	$ 240,000	$ 237,750	22	-0-	$ 5,086
Ford City	Principal subsidy on rehabilitation loans for lower-income homeowners in blighted section of city.	N	$ 80,500	$ 235,000	-0-	-0-	47	$ 19,200
Hanover Twp.	New single-family home mortgage subsidy program for below-the-median annual income households.	N	$ 104,300	$ 384,000	-0-	-0-	10	$ 12,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Type	Project Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (Cont'd)								
Jeannette	Deferred no-interest rehabilitation loans for low- to moderate-income single-family owner-occupied homes.	N	$ 182,000	$ 500,000	-0-	-0-	70	$ 5,400
Kingston	Loan to develop an office building on land in an urban renewal project.	C	$ 460,000	$ 1,513,433	-0-	60	-0-	$ 34,000
Meyersdale	Upgrade and pave primary artery in central business district to aid store and home rehabilitation efforts,	N	$ 83,500	$ 222,226	-0-	7	6	$ 2,046
Nanticoke	New single-family home mortgage subsidy program for below-the-median annual income households.	N	$ 104,300	$ 360,000	-0-	-0-	10	$ 11,350
Philadelphia	Loan to purchase and install new equipment to modernize and upgrade automobile stamping and framing facility.	I	$ 1,000,000	$ 4,830,000	-0-	232	-0-	$237,152
Philadelphia	Loan to construct minority-owned neighborhood shopping center.	N	$ 600,000	$ 1,966,000	$ 340,000	155	-0-	$190,496
Philadelphia	Loan to purchase and install capital equipment to enable rail-car supplier to increase its manufacturing capacity and production.	I	$ 500,000	$ 4,336,000	-0-	400	-0-	$441,621

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (Cont'd)								
Philadelphia	Loan to acquire and rehabilitate deteriorated and abandoned neighborhood shopping center.	N	$ 300,000	$ 750,000	-0-	36	-0-	$ 58,824
Philadelphia	Loan to construct conference center with auditorium, theatre, conference rooms, a restaurant and simultaneous translating facilities for international conferences to complement research park.	C	$ 5,000,000	$25,510,000	-0-	310	-0-	$ 1,016,160
Philadelphia	Loan to write-down cost to construct foundations over new subway station to become part of new retail and office development.	C	$14,790,000	$63,836,250	$19,700,000	1,321	-0-	$ 6,286,312
Pittsburgh	Construct parking garage and make related street improvements to "trigger" warehouse renovation for retail and office space.	C	$ 4,847,000	$26,098,707	-0-	600	-0-	$ 780,696
Pittsburgh	Loan for minority developer to construct nursing home and outreach center.	C	$ 1,130,783	$ 4,274,529	$ 612,700	87	-0-	$ 29,925
Plymouth	Assistance to develop single-family homes an vacant scattered sites to provide homeownership to low/moderate-income persons.	N	$ 68,200	$ 444,800	-0-	-0-	11	$ 14,300
Pottsville	Public improvements and municipal parking for development of supermarket facility.	C	$ 500,000	$ 1,600,000	-0-	55	-0-	$ 31,075

APPENDIX
FISCAL YEAR 1981 WAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (Cont'd)								
Reading	Interest-free loans to reduce cost of townhouses to home-buyers in downtown urban renewal area.	N	$ 798,000	$ 2,123,000	$ 402,245	-0-	76	$ 72,170
Shamokin	Write-down of effective interest rate on rehabilitation loans to low- and moderate-income homeowners.	N	$ 137,000	$ 354,000	-0-	-0-	80	-0-
Sharon	Loan to upgrade existing whole-sale grocery facility and con-struct new warehouse.	I	$ 350,000	$ 2,181,865	-0-	14	-0-	$ 41,300
Sunbury	Write-down of effective interest rate on home im-provement loans for below-median income haneowners.	N	$ 103,000	$ 360,000	-0-	-0-	60	-0-
Washington county	Land acquisition and site im-provements for expansion of primary metal manufacturing plant in industrial park.	I	$ 815,000	$14,760,205	-0-	104	-0-	$ 169,000
Williamsport	Third mortgage loan to con-struct motel on vacant urban renewal land in downtown area.	C	$ 850,000	$ 2,220,000	$ 165,000	60	-0-	$ 45,945
*Williamsport	Financial assistance for rehabilitation of historic vacant city hall for con-version to apartments and office space in central business district.	N	$ 250,000	$ 878,860	-0-	11	10	$ 11,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (Cont'd)								
York County	Loan to hand and circular-saw manufacturing company for purchase of equipment for use in new plant.	I	$ 1,000,000	$12,265,067	$ 1,000,000	168	-0-	$ 115,100
PUERTO RICO								
Arecibo	Loan to developer for construction of mall, with office and retail space and parking, in downtown area.	C	$ 1,590,000	$ 6,556,500	-0-	252	-0-	$ 92,970
Bayamon	Provide low-interest housing rehabilitation loans to low- and moderate-income families.	N	$ 220,000	$ 666,666	-0-	-0-	110	-0-
Bayamon	Assistance to construct new educational facility for expansion of private non-profit co-ed school.	N	$ 341,000	$ 1,159,645	-0-	43	-0-	$ 30,720
Bayamon	Loan to broadcasting corporation to construct and equip a commercial/educational television station and studio facility.	C	$ 610,000	$ 2,633,500	$ 1,500,000	73	-0-	$ 87,676
Bayamon	Loan to food processing and and freezing concern for relocation, rehabilitation of building and purchase of new equipment.	N	$ 47,500	$ 123,013	-0-	16	-0-	$ 1,457
Guayama	Assistance to construct new campus for Inter-American University of Puerto Rico.	C	$ 514,000	$ 1,950,435	-0-	69	-0-	$ 35,000

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PUERTO RICO (Cont'd)								
Moca	Assistance to construct only supermarket within walking distance of low-income development, and a cafeteria to serve adjacent industrial park.	C	$ 170,000	$ 519,600	-0-	20	-0-	$ 8,000
Ponce	Loan to construct general hospital and medical facility to serve city and surrounding rural areas.	N	$ 2,000,000	$10,054,728	-0-	262	-0-	$ 158,000
San Juan	Loan to renovate existing facilities of private university, add classroans and faculty rooms and construct sports complex and activity center.	C	$ 2,251,362	$ 6,754,086	-0-	226	-0-	-0-
RHODE ISLAND								
Cranston	Law-interest second mortgage loan to construct shopping center on site of abandoned industrial facility.	N	$ 625,000	$ 5,741,854	-0-	195	-0-	$ 83,106
Providence	Grants to reduce cost for low-incame persons to homestead abandoned properties.	N	$ 395,625	$ 990,500	$ 132,500	-0-	85	$ 29,495
SOUTH CAROLINA								
Camdem	Loan to American-Swedish joint venture canpany to purchase equipnent for new sawmill canplex.	I	$ 1,000,000	$16,517,892	-0-	111	-0-	$ 53,754
Charleston	Assistance to renovate and adapt historic buildings in historic district for reuse as condominiums, an inn and retail and restaurant space.	N	$ 1,300,000	$ 6,760,615	$ 2,375,280	91	85	$ 64,964

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
SOUTH CAROLINA (Cont'd)								
North Charleston	Construct parking garage for new office building.	C	$ 2,000,000	$ 9,373,755	$ 250,000	374	-0-	$ 38,553
Union	Loan to construct nursing home and independent living facility.	N	$ 400,000	$ 2,527,064	-0-	74	-0-	-0-
SOUTH DAKOTA								
Sioux Falls	Assistance for land acquisition and site clearance; loan for construction of new hotel.	C	$ 2,100,000	$ 9,475,100	$ 945,400	220	-0-	$ 230,670
TENNESSEE								
Chattanooga	Loan to construct an office building with parking garage and assistance for construction of connecting elevated walkway.	C	$ 1,000,000	$ 9,898,713	-0-	213	-0-	$ 36,500
Cleveland	Mortgage assistance for city residents to purchase new single-family homes.	N	$ 344,000	$ 865,854	-0-	-0-	39	$ 20,300
Dyersburg	Loan to finance expansion of existing manufacturing facility.	I	$ 800,000	$11,700,000	-0-	170	-0-	-0-
Knoxville	Loan to restore and renovate historic Old City Hall for use as office space.	C	$ 450,000	$ 4,134,000	$ 25,000	150	-0-	$ 152,240

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
TENNESSEE (Cont'd)								
Knoxville	Loan to minority developer for preparation, relocation, water and sewer, and construction costs associated with new shopping center.	N	$ 950,000	$ 3,500,000	$ 950,000	95	-0-	$ 76,195
Lenoir City	Provide relocation costs and and public improvements to downtown site for development of bank and office building.	C	$ 190,000	$ 1,950,000	-0-	50	-0-	-0-
Memphis	Loan to construct parking garage for two historic warehouses to be converted to a mix of commercial and office space.	C	$ 2,500,000	$10,050,000	$ 600,000	400	-0-	$ 129,610
Savannah	Provide no-interest second mortgages on three-bedroom homes for median-income families.	N	$ 139,780	$ 479,063	-0-	-0-	15	$ 20,146
Tullahaua	Loan to female-owned precision aerospace manufacturing corporation for expansion and rehabilitation of office and manufacturing space and purchase of additional equipment.	I	$ 850,000	$ 3,134,944	-0-	169	-0-	$ 37,164
TEXAS								
Beaumont	Construct multi-level parking garage to service new hotel as well as new civic/convention center in downtown area.	C	$ 750,000	$ 9,759,203	$ 1,969,000	155	-0-	$ 256,830
Childress	Second mortgage loan to construct new mobile-home manufacturing plant and office facility and purchase new production equipment.	I	$ 600,000	$ 2,000,430	-0-	80	-0-	-0-

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
TEXAS (Cont'd)								
Galveston	Loan to renovate historic building and convert to hotel use; construction of adjacent health center.	C	$ 1,000,000	$ 11,148,378	$ 450,000	128	-0-	$ 274,550
Laredo	Revitalize seven-block area in downtown district by street and sidewalk paving, landscaping, street lighting and other public improvements to accompany rehabilitation of commercial buildings.	C	$ 1,500,000	$ 9,432,545	$ 525,424	270	-0-	$ 163,673
Pharr	Loans to construct a small shopping center and a minority-owned photo store, warehouse and laboratory.	C	$ 700,000	$ 2,352,906	$ 29,000	119	-0-	$ 131,091
Raymondville	Public improvements to stimulate expansion and modernization of businesses in downtown area.	N	$ 402,285	$ 2,619,204	-0-	12	-0-	$ 23,939
Royse City	Construct off-site water and sewer improvements and provide second mortgages for qualified families in a planned residential subdivision.	N	$ 910,590	$ 3,194,580	-0-	-0-	54	$ 84,948
San Antonio	Land acquisition, public infrastructure, and extension of San Antonio Riverwalk to stimulate construction of major mixed-use downtown development.	C	$15,750,000	$158,329,300	$19,950,000	4,345	-0-	$ 5,470,996
San Antonio	Loan to renovate building for conversion to mattress manufacturing facility.	I	$ 400,000	$ 2,438,934	-0-	150	-0-	$ 15,725

APPENDIX
FISCAL YEAR 1981 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
TEXAS (Cont'd)								
sequin	Finance construction of interior streets to link industrial park to interstate highway and major state road and installation of sewer and water lines to support construction of new tractor manufacturing plant.	I	$ 138,524	$ 1,478,745	-0-	30	-0-	-0-
Texarkana	Loan for hospital expansion, improvements and equipment.	C	$ 100,000	$ 973,696	-0-	81	-0-	$ 3,400
Trinity	Provide water and sewer service and a loan to minority developer of new motel.	N	$ 165,000	$ 446,045	-0-	12	-0-	$ 4,016
UTAH								
Salt Lake City	Assistance to restore historic mansion and to provide landscaping for new public park adjacent to new office and retail facility.	C	$ 1, 00,000	$10,509,100	$ 1, 00,00	188	-0-	$ 139,576
VERMONT								
Burlington	Second mortgage to construct office building and parking facility in downtown area.	C	$ 625,000	$ 4,170,913	-0-	130	-0-	$ 95,130
Bur1ington	Loan to convert historic buildings and for new construction near waterfront to provide residential and commercial space.	C	$ 215,000	$ 1,128,880	-0-	80	11	$ 57,088

APPENDIX
FISCAL YEAR 198 URBAN DEVELOPMENT CTIW GRANT AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
VIRGINIA								
Danville	Road and utility improvements necessary for construction of shopping mall,	C	$ 3,169,000	$29,189,205	$ 7,540,000	840	-0-	$ 493,373
Galax	Provide gravity sewer lines, a pumping station and force main to facilitate expansion of furniture company plant.	I	$ 800,000	$ 2,400,000	$ 42,550	300	-0-	$ 44,110
Norfolk	Long-term low-interest loan to provide parking facilities to serve renovated hotel and new bank building in deteriorated section of downtown.	C	$ 600,000	$ 4,488,573	$ 130,000	165	-0-	$ 83,556
Richmond	Second mortgage loan for acquisition, demolition, landscaping, utilities and paving for surface parking to serve conversion of historic train station and shed for retail use.	C	$ 2,750,000	$18,923,056	-0-	998	-0-	$ 1,397,384
Roanoke	Loan to restore and rehabilitate two historic properties in downtown area to a food and commercial "shopping place" and deluxe restaurant.	C	$ 350,000	$ 1,601,284	-0-	200	-0-	$ 140,205
WASHINGTON								
Seattle	Low-interest second mortgage loan to construct office building in deteriorated area,	N	$ 250,000	$ 915,865	-0-	25	-0-	$ 111,721
WEST VIRGINIA								
Martinsburg	Loan to renovate vacant industrial plant and purchase and install equipment for the manufacture of silicon bricks.	I	$ 3,215,000	$15,794,000	$ 500,000	296	-0-	$ 35,000

APPENDIX
FISCAL YEAR 1981 **URBAN** DEVELOPMENT ACTION **GRANT** AWARDS

State and City	Project Description	Project Type	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimate Local Tax Revenue
WEST VIRGINIA (Cont'd)								
Wheeling	Loan to construct parking garage and make civic center improvement to induce construction of hotel and waterfront restaurant.	C	$ 2,000,000	$11,696,560	-0-	460	-0-	$ 16,000
WISCONSIN								
Milwaukee	Build water main and sanitary sewer under an eight-fane interstate highway system to connect new six-building office and industrial warehouse complex,	I	$ 2,835,000	$32,096,210	-0-	1,199	-0-	$ 1,162,980
Oshkosh	Construct water and sewer facilities to site of new Experimental Aircraft Association Museum and National Headquarters facility.	C	$ 550,000	$ 4,917,544	-0-	56	-0-	$ 124,155
*Richland Center	Assistance to renovate, flood-proof and expand local super-market.	N	$ 99,000	$ 587,143	-0-	13	-0-	$ 1,700
Superior	Assistance for dredging, docks, moorings, foundations, truck parking, and railroad improvements at site of new 12-silo grain elevator canplex,	I	$ 3,900,000	$21,984,000	$ 3,758,000	673	-0-	$ 2,407,000
Superior	Second mortgage loan to construct hotel facility to be integrated with marina complex.	C	$ 750,000	$ 4,122,988	-0-	104	-0-	$ 124,202

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
Hoosick Falls	Loan to a valve manufacturer to renovate and construct an addition to its existing facility. Company will also purchase new machinery and equipment.	$108,000	$403,841	-0-	24	-0-	$969
Hudson	Financial assistance to extensively rehabilitate an old hotel and to construct a new addition.	$315,000	$1,362,947	-0-	45	-0-	-0-
Lackawanna	Loan to renovate commercial space on first floor of completely renovated hotel.	$200,000	$501,893	-0-	45	-0-	$13,450
Lockport	Loan to a foundry for acquisition of land on which to expand its existing facility and to purchase and install new machinery and equipment.	$102,180	$375,269	-0-	16	-0-	$2,523
New York	Loan to a minority developer for construction of a two-story commercial building in the Bronx.	$515,000	$1,558,566	$550,000	50	-0-	$109,660
New York	Loan to photographic engraving company for purchase of new printing equipment and renovation of newly acquired building in Queens.	$700,000	$4,426,081	$619,000	73	-0-	$29,041
New York	Financial assistance in the conversion of an existing two-story masonry building in Queens into a hotel, restaurant/bar and banquet facility.	$315,000	$1,026,289	$650,000	32	-0-	$35,000
New York	Assistance in the development of a neighborhood shopping center in Queens.	$700,000	$3,127,890	-0-	77	-0-	$188,524

APPENDIX
FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
New York	Loan to assist in rehabilitation of a three-story building in West Harlem for use by a newly established recording and music publishing company.	$150,000	$396,155	$1,171,500	25	-0-	$12,616
New York	Loan to manufacturer of kitchen textiles for construction of new plant on site of former brewery in Brooklyn.	$1,115,000	$3,796,375	$2,363,896	200	-0-	-0-
New York	Assistance in rehabilitating nine historic brownstones in Harlem to permit community mental health organization to move and expand its out-patient facilities and to provide residential space for adolescents.	$575,000	$1,441,469	$1,903,000	50	-0-	$14,850
New York	Loan to a video service company to purchase and renovate a warehouse in order to expand its operations on West 57th street.	$472,500	$3,417,499	$600,000	75	-0-	$105,488
New York	Assistance to rehabilitate the U.S.S. Intrepid, an aircraft carrier, for use as an air, space and naval museum to attract tourists. Project also involves renovation of 46th Street pier.	$4,540,000	$14,792,000	$2,600,000	469	-0-	$400,731
New York	Loan to steel fabricator to purchase equipment as part of expansion of Queens operations.	$609,000	$7,359,005	-0-	32	-0-	$324,600
New York	Loan to a metal fabricator for expansion of its operations in the South Bronx.	$930,000	$3,005,803	$940,000	105	-0-	$113,684
New York	Loan to provide portion of permanent financing for completion of building shell to be used as supermarket in blighted neighborhood in Brooklyn.	$319,000	$1,005,427	$600,000	52	-0-	834,127

APPENDIX
FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
New York	Assistance in the construction of a new facility in Queens to serve as the wholesale flower market for New York City.	$1,260,000	$3,668,408	$1,395,000	142	-0-	$151,258
New York	Interest write-downs on home improvement loans for low-income homeowners in twelve neighborhoods throughout the city.	$3,108,750	$10,362,500	-0-	-0-	-0-	-0-
New York	Loan to company which constructs theatre scenery to acquire and renovate two industrial buildings in the South Bronx to permit consolidation and expansion of operations.	$527,566	$1,437,807	$1,546,000	100	-0-	-0-
New York	Loan to rehabilitate the Historic Apollo Theater in Harlem, and turn it into a top-rated facility for the production of cable television programming.	$1,575,000	$4,350,000	-0-	128	-0-	$193,094'
New York	Loan to paper company to acquire land and machinery necessary for construction of new manufacturing facility to expand operations in Brooklyn.	$644,000	$2,698,680	-0-	60	-0-	$60,000
Newburgh	Loan to an assembler of commercial and industrial vacuum cleaners to acquire and rehabilitate an industrial facility to provide expansion for new product line.	$309,000	$779,734	$423,000	70	-0-	$24,078
Niagara Falls	Loan to major local retailing firm to make leasehold improvements as anchor tenant in new downtown mall.	$850,000	$2,840,095	-0-	48	-0-	$141,847

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
Niagara Falls	Loan to partially finance the acquisition and renovation of a closed-down steel fabricating plant. Company will upgrade machinery to be able to perform more complex work and expand product line.	$187,000	$730,485	$382,000	37	-0-	$11,606
Norwich	Loan to help producer of engine systems to construct new addition to existing manufacturing complex.	$346,560	$4,343,063	-0-	200	-0-	$35,000
Ogdensburg	Loan to assist in the construction of a new building in an existing industrial park which will house three manufacturers and a Foreign Trade Zone.	$200,000	$752,154	$275,000	72	-0-	$20,583
Port Jervis	Loan to sportswear manufacturer for purchase of computer equipment and to assist in renovation and expansion of plant and office facilities.	$61,900	$232,833	$83,188	36	-0-	$1,655
Potsdam	Loan to assist in the rehabilitation of fire-damaged commercial structures and the construction of new apartment units in historic section of central business district.	$112,279	$339,763	$47,143	27	13	$22,251
Rochester	Loan to major corporation to assist in construction of new addition to existing plant, a new parking lot and connecting pedestrian bridge.	$937,000	$4,787,344	-0-	380	-0-	$81,907
Rochester	Loan to assist developer in the acquisition, demolition and redevelopment costs of a site on which to construct a new neighborhood shopping center.	$1,040,000	$3,994,562	-0-	125	-0-	$47,057

APPENDIX
FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
Rochester	Loan to assist in the major rehabilitation and refurnishing of a closed hotel to reopen as a first-class facility.	$3,000,000	$7,526,261	-0-	380	-0-	$133,819
Schenectady	Second mortgage for conversion of vacant school building into market-rate apartments for moderate-income tenants and off-street parking. School building eligible for inclusion on National Register of Historic Places.	$250,000	$779,318	-0-	-0-	24	$15,122
Schenectady	Loan to convert vacant downtown department store into apartments for moderate- to middle-income tenants, first-floor commercial space and parking. Building eligible for inclusion on National Register of Historic Places.	$1,308,000	$4,289,640	$60,000	12	80	$35,460
Sherburne Village	Loan to assist electric wire and cable manufacturer construct new plant and acquire machinery and equipment for processing raw copper material into continuous cast copper redraw. Company will also invest in new equipment in nearby city.	$1,796,000	$7,450,000	$1,000,000	175	-0-	$29,486
Syracuse	Loan to heavy equipment manufacturer to assist in modernization and expansion of existing service and distribution center.	$100,000	$637,303	$482,000	25	-0-	$14,546
Syracuse	Loan to assist newly established manufacturer of luggage and sporting bags, acquire and rehabilitate vacant structure.	$150,000	$472,932	$180,000	200	0-	$6,700
Syracuse	Loan to assist storm window manufacturer to purchase equipment in order to expand operations.	$375,000	$1,398,956	-0-	55	-0-	-0-

APPENDIX
FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City NEW YORK (continued)	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
Syracuse	Loan to developer to assist in construction of major downtown office/shopping mall complex and associated parking garage.	$7,500,000	$43,871,374	-0-	838	0-	$689,779
Syracuse	Financial assistance to manufacturer of metal window and door systems to expand its production and warehouse facilities.	$290,000	$1,115,577	$400,000	25	-0-	$56,222
Syracuse	Loan to Syracuse Economic Development Corporation to acquire and rehabilitate vacant structure for lease to two expanding small businesses.	$260,000	$752,622	$246,000	25	-0-	$35,414
Syracuse	Loan to assist plumbing and heating equipment firm in building renovation to support expansion of operations and preparation of space for lease to outside tenants.	$100,000	$369,135	$95,000	104	-0-	$8,957
Troy	Financial assistance to renovate and restore nine historic warehouse buildings located in central business district and convert into market-rate apartments, retail specialty shops and commercial storage space. Project will include underground parking and City will build adjacent park along Hudson River.	$1,897,499	$6,067,215	$475,000	40	85	$78,194
Utica	Loan to distributor of hospital equipment to help renovate vacant downtown building to provide space for expansion of local operations.	$123,600	$547,303	-0-	22	-0-	$8,500

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NEW YORK (continued)							
Watervliet	Loan to facilitate proposed expansion project by paint company to augment existing production and warehouse capacity.	$80,000	$615,838	-0-	18	-0-	$13,847
NORTH CAROLINA							
Davidson	Loan to assist producer of air compressors to construct new manufacturing plant next to existing facility; grant to City to construct required sewer improvements.	$800,000	$12,098,000	-0-	85	-0-	$37,472
Lumberton	Loan to help finance development of a mixed-use, two-and-one-half story project involving office space and residential units for low- and moderate-income tenants.	$36,275	$154,700	-0-	8	6	$1,500
Monroe	Loan to a manufacturing company to help finance the purchase, renovation and expansion of a vacant plant to be used for the production of electronic transformer parts.	$1,100,000	$18,230,000	-0-	142	-0-	$86,959
Shelby	Loan to help pay costs of renovating historic downtown building for use as office space and rental apartments.	$200,000	$800,712	-0-	22	12	$3,024
Warsaw	Loan to be used by textile company to help purchase and install open-end spinning equipment over a three-year planned expansion.	$1,040,000	$11,880,551	-0-	118	-0-	$118,000

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
NORTH CAROLINA (continued)							
Winston-Salem	Second mortgage loan for construction of a retail shopping center to be located on Urban Renewal land in East Winston neighborhood.	$340,000	$1,322,255	$504,000	80	-0-	$60,132
NORTH DAKOTA							
Cando	Loan to help construct and equip an egg-producing facility.	$460,000	$2,185,825	-0-	20	-0-	$6,750
Devils Lake	Loan to assist in conversion of the boilers used to supply the City's district heating system from gas-fired to solid-waste fired boilers.	$500,000	$1,739,105	$300,000	8	-0-	-0-
OHIO							
Akron	Loan to help construct two new industrial buildings containing office and manufacturing space which will be leased to small businesses.	$350,000	$1,927,762	$47,000	40	-0-	$71,937
Cambridge	Streetscaping, sewer lines for a new building, and loans to businesses for renovation to stimulate revitalization of the Central Business District.	$141,700	$867,731	$130,000	22	-0-	$10,785
Canton	Loan to rehabilitate vacant downtown hotel into office and retail space and for construction of parking garage.	$900,000	$5,075,000	-0-	134	-0-	$106,496

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City OHIO (continued)	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
Canton	Loan to rehabilitate a vacant high school building into a mixed-use facility which will include a nursing home, day care centers, medical offices and retail shops.	$965,000	$11,615,000	-0-	190	-0-	$174,870
Cleveland	Loan to help construct a new theatre, and to convert a vacant former retail building into rental space, a restaurant and support facilities for an existing theatre complex in the downtown Playhouse Square area.	$1,050,000	$5,450,000	-0-	124	-0-	$42,880
Cleveland	Loan to assist in renovation of a vacant warehouse and conversion into Class A office space. Building is located in area currently under consideration as historic district.	$840,000	$5,366,656	-0-	132	-0-	$122,234
Cleveland	Assistance in expansion and renovation of a nursing home with improved related service space.	$938,870	$4,045,342	-0-	105	-0-	$99,808
Columbus	Loan to assist in Phase I of renovation and expansion of Ohio Theatre. Improvements will include a multi-level Arts Pavilion, an expanded stage, numerous support facilities and an open air Esplanade.	$1,500,000	$4,000,000	$2,000,000	119	-0-	$131,458
Columbus	Loan for Phase II of Ohio Theatre renovation and expansion. Improvements will include interior renovation and construction of the theatre stage and basement and interiors of the new Esplanade.	$500,000	$1,678,500	-0-	58	-0-	$60,158

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FISCAL YEAR 1982 URBAN DEVELOPMEM ACTION GRANT AWARDS

State and City OHIO (continued)	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
Elyria	Loan to manufacturer of wheelchairs and patient aids to construct new addition to existing facility.	$330,375	$4,074,625	$2,000,000	280	-0-	$201,097
Kent	Loan to help milk processor construct new plant to produce butter, margarine and a butter-margarine blend.	$970,000	$12,943,000	$800,000	140	-0-	$122,500
Lincoln Heights	Loan for construction of building in new industrial park for lease as light manufacturing and warehouse space.	$948,400	$3,522,000	-0-	115	-0-	$83,604
Lorain	Loan to assist in purchase of capital equipment to be installed in renovated facilities to permit expansion of firm which provides linen rental services to area hospitals.	$250,000	$1,671,302	-0-	130	-0-	$12,593
Marion	Loan to assist in construction of new 100-bed nursing home.	$532,000	$2,571,170	$2,698,170	85	-0-	$32,248
Martins Ferry	Grant to City to help pay the cost of extending a sewer line to service steel pipe coupling plant. As a result, company will maintain existing facilities and expand operations.	$350,000	$1,700,000	$685,886	80	-0-	$5,200
Massillon	Loan to help heating and cooling systems manufacturer finance construction of a new facility necessary for expansion of operations.	$112,560	$589,344	-0-	19	-0-	$54,563
Nelsonville	Loan to help renovate historic building, nearly destroyed by fire several years ago, for retail use on first floor with theatre on second floor.	$232,000	$679,831	-0-	23	-0-	$20,162

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue.
OHIO (continued)							
New Boston	Loan to purchase capital equipment for new motel-restaurant development.	$210,000	$1,736,500	-0-	42	-0-	$53,416
Toledo	Loan for the construction of connection between a hospital and the upper floors of adjacent hotel building which is being converted into a living care center with doctor's offices and other health related facilities on the lower floors.	$219,000	$3,000,000	-0-	224	-0-	$85,660
Toledo	Loan to help finance construction of 485-space parking facility to be located in downtown area. A local church will construct a plaza over a portion of the facility.	$2,500,000	$7,644,830	-0-	4	-0-	$114,740
Toledo	Loan to help finance construction of an office building to be located in downtown development area.	$7,500,000	$19,490,070.	-0-	320	-0-	$348,225
Wellston	Loan to company which makes prepared Italian foods to assist in expansion of existing facilities.	$575,000	$7,520,450	-0-	148	-0-	$27,645
Wilmington	Low-interest second mortgage loan to subsidize rentals at levels that lower-income elderly tenants can afford in new addition to be constructed in elderly housing complex.	$482,000	$1,397,549	-0-	5	52	$19,953
Youngstown	Loan to help construct hotel, parking garage and mini-convention center on vacant urban renewal land in downtown area.	82,000,000	$12,385,658	-0-	237	-0-	$324,340

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
OKLAHOMA							
Frederick	Grant to City to upgrade water lines and increase electric power to industrial park. Improvements will spur immediate investment for new equipment to permit existing business to expand and reduce fire insurance rates for all occupants.	$800,000	$2,221,772	-0-	134	-0-	-0-
Hominy	Grant to City for street and sidewalk improvements to stimulate.business investment in the Central Business District.	$90,000	$233,780	-0-	4	-0-	$7,922
Stroud	Second mortgage loan to construct building to be occupied by new wholesale auto auction business.	$78,750	$282,576	-0-	16	-0-	$68,228
OREGON							
Corvallis	Loan to assist in rehabilitation and conversion of historic hotel into rental apartments at rates affordable to elderly persons. Project is located in downtown "pocket of poverty" area.	$210,000	$883,266	$200,000	2	53	$34,560
Portland	Loan to help finance renovation of historic theatre building for use as office space and a specialty retail center.	$1,020,000	$4,770,980	-0-	144	-0-	$13,500
PENNSYLVANIA							
Allentown	Second mortgage financing for rehabilitation of vacant historic building to provide office and retail space.' City will construct parking garage which will be connected to the building via a covered walkway.	$1,020,000	$3,074,000	-0-	156	-0-	$41,600

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (continued)							
Allentown	Second mortgage financing for development of 8-story office building in CBD.	$735,000	$2,956,086	-0-	90	-0-	$111,063
Allentown	Loan to aid financing for new downtown office building and garage.	$1,510,000	$4,841,359	-0-	154	-0-	$361,234
Bethlehem	Rehabilitation grants to low- and moderate-income homeowners to supplement loans from private lender. Grants to be repaid if house is sold or refinanced within 12 years.	$112,500	$337,500	-0-	-0-	100	$3,443
Chester	Financial assistance to construct new downtown office building and parking area.	$600,000	$2,400,000	-0-	-0-	-0-	$55,000
Coal Township	Financial assistance to pay for extraordinary site development costs associated with construction of new retail facility.	$538,000	$3,091,200	-0-	100	-0-	$57,900
Easton	Interest rate subsidies on rehabilitation loans to low- and moderate-income.	$190,000	$1,000,000	-0-	-0-	150	-0-
Ford City	Loan to rehabilitate a facility for an industrial lifting device manufacturer and to individually meter utilities for additional industrial users moving into an industrial park.	$436,772	$2,501,700	$1,251,600	42	-0-	$3,638
Hazleton	Loan to plastics manufacturer to expand and renovate existing facility, make site improvements and purchase new equipment.	$1,000,000	$3,239,820	$1,000,000	100	-0-	$30,450
Larksville	Interest-free permanent second mortgages to income-qualified purchasers of new three-bedroom houses.	$228,480	$627,400	-0-	-0-	20	$3,096

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (continued)							
Luzerne County*	Loan to Dutch corporation to purchase equipment for new plant to manufacture egg rolls.	$205,000	$609,410	$280,000	39	-0-	-0-
Meadville	Loan to synthetic fiber manufacturer to add raw material processing capability at its existing plant.	$730,000	$2,395,486	$100,000	100	-0-	$10,347
Philadelphia	Financial assistance to minority developer for the renovation of vacant theatre building as 2,200-seat performance hall, lounge and restaurant in North Philadelphia.	$250,000	$896,309	$261,900	50	-0-	$46,756
Phil delphi	Loan to help company which designs and installs interior trade fixtures and retail layouts expand its present operations. Expansion involves acquisition of a vacant adjacent building and construction of a new building.	$300,000	$1,070, 8	-0-	50	-0-	$57,619
Philadelphia	Loan to assist in the construction of a minority-owned 120-bed nursing facility on urban renewal land in North Philadelphia.	$337,000	$2,861,072	$100,000	63	-0-	$103,155
Philadelphia	Loan to manufacturer of cushioning materials to purchase new capital equipment to support expansion of operations.	$206,000	$957,751	$432,000	29	-0-	$34,859

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PENNSYLVANIA (continued)							
Pittsburgh	Loan to assist in Second Phase development of industrial park. Involves construction of seven buildings for use as industrial and office space.	$300,000	$2,389,000	-0-	162	-0-	$69,537
Pottstown Borough	Second mortgage loan to construct facility to be used for storage, final assembly and shipping by furniture manufacturer.	$2,993,130	$14,484,618	-0-	210	-0-	$250,000
Scranton	Second mortgage loan to developer to rehabilitate historic railroad station as luxury hotel, restaurant and conference center.	$2,695,000	$8,742,120	$1,602,000	245	-0-	-0-
Scranton	Loan to assist in renovation and expansion of rehabilitation hospital and construction of adjacent 180-bed nursing home.	$4,160,000	$19,346,750	-0-	127	-0-	-0-
Washington County	Low-rate second mortgage financing for low- and moderate-income purchasers of new single-family housing in five towns within the County.	$672,600	$2,523,566	-0-	-0-	60	$28,355
Westmoreland County	Loan to assist steel producer expand its specialty steel plant in West Leechburg.	$775,000	$10,325,000	-0-	159	-0-	-0-
York County	Loan to electronic control equipment manufacturer for assistance in relocation and expansion of its manufacturing operation. Project involves site acquisition, construction of new facility and installation of new production equipment.	$860,000	$9,602,557	-0-	381	-0-	$144,214

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PUERTO RICO							
Bayamon	Write-down of interest rate on rehabilitation loans to homeowners in selected neighborhoods.	$429,187	$1,200,000	-0-	-0-	213	-0-
Bayamon	Financial assistance to construct a multi-building, private 450-bed psychiatric hospital complex.	$3,341,000	$12,060,992	-0-	337	-0-	$385,136
Bayamon	Loan to help new company rehabilitate existing building in industrial park and purchase equipment necessary to manufacture pressurized vessels, tanks and cylinders for liquid gas.	$78,750	$561,998	-0-	17	-0-	$10,000
Bayamon	Loan to help new business purchase machinery and equipment for the manufacture of a complete line of detergents and cleaners.	$50,000	$151,180	-0-	12	-0-	$61,245
Cayey	Loan to assist in construction of new commercial building for food processing and distribution company.	$500,000	$2,441,373	-0-	55	-0-	$61,109
Dorado	Loan to assist, cement company convert from oil-fired to coal-fired kilns to reduce oil imports and allow price reductions.	$1,990,600	$8,082,386	-0-	32	-0-	$244,895
Guaynabo	Loan to aid new operation purchase sophisticated equipment for the manufacture of disposable plastic plates, cups and utensils. Will reduce imports.	$175,000	$644,105	-0-	20	-0-	$6,381
Guaynabo	Financial assistance for construction of new building to allow expansion of private school to serve 400 children from pre-kindergarten through grade twelve.	$224,758	$788,474	-0-	20	-0-	$16,352

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PUERTO RICO (continued)							
Guaynabo	Loan to assist in the construction of a new facility to permit a warehousing and cold storage business to consolidate and expand its operations.	$635,000	$1,793,556	-0-	78	-0-	$47,471
Ponce	Assistance to reconstruct City-owned pier to enable cement company to use the pier to receive coal once its conversion from oil-to-coal project is completed.	$2,782,000	$17,031,446	-0-	90	-0-	$372,272
Ponce	Assistance for construction of five new buildings to house a four-year regional campus of the Inter-American University.	$1,000,000	$4,323,211	-0-	256	-0-	$250,000
San Juan	Loan to assist in the construction of a new campus for the Puerto Rico Junior College.	$1,680,000	$5,730,546	-0-	178	-0-	$255,360
San Juan	Financial assistance to a hospital for the purchase of low-energy radiotherapy equipment to enable it to increase number of daily treatments.	$131,010	$339,740	-0-	20	-0-	$20,000
San Juan	Public improvements and loan to developer of mixed-use residential, commercial/retail and industrial/manufacturing complex.	$3,159,001	$10,312,595	$1,000,000	60	260	$328,682
San Juan	Loan to assist in rehabilitation of an office building and construction of a new addition in a restored area of Old San Juan.	$205,350	$675,000	-0-	30	-0-	$24,000
Toa Baja	Loan to finance site and rehabilitation costs to permit renovation of an abandoned factory building for use as a discount supermarket.	$596,338	$1,999,015	-0-	127	-0-	$145,835

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State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
PUERTO RICO (continued)							
Vega Baja	Financial assistance to construct a 150-bed acute care general hospital in an area presently lacking any medi-care-certified hospitals.	$2,600,000	$13,063,017	-0-	274	-0-	$138,600
RHODE ISLAND							
Central Falls	Loan for acquisition and renovation of a vacant historic school into market-rate rental apartments.	$70,000	$208,000	-0-	-0-	10	$2,000
Providence	Loan to assist in development of downtown office tower and parking garage.	$7,050,000	$43,662,200	-0-	683	-0-	$563,694
Providence	Loan to help develop an office building, public plaza and parking garage to be located in historic section of downtown.	$1,550,000	$22,571,540	-0-	380	-0-	$359,000
Warwick	Loan to assist in construction of a 225-room first-class hotel.	$2,020,000	$15,780,000	-0-	225	-0-	$300,000
SOUTH CAROLINA							
Charleston	Financial assistance in rehabilitation of former tobacco company building to be used as business technology and job training center to aid residents of East Side target area.	$430,500	$2,665,805	-0-	324	-0-	$56,000
Elloree	Grant to City to construct a water and sewer facility to accomnodate a new plant to be operated by a door manufacturer.	$651,000	$2,639,889	-0-	75	-0-	$15,750
Neeses	Loan to help rebuild a supermarket which had recently burned down.	$157,500	$887,000	-0-	38	-0-	-0-

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
SOUTH DAKOTA							
Sioux Falls	Loan to assist in renovation of vacant historic department store building for use as office, retail and restaurant space.	$630,000	$3,731,520	-0-	150	-0-	$54,132
TENNESSEE							
Bristol	Loan to acquire a former downtown YMCA building and renovate it for use as office, retail and restaurant space. City will build new parking facilities across the street to be leased to developer.	$350,000	$1,500,000	-0-	110	-0-	$39,322
Chattanooga	Assistance to City and County to construct a new convention center adjacent to new 350-room hotel. Complex to be located in South Central Business District.	$3,000,000	$21,335,416	$7,959,000	390	-0-	$179
Chattanooga	Financial assistance for the construction of rental apartment units in the Brainerd neighborhood. Majority of units will be available for elderly and/or handicapped persons and the balance for low- or moderate-income persons.	$1 ,185,548	$3,048,197	-0-	-0-	115	$60,000
Dickson	Assistance for streets and access, site improvements, and water and sewer facilities for a new apartment complex to house employees of new industry in town.	$106,487	$2,511 ,790	-0-	3	90	$23,500
Henderson	Loan to assist apparel manufacturer to purchase equipment for installation in renovated production and warehouse facilities.	$180,000	$930,800	$20,000	300	-0-	$2 ,182

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
TENNESSEE (continued)							
Knoxville	Loan to assist in development of new retail mall and underground parking garage.	$1,000,000	$11,508,111	$1,435,000	294	-0-	$227,861
Memphis	Financing assistance to a minority-owned development firm to renovate an old vacant hotel into retail and commercial space and residential units.	$180,000	$1,022,000	-0-	30	22	$3,076
Mt. Pleasant	Second mortgage subsidies to qualified low- and moderate-income homebuyers of single-family houses on sites scattered throughout the City.	$240,000	$721,000	$15,000	-0-	24	$5,000
Mt. Pleasant	Loan to a tire mold company to construct a new building in an industrial park, purchase new equipment and expand its operations.	$52,000	$225,000	-0-	15	-0-	$10,566
Nashville	Financial assistance for construction of City-owned convention center, parking garage and pedestrian circulation. Supports private development of hotel and shopping mall as part of major complex. Three-fourths of new jobs to be created will be filled by residents of City's "pocket of poverty" area.	$9,750,000	$66,092.398	$47,417,500	1,147	-0-	$2,062,510
TEXAS							
Cleburne	Loan to manufacturer of commercial rubber products to purchase new equipment to support expansion of its manufacturing and distribution operations at Cleburne plant.	$675,000	$6,880,000	-0-	40	-0-	$93,686

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
TEXAS (continued)							
Galveston	Second mortgage loan to develop new 300-room hotel with convention facilities and related amenities. City will improve street maintenance and make beach replacements to support hotel development.	$1,365,000	$17,484,765	-0-	256	-0-	$537,310
UTAH							
Salt Lake City	Loan to assist financial services company construct a new headquarters office building in area targeted for revitalization.	$1,155,000	$6,166,660	$150,000	100	-0-	$18,190
VERMONT							
Brattleboro	Loan to Brattleboro Development Credit Gorp. to provide access road, utilities, sewer and water to a site on which BDCC will build a new plant to lease to a local company which is consolidating and expanding its operations.	$250,000	$1,125,448	$1,200,000	91	-0-	$46,518
St. Albans	Loans to property owners in downtown Historical District to assist them to renovate and improve their buildings. City will renovate park which serves as central common in the City.	$86,239	$379,277	-0-	9	2	$8,400
VIRGINIA							
Newport News	Loan to help develop neighborhood shopping center.	$287,000	$834,765	$543,800	46	-0-	$20,636

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
VIRGINIA (continued)							
Norfolk	Grant to pay portion of costs of new City-owned parking garage to enable construction of new Class A office building in downtown location.	$1,588,000	$18,900,000	$2,991,600	564	-0-	-0-
Roanoke	Loan to aid in rehabilitation of partially occupied 12-story office building in prime downtown location.	$300,000	$867,720	-0-	100	-0-	$25,740
Suffolk	Portion of Action Grant to provide water and sewer service to industrial area and balance as loan to British corporation to help pay for construction of new polymer manufacturing facility.	$720,000	$5,632,543	-0-	175	-0-	$47,677
WASHINGTON							
Seattle	Second mortgage financing for a mixed-use development in Pioneer Square Historic District. Project will involve both new construction and rehabilitation to provide retail space, parking, condominiums and rental housing units.	$1,600,000	$11,253,275	-0-	157	45	$106,283
Seattle	Loan to assist in rehabilitation of vacant six-story office building located in Pioneer Square Historic District to provide both retail and office space.	$939,000	$5,783,788	-0-	137		$70,577
Seattle	Partial financing for renovation of an existing vacant warehouse complex for use as light industrial and associated office space.	$615,000	$3,625,000	-0-	175	-0-	$7,234

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FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UOAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
WASHINGTON (continued)							
Tacoma	Second mortgage financing for a first-class downtown 328-room hotel with retail space, restaurant and cocktail lounge and parking garage.	$4,050,000	$20,496,400	$450,000	270	-0-	$494,315
Tacoma	Loan to assist in construction of 22-story office building with retail space on ground floor in downtown location.	$4,010,000	$31,963,085	-0-	750	-0-	-0-
WEST VIRGINIA							
Charleston	Loan to assist in rehabilitation of former hotel in downtown location as an office building.	$1,600,000	$4,035,820	-0-	429	-0-	$281,300
Follansbee	Financial assistance to extend water and sewer lines and to construct a new shopping plaza.	$510,000	$2,607,109	-0-	60	-0-	$10,000
Parkersburg	Loan to glass company to purchase capital equipment and renovate its plant in order to expand production capacity.	$110,000	$1,006,721	-0-	17	-0-	$6,000
WISCONSIN							
Baraboo	Loan to help a plastic products manufacturer expand its operations by constructing an addition to existing building and purchasing a new CAD-CAM system.	$303,450	$3,946,550	-0-	40	-0-	$12,900
Durand	Loan to assist in construction of utilities and site improvements necessary for development of 30-bed hospital and 60-bed nursing home.	$678,058	$5,143,000	$535,000	37	16	$52,500

APPENDIX
FISCAL YEAR 1982 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private Investment	Other Public Dollars	Estimated Total New Jobs	Estimated Housing Units	Estimated Local Tax Revenue
WISCONSIN (continued)							
La Crosse	Loan to assist in construction of ten-story office tower in downtown location.	$2,000,000	$10,372,190	-0-	161	-0-	$223,422
La Crosse	Loan to assist in rehabilitation and restoration of a vacant historic structure in downtown location for use as office and retail space and a restaurant.	$250,000	$1,177,595	$150,000	88	-0-	$26,139
Milwaukee	Loan to help steel casting company purchase heavy equipment to be used in expansion of production facilities.	$2,060,000	$14,453,491	-0-	350	-0-	$76,271
Milwaukee	Financial aid for water and sewer improvements for a new research park. First tenant will be a local electronics firm which will build a new engineering facility.	$191,800	$2,360,000	-0-	22	-0-	$52,899
Milwaukee	Loan to enable steel products company to construct new building and install equipment for the manufacture of a new product line.	275,625	$3,500,000	-0-	70	-0-	$46,154
Milwaukee	Financial assistance to electronics company for acquisition of capital equipment for plant expansion.	$373,500	$4,552,000	-0-	100	-0-	$72,101
Milwaukee	Second mortgage loans to low- and moderate-income home buyers enabling them to qualify for first mortgage for new housing to be built in Park West corridor.	$2,000,000	$8,000,000	$2,770,000	-0-	200	$315,918
Wausaukee	Grant to City to provide water, sewer and road service to allow a company to expand its facilities in a new office/garage to be built on the last remaining undeveloped land in the village.	$155,000	$504,143	$567,252	5	-0-	$15,000

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