



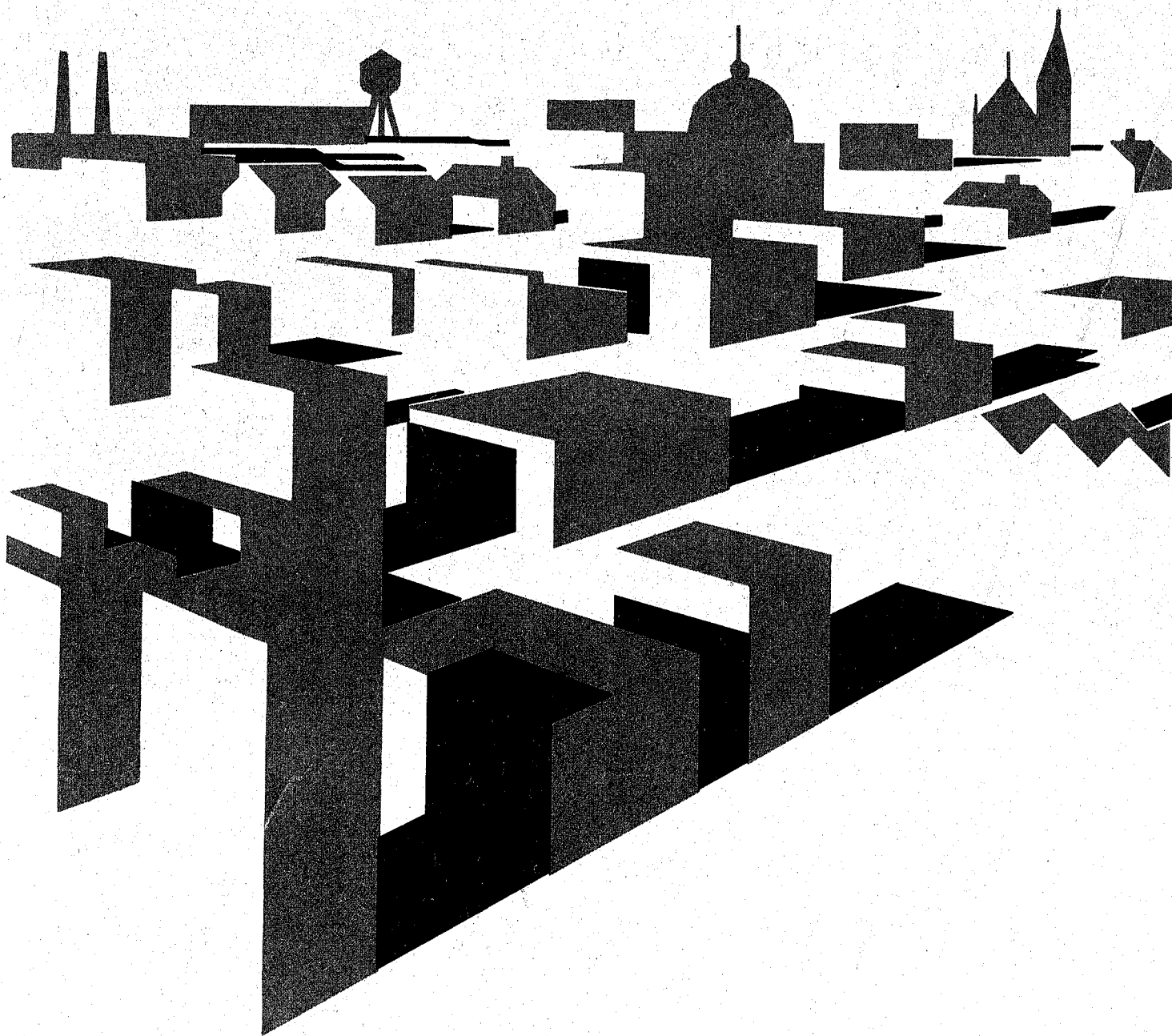
U.S. Department of Housing and Urban Development
Office of Community Planning and Development

GAO

1984

Consolidated Annual Report to Congress on Community Development Programs

(CDBG, UDAG, Section 312, Urban Homesteading)





State of California, County of San Diego, City of San Diego.

Witness my hand and seal of office this 1st day of April, 1917.

April 1, 1917. 11:30 AM.

For the State of California, County of San Diego, City of San Diego.

we, the undersigned, being the persons who have been appointed by the State of California, County of San Diego, City of San Diego, to act as commissioners of the State of California, County of San Diego, City of San Diego, do hereby certify that the following is a true and correct copy of the original of the same, as the same appears from the records of the State of California, County of San Diego, City of San Diego, and that the same is a true and correct copy of the original of the same, as the same appears from the records of the State of California, County of San Diego, City of San Diego.

And we, the undersigned, being the persons who have been appointed by the State of California, County of San Diego, City of San Diego, to act as commissioners of the State of California, County of San Diego, City of San Diego, do hereby certify that the following is a true and correct copy of the original of the same, as the same appears from the records of the State of California, County of San Diego, City of San Diego, and that the same is a true and correct copy of the original of the same, as the same appears from the records of the State of California, County of San Diego, City of San Diego.

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Witness my hand and seal of office this 1st day of April, 1917.

1984 CONSOLIDATED ANNUAL REPORT TO CONGRESS
ON COMMUNITY DEVELOPMENT PROGRAMS

This Report Incorporates Statutorily-mandated
Reports to Congress for FY 1983 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

1984 CONSOLIDATED ANNUAL REPORT TO CONGRESS ON COMMUNITY DEVELOPMENT PROGRAMS

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EXECUTIVE SUMMARY

This 1984 Consolidated Annual Report to Congress on Community Development Programs describes actions and activities which were undertaken in FY 1983 to meet the purposes and legislative objectives of the following community development programs administered by the U.S. Department of Housing and Urban Development (HUD):

1. the Community Development Block Grant (CDBG) Entitlement and Jobs Programs;
2. the CDBG Small Cities Program;
3. the Urban Development Action Grant (UDAG) Program;
4. the Rental Rehabilitation Demonstration;
5. the Urban Homesteading Program; and
6. the Section 312 Rehabilitation Loan Program.

COMMUNITY DEVELOPMENT BLOCK GRANTS: Entitlement and Jobs Programs

Funding Levels and Expenditure Rates. In FY 1983, \$3.456 billion was appropriated for the CDBG program, the same as FY 1982. In addition to this regular appropriation, \$1 billion was appropriated as a part of the Emergency Jobs Appropriation Act. As a result of this special appropriation, 29 percent more CDBG funds were available for CDBG activities in 1983 than in the previous year.

Since the first year of the program's operation in 1975, \$30.2 billion of CDBG funds has been allocated to cities, counties, and States to carry out a broad range of locally selected activities. CDBG grantees have spent a total of almost \$24.5 billion, or 81 percent of the total funds appropriated. For the fourth consecutive year, the amount of appropriated but unexpended funds has declined.

Local Uses of CDBG Entitlement Funds. In 1983, 626 entitlement cities and 97 urban counties were awarded \$2.36 billion in CDBG Entitlement program funds. The primary use of these funds over the life of the program has been for physical development activities. In recent years, however, the largest share of the CDBG program's funds, particularly among the entitlement communities has gone increasingly to rehabilitating private dwellings. In 1983, \$921 million, more than one-third of all FY 1983 CDBG entitlement funds, was budgeted for housing-related activities. Approximately \$574 million, or 22 percent, was allocated to public facilities and improvements. Funding for public services and economic development assistance each accounted for about \$250 million, or 10 percent, of entitlement funds.

Local Uses of CDBG Jobs Program Funds. In contrast to the use of the regular CDBG entitlement program funds, 51 percent of the one billion dollars in CDBG Jobs program funds has been allocated to public works activities and only 12 percent to housing rehabilitation. Public services activities received the second largest share of CDBG Jobs program monies, 21 percent, while nine percent was budgeted by State and local officials for economic development projects and the remaining seven percent to other types of community development projects. By the end of September 1983, HUD had obligated 95

percent of the available CDBG Jobs program funds to eligible grantees and grantees had obligated more than 21 percent of the total funds appropriated. Based on budget and employment impact information submitted by grantees and assuming that current trends continue, **it** can be projected that the CDBG Jobs program may support over 171,000 persons in approximately 23,000 person years of direct employment; and a significant number of new permanent jobs will also be created through assistance provided to businesses for economic development. Some of these jobs were available at the same time that CDBG **Jobs program** funds were obligated by local governments, and others, such as new permanent jobs, will not be created until the specific projects which are being funded are completed.

Program Operations. Continued emphasis on administrative initiatives begun in 1981 characterized the operation of the CDBG Entitlement program in 1983. Reflecting intensive monitoring priorities, a high proportion of CDBG Entitlement grantees in **FY** 1983 were monitored in the rehabilitation (88 percent), program progress (83 percent), and program benefit (78 percent) areas. In addition, more than one-half (**56** percent) of CDBG Entitlement grantees were monitored for environmental concerns. The total number of findings resulting from these monitoring visits, 2,643, represents a 10 percent decline in the number recorded in **FY** 1982. Twenty-two percent of all monitoring findings involved the housing rehabilitation activities of grantees. The seven general management components of Program Accountability monitoring combined represented 32 percent of all monitoring findings, with about one-third of these involving local financial management practices. Other monitoring areas with sizable proportions of findings were **relocation** (10 percent), environment (9 percent), and program progress (7 percent).

Like the incidence of monitoring findings, the conditioning of CDBG entitlement grant awards also decreased in **FY** 1983. The total number of grant conditions imposed in 1983 was 17, a decline from the 26 conditions placed on entitlement grants in **FY** 1982. Five of the grant conditions related to Housing Assistance Plan (HAP) performance issues, three to audit findings, two to financial management problems, two to ineligible activities, and one each to program income, subgrantee audits, rehabilitation, program progress, and environmental concerns.

The Department also continued its review of existing paperwork requirements. Regulations governing CPD-administered programs were reviewed and reduced in length by 48 percent; Grantee Performance Reports, the primary mechanism by which entitlement grantees report their use of CDBG funds, were reduced to approximately one-half their 1980 length; and several thousands pages of obsolete handbooks and notices were cancelled. In addition, one half of the previously active categorical projects were closed out as were **more than one-half** of the 1,162 Hold-Harmless grants active in 1983 and 84 percent of the **remaining** Comprehensive Planning Assistance ("701") programs.

COMMUNITY DEVELOPMENT BLOCK GRANTS: Small Cities Program

Recent Initiatives. Before **FY** 1982, cities, townships, counties, and other governmental applicants applied directly to HUD for small cities community development grants. In **FY** 1982, as a result of legislative changes, States could elect to administer the program, establishing their own selection

systems and priorities for funding. Thirty-six States and Puerto Rico participated in the State-administered system in FY 1982, and ten more joined in FY 1983. The HUD-administered program also changed in FY 1982 through simplification of selection and other factors. In FY 1983, only four States remained in the HUD-Administered Small Cities program.

Funding Pattern. \$1.02 billion was allocated to the Small Cities program in FY 1983. ~~Of~~ this amount, \$947 million was distributed to the 46 States and Puerto Rico which administer their own program and \$72 million to grantees in the four HUD-Administered States.

State Program Characteristics. States which chose to administer their own program used existing State agencies, often supplemented with regional agency staff. During the first program year (FY 1982 for 36 States and Puerto Rico, and FY 1983 for an additional ten States) States conducted extensive outreach operations. The number of applications received by the 37 original State-Administered programs increased in FY 1982, but decreased in FY 1983. This is in keeping with patterns found in the establishment of most new grant programs. The FY 1983 application total for the ten new States entering the program increased seven percent compared to the previous year, also following the anticipated first year pattern. With the exception of one State using a formula grant process, all used competitive methods to award grants and allocate funds. Extensive efforts to secure community officials' and citizens' input were typical of most newly entering States' program design and implementation processes. Selection factors for State competitions varied, but most included project impact, community needs, benefit to low- and moderate-income persons, and leveraging of funds as criteria. Most of the original 37 States "fine tuned" their programs in FY 1983, responding to FY 1982 experiences. The ten additional new States based their systems largely on the experience of earlier State participants.

State Program Performance. State-administered programs were characterized in the initial years (both FY 1982 and FY 1983) by a divergence from earlier wholly HUD-administered experience, due, in part, to changes brought about in the program by 1981 legislation and 1982 implementing regulations and the FY 1982 applicant surge. States varied in their development strategies. Some States channelled funds to their neediest areas. Others offered funds to most, if not all, applicants. Most States selected a middle course balancing need criteria and awarding funds to applicants based on a variety of factors.

Activities Funded by the States. In FY 1983, 47 percent of grant funds of 42 State-Administered programs were distributed for public facilities activities. Fourteen percent went to economic development and 16 percent to housing. Multi-activity and other needs accounted for the remaining 23 percent. The FY 1983 pattern was almost the same as the FY 1982 distribution, by activity, for the original 37 State-administered programs.

Communities Funded by the States. Grants offered by 33 of the 37 States which had administered their own programs in both FY 1982 and FY 1983 increased 12 percent in size of award over FY 1983. More cities were given grants than townships and counties, because more cities and fewer townships applied. Half the grantees were cities under and half over 10,000 population. In FY 1983, as in FY 1982, public facilities and housing activities were stressed more by smaller cities than other activities in terms of grant funds distribution.

Economic development and multi-purpose activities were emphasized by larger cities.

HUD-Administered Small Cities Program. Only four States--Hawaii, Kansas, Maryland, and New York--remained in the HUD-administered program. Hawaii grants were determined by formula. Simplified application procedures and requirements were applied to all applicants.

URBAN DEVELOPMENT ACTION GRANTS

Recent Program Developments. In FY 1983, steps were taken to extend the economic development benefits of the UDAG program to jurisdictions with long-term, high levels of unemployment by adding location in a Labor Surplus Area as a distress criterion for establishing eligibility.

Extensive outreach activities by HUD Field Offices and by HUD-funded Technical Assistance contractors together with an improved economy contributed to record numbers of small city applications and awards during FY 1983. These circumstances produced a \$36 million reduction in the carry-over of unobligated, unannounced funds set aside for small cities.

Program Operations. Over the life of the program, 1,572 cities and urban counties have submitted 4,232 applications requesting a total of almost \$7.0 billion in UDAG funds. Just under 50 percent, or 2,080 of these applications received no further consideration due to failure to meet the selection criteria. Preliminary approval was announced for 2,152 applications; however, of these projects, 229 subsequently were cancelled or terminated, either for mutual convenience or for cause. The total planned investment in the 1,923 remaining projects which were still active or had been completed as of the close of FY 1983 is \$21.8 billion. Action Grant funds account for \$3.0 billion of this amount with \$17.2 billion in commitments leveraged from private sector investors and more than \$1.6 billion from other government sources.

During FY 1983, 537 projects involving \$731 million of Action Grant funds received preliminary application approval--the largest numbers of projects approved in the six-year history of the program. Private sector commitments of more than \$3.6 billion were leveraged with an additional \$149 million provided from other public sources. Total planned investment in FY 1983 projects is more than \$4.5 billion.

Program Benefits. Cumulatively, the 1,923 active or completed projects account for 405,000 planned new permanent jobs, 55 percent of which are for low- and moderate-income persons. The 537 projects announced during FY 1983 provide for the creation of 77,000 new permanent jobs of which 45 percent are designated for persons of low- and moderate-income. As of the end of FY 1983, 110,000 new permanent jobs were reported by grantees as having been created by UDAG projects.

For all 1,923 projects, the amount of planned additional annual tax benefits is \$471 million. Projects announced in FY 1983 are estimated to produce \$108 million in additional annual revenue to local governments from property taxes and other tax sources. Grantees report that \$63 million in new tax revenues

is already being received annually. Cumulative paybacks of UDAG loans have provided an additional \$45 million.

As of the end of FY 1983, there are 88,000 housing units planned in UDAG projects of which 39 percent are for low- and moderate-income persons with 17,800 units planned in FY 1983 projects. More than 27,000 units of both new and rehabilitated housing are reported by grantees to have been created as of the close of FY 1983.

Sixty-six thousand new permanent jobs are designated for minority persons in UDAG projects, and communities report that over 25,000 of these jobs already have been created. Minority-owned firms have received 17 percent of all contracts and sub-contracts reported as having been awarded in UDAG projects, with a value of \$600 million. Minority individuals or minority-owned firms are identified as having a financial interest of some nature in 15 percent of all UDAG projects. Additional information on planned and reported benefits is contained in the Program Benefits section of this Chapter.

Program and Project Characteristics. Commercial projects accounted for 38 percent of UDAG funds awarded, industrial projects 36 percent, and housing and mixed-use projects the remaining 26 percent. The share of funds awarded in support of industrial development activities has shown the highest increase in recent years, rising from 32 percent in FY 1980 - 1981 projects to 43 percent in FY 1982-1983 projects.

Public funds other than UDAG have accounted for five percent of total project investments. Of the funds derived directly from other public sources, 74 percent have been provided by local governments, 14 percent by Federal agencies, and 12 percent by the States.

Among eligible cities, UDAG funds have been targeted to those which are more distressed. In large cities and urban counties, for example, two-thirds of the projects and funds have been awarded to the one-third of the eligible cities that are most distressed.

REHABILITATION PROGRAMS

RENTAL REHABILITATION DEMONSTRATION

The Rental Rehabilitation Demonstration is a prototype of the Rental Rehabilitation Grants program enacted by Congress in 1983. The Demonstration encourages States and localities to develop rehabilitation strategies to deal with small rental properties. The Demonstration is based on the premise, that the rental subsidy to tenants should be separated from the subsidy for rehabilitating the property. This separation of subsidies is a major departure from most other publicly-funded housing programs.

Fourteen States and 185 local governments are currently administering locally-designed Demonstration programs. These communities have allotted approximately \$46 million from their CDBG grants to the Demonstration and propose to renovate more than 11,000 rental units. HUD, in turn, has committed more than 6,500 Section 8 Existing Housing Certificates in order to minimize displacement of existing low- and moderate-income tenants in the renovated units. Recently, the Department announced the commitment of an

additional 8,000 certificates as part of a third and final round of the Demonstration.

As of November 30, 1983, participating communities had selected 1,303 properties with 6,706 units for inclusion in the program, had closed loans on 754 properties with 3,778 units, had begun construction of 678 properties with 3,341 units, and had completed rehabilitation on 332 properties with 1,273 units. These figures represent a sharp acceleration in program progress during the 1983 calendar year. Despite this significant progress, however, there is still a sizeable number of participating communities that have not yet made substantial progress. For example, as of November 30, 1983, 27 percent of all participant communities had not yet closed a loan on a single Demonstration property.

Tenants in Demonstration buildings tend to be poorer, older, and are more likely to be members of racial minorities than the American population as a whole. Nine-tenths of the pre-rehabilitation tenants had incomes below 80 percent of the median incomes in their respective SMSAs, 36 percent were minority group members, and 20 percent were elderly. There was almost no change in the relative proportions of each of these groups living in Demonstration properties before and after rehabilitation.

Thus far, only about ten percent of the people living in Demonstration buildings prior to rehabilitation had moved by the time rehabilitation had been completed. One reason why little permanent relocation has apparently occurred is that actual post-rehabilitation rents in the rehabilitated buildings have generally not exceeded the Section 8 Existing Fair Market Rents (FMRs) in the participating communities. Eighty-two percent of the units after rehabilitation had rents below the FMRs, and only six percent of the actual rents after rehabilitation were more than \$50 greater than the fair market rents. The average post-rehabilitation rent increase for all completed Demonstration units was \$42 per unit.

URBAN HOMESTEADING PROGRAM

The Urban Homesteading program (Section 810) permits the transfer (without payment) of unoccupied one-to-four unit Federal properties to communities with approved homesteading programs. Local governments, in turn, offer the properties at nominal or no cost to homesteaders who agree to repair them within three years and to live in them for at least five years. Since 1975, Congress has appropriated \$67 million, including \$12 million for FY 1983, to support the acquisition of Federal properties for local Urban Homesteading programs. Those monies so far have reimbursed the HUD mortgage insurance and housing loan funds, the Veterans Administration, and the Farmers Home Administration for 7,446 properties in 102 communities. In addition, 53 localities have incorporated 855 locally-acquired properties into their homesteading programs, and 19 communities have purchased 287 Federal properties other than through Section 810 for homesteading. Of the 8,588 homesteading properties which have been obtained from any source over the life of the program, 1,185 were added during FY 1983. Section 810 properties and especially HUD-owned Section 810 properties remain the dominant source of suitable properties, comprising 83 and 74 percents respectively of all properties acquired over the year.

Fifteen communities entered the program during FY 1983, making 122 communities in all with HUD-approved Urban Homesteading programs. Of the approved programs, 94 localities actually operated programs during the year. Four of the remaining programs had been suspended, and 24 were currently inactive, principally due to the absence of appropriate Federal and/or local properties in those communities.

Homesteading communities have, over the life of the program, conditionally transferred 7,532 properties to homesteaders. Homesteaders actually reside in 6,897 of the buildings. Rehabilitation has begun on 7,263 properties and has been completed on 6,177 of them. Communities have conveyed fee simple title to 2,985 homesteaders who had completed their residency requirements.

Rehabilitation finance information for a large subset of approved communities indicates that almost half (49 percent) of the rehabilitation financing provided for Section 810 properties in those communities was in the form of Section 312 loans. Another 28 percent came out of CDBG funds, and the remainder derived from a variety of sources, both private and public. CDBG funds are also the principal source of administrative support for most local programs and have also been used frequently to buy local properties for homesteading.

SECTION 312 REHABILITATION LOAN PROGRAM

The Section 312 Rehabilitation Loan program provides low interest loans for the rehabilitation of single-family and multifamily residential, mixed-use, and non-residential properties. Since its inception, the Section 312 program has awarded 90,170 loans totalling \$1.162 billion. Prior to FY 1982, the Section 312 program primarily assisted owners of single-family properties; since then, most assistance has gone to multifamily properties.

During FY 1983, the program awarded 811 loans amounting to \$44.864 million to property owners in 145 communities. Of that sum, 205 loans totalling \$33.41 million were distributed for multifamily housing rehabilitation. The other 598 loans, amounting to \$11.455 million, were distributed for single-family residences in homesteading areas. Three-fifths of this amount went to homesteaders for property rehabilitation. The remainder went to other homeowners in homesteading areas to promote neighborhood revitalization.

The FY 1983 loans will support the renovation of 3,541 dwelling units, 720 single-family and 2,821 multifamily. The average per unit loan amount was \$11,843 for multifamily loans and \$15,909 for single-family loans.

Congress has appropriated no funding for the program since FY 1981, so the FY 1983 program was supported entirely from loan repayments, recovery of prior year commitments, and the uncommitted balance which was left from the previous year. The Housing and Urban-Rural Recovery Act of 1983 extended authority for the program for another year, through FY 1984. Given the existence of the Community Development Block Grants program and the recent enactment of the Rental Rehabilitation Grants program, the Department has proposed to terminate the Section 312 program during 1985 and to transfer the program's assets and liabilities to the Departmental Revolving Fund (Liquidating Programs).

CHAPTER 1: COMMUNITY DEVELOPMENT BLOCK GRANTS: Entitlement and Jobs Programs

INTRODUCTION

This chapter of the 1984 Consolidated Annual Report to Congress on Community Development Programs reports on the progress of the Community Development Block Grant (CDBG) program during the 1983 fiscal year and the patterns and trends that have developed over the life of the program. Although the chapter contains budget information on the total CDBG program, it focuses primarily on the management and operation of the entitlement component of that program. A summary description of the CDBG Jobs program is also included.

The chapter is organized into six major sections: recent program developments and funding levels, local uses of CDBG funds, program monitoring and compliance activities, the operation of the Secretary's Discretionary Fund, progress toward closing out active community development projects, and a summary description of the implementation and operation of the CDBG Jobs Program.

OVERVIEW

The CDBG program is the Department of Housing and Urban Development's principal program to assist local governments in addressing their community development needs and problems. The regular FY 1983 appropriations for the CDBG program was \$3.456 billion, the same as FY 1982. Since the program's inception in 1975, \$30.2 billion has been allocated to cities, counties, and States to carry out a broad range of locally selected activities. Seventy-five percent of these funds have gone to metropolitan cities and urban counties; twenty-one percent to small cities and State governments; and the balance, three percent, has been used for grants to Indian Tribes and Alaskan native villages, innovative projects, technical assistance, and other special uses.

CDBG grantees have spent a total of almost \$24.5 billion, or 81 percent of the total CDBG funds appropriated. For the fourth consecutive year, the amount of appropriated but unexpended funds has declined. Over the past four years, the expenditure rate for the CDBG program has been approximately 107 percent of the total funds appropriated for the program during that period.

The primary use of CDBG entitlement funds over the life of the program has been for physical development activities, such as street improvements, water and sewer lines, clearance of deteriorated structures, rehabilitation of public and private residences, etc., and secondarily for counseling, social services, technical assistance, and "softer" activities. In recent years, the largest share of the CDBG program's funds, particularly among the entitlement communities, has gone increasingly to rehabilitating private dwellings. In 1983, \$921 million, more than one-third of all FY 1983 CDBG entitlement funds, was budgeted for housing-related activities. Approximately \$574 million was allocated to public facilities and improvements. Funding for public services and economic development assistance each accounted for about \$250 million of entitlement funds.

HUD program management practices continued to emphasize administrative initiatives begun in 1981. Reviews of portions of the regulations governing CPD-administered programs resulted in a 48 percent reduction in their length and redesigned Grantee Performance Reports (GPRs) submitted by entitlement grantees contain approximately one-half the pages they did in 1981. CDBG entitlement Statement of Projected Use of Funds submissions designed by HUD in response to the 1981 Amendments are less than 20 percent of the size of 1981 Applications.

HUD's efforts to close out prior categorical programs and Hold-Harmless grants showed substantial progress in the past year. Only 18 categorical projects remain active in FY 1984, less than half of those active in 1983 and one-tenth of those in force in 1981. HUD also closed out 669 of 1,162 Hold-Harmless grants active in 1983 and 84 percent of the remaining Comprehensive Planning Assistance ("701") programs.

In 1983, an additional one billion dollars was made available to CDBG grantees through the Emergency Jobs Appropriation's Act; \$769,750,000 was allocated to entitlement communities, \$222,750,000 to small cities and States, and the remaining \$7,500,000 to Indian Tribes. As a result of this additional appropriation, 29 percent more funds were available for CDBG activities in this year than in 1982. As of December 31, 1983, HUD had awarded Jobs Program grants to 763 entitlement cities and counties, 36 States, and 36 Indian Tribes. HUD is also administering the Jobs program funds in four States that chose not to administer the funds themselves.

According to quarterly status reports submitted by State and local officials, 51 percent of the one billion dollars in CDBG Jobs Program funds has been allocated to public works activities, 21 percent to public services, 12 percent to housing rehabilitation, nine percent to economic development, and the remaining seven percent to other types of community development projects. By the end of September 1983, grantees had obligated more than 21 percent of the total CDBG Jobs program funds appropriated.

RECENT PROGRAM DEVELOPMENTS

This section of the chapter describes Community Development Block Grant program funding, expenditures, and participation for FY 1983 in the context of the program's operation since 1975. Major program and policy developments that were undertaken in FY 1983 are also discussed.

PROGRAM FUNDING

The regular FY 1983 appropriation for the CDBG program was \$3.456 billion, the same as FY 1982. In addition to the regular CDBG program funds, State and local governments received an extra \$1 billion in FY 1983 as a part of the special Emergency Jobs Appropriation measure which was signed into law on March 24, 1983. This \$1 billion was allocated using a special distribution of funds and a unique allocation formula in contrast to the normal CDBG allocation system. Because of its distinct nature and reporting requirements, a separate description of these funds and the operation of this program is provided in the final section of this chapter. If the Emergency Jobs program funds are included, \$4.456 billion was appropriated for CDBG programs in FY

1983. The additional funds appropriated for the CDBG Jobs program resulted in a 29 percent increase in the funds available for eligible CDBG activities in States and communities.

These funds were allocated according to the statutorily-mandated formula. First, \$56 million was allocated to the Secretary's Discretionary Fund. The remaining \$3.4 billion was divided between entitlement communities (70 percent-\$2.38 billion) and the Small Cities program (30 percent-\$1.02 billion). The only change between the FY 1982 and FY 1983 distributions occurred in the Entitlement program. There was an \$11 million increase (to \$426 million) in the urban counties FY 1983 share of entitlement funds. This occurred primarily as a result of introduction of the 1980 poverty data and, to a lesser extent, the addition of two new eligible urban counties.

TABLE 1-1

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

	1975	1976	1977	1978	1979	1980	1981	1982	1983
Entitlement Communities	\$2096	\$2353	\$2660	\$2778	\$2752	\$2714	\$2667	\$2380	\$2380
Metro Cities	1558	1710	1906	2144	2209	2264	2222	1965	1954
Urban Counties	109	209	329	372	416	450	445	415	426
Hold Harmless	429	434	425	262	127	0	0	0	0
Small Cities	259	345	438	628	797	955	926	1020	1020
Secretary's Fund	27	53	51	94	101	71	102	56	56
Financial Settlement ¹	50	50	100	100	100	12	0	0	0
Jobs Program ²	---	---	---	---	---	---	---	---	1000
Total Appropriations	\$2433	\$2802	\$3248	\$3600	\$3750	\$3752	\$3695	\$3456	\$4456

¹ Grants from the Financial Settlement Fund were awarded to communities between 1975 and 1980 to assist in the close out of projects previously approved under the categorical programs.

² Pub. L. 98-8, the Emergency Jobs Appropriations Act, was a one-time add-on to the CDBG program.

Detail does not add due to rounding.

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.

GRANTEE PARTICIPATION AND FUNDING

Participating Communities. In FY 1983, 735 communities, 637 metropolitan cities and 98 urban counties, were eligible to receive CDBG entitlement funds, an increase of three over FY 1982. Two of these were urban counties that qualified for the first time in FY 1983 (Lake County, Indiana and Dutchess

County, New York). In addition, one former entitlement city (Rapid City, South Dakota) regained metropolitan city status. This change for Rapid City was brought about by a new statutory amendment that also continued the FY 1983 entitlement status of 10 other metropolitan cities and one urban county which had 1980 populations below entitlement program qualification thresholds.

TABLE 1-2
ELIGIBLE CDBG ENTITLEMENT COMMUNITIES
1975-1983

	1975	1976	1977	1978	1979	1980	1981	1982	1983
Metro Cities	521	522	537	559	562	573	583	636	637
Urban Counties	73	75	78	81	84	85	86	96	98
Total	594	597	615	640	646	658	669	732	735
ANNUAL CHANGE									
Number Increase	---	3	18	25	6	12	11	63	3
Percent Increase	---		3	4	1	2	2	9	
CUMULATIVE CHANGE									
Number Increase	---	3	21	46	52	64	75	138	141
Percent Increase	---	1	4	8	8	10	12	21	22

* Less than .5 percent.

and Development, Office of Management, Data Systems and Statistics Division. Compiled by Office of Program Analysis and Evaluation.

Seven hundred twenty-three of these eligible communities received FY 1983 grant awards. In that year, \$1.93 billion in grants was actually awarded to 626 metropolitan cities and \$421 million was allocated to 97 urban counties. (See Table 1-3.)

TABLE 1-3
FISCAL YEAR 1983 FUNDING STATUS OF ENTITLEMENT COMMUNITIES
(Dollars in Thousands)

status	Total		Metro Cities		Urban Counties	
	Number	Amount	Number	Amount	Number	Amount
Eligible	735	\$1,379,400	637	\$1,953,787	98	\$425,863
Did Not Apply ¹	9	7,573	9	7,573	--	--
Pending	3	6,690	2	2,399	1	4,291
Awarded	723	2,364,488	626	1,943,190	97	421,298
Partial reductions ¹	(8)	899	(6)	625	(2)	274

¹ Funds not applied for and funds made available from partial reductions were reallocated in FY 1984.

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.

Eight of the approved entitlement grantees (six metropolitan cities and two urban counties) had their grants partially reduced as a result of past performance findings. Five entitlement cities chose to have their FY 1983 grants included in an urban county entitlement grant.¹ FY 1983 entitlement grants to two metro cities and one urban county were still pending as of February 1, 1984 as a result of performance and HAP acceptability issues. In FY 1983, only nine metro cities did not apply for their entitlement grants compared to 12 in FY 1982 and 26 in 1981.

FY 1983 Reallocations. HUD is required by statute to reallocate previous years funds that were not applied for, withheld, or recaptured by HUD as a result of compliance actions. Such funds are primarily reallocated by formula among other entitlement communities located in the same metropolitan area, as the community from which the funds become available for reallocation. However, funds that became available for reallocation from metropolitan areas with only one entitlement community, which by statute is prevented from receiving its own reallocated funds, are reallocated nationally by formula among all of the entitlement communities in the program. A total of \$412,000 was reallocated nationally for this reason. In FY 1983, a total of \$10.7 million was reallocated (\$807,603 from FY 1981 and \$9,889,619 from FY 1982 actions) to 316 entitlement grantees. (See Table 1-4.)

TABLE 1-4
DISTRIBUTION OF REALLOCATIONS
TO FY 1983 ENTITLEMENT GRANTEEES
(Dollars in Thousands)

GRANT INCREASE	NUMBER OF GRANTEEES	PERCENT OF AFFECTED GRANTEEES
\$1 or less	182	58%
2 - 4	39	12
5 - 9	19	6
10 - 24	29	9
25 - 49	18	6
50 - 990	12	4
100 - 249	6	2
250 - 499	8	2
500 - 999	1	*
1000+	2	
Total	316	100%

* Less than .5 percent.

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.

FY 1983 Grant Characteristics. The 1980 Amendments to the Housing and Community Development Act of 1974 established the timetable for the introduction of 1980 census data into the CDBG entitlement formulas. These Amendments excluded the use of 1980 census data on age of housing and overcrowded housing in order to allow an assessment of their reliability as

indicators of need. An assessment of the impact of the 1980 Census on the CDBG formula entitled Effects of the 1980 Census in Community Development Funding was conducted by the Office of Policy Development and Research and forwarded to Congress in early 1983. That study found that even after including the 1980 census data on all formula variables, the CDBG formula remains highly targeted to distressed cities. For example, in FY 1984 the most distressed 10 percent of cities are projected to receive 3.7 times more in per capita funding than the least distressed 10 percent. As required by law, 1980 census data on population and growth lag were used in the computation of FY 1982 individual grant amounts. These two variables are updated annually using Bureau of Census estimates.

Data from the 1980 Census on poverty were introduced into the FY 1983 allocation. Table 1-5 indicates that 52 percent of the grantees experienced gains or losses of 5 percent or less from FY 1982 to FY 1983. Fourteen percent of the grantees (102) increased their FY 1983 allocation by 10 percent over FY 1982, while 8 percent (61 grantees) lost 10 percent or more. The median change in allocations to grantees from the introduction of 1980 poverty data was a 1.28 percent loss in grant size. The range was a 26.5 percent decrease to a 121 percent increase.

TABLE 1-5

PERCENT CHANGES IN FY 1983 INDIVIDUAL GRANT ALLOCATION
A S L T OF THE INTRODUCTION OF 1980
CENSUS DATA ON POVERTY INTO ENTITLEMENT FORMULA¹

	NUMBER OF GRANTEES	PERCENT OF GRANTEES
<u>GRANT GAIN</u>		
Greater than 10%	102	14%
5 - 10	71	10
1 - 5	130	18
		*
<u>NO CHANGE IN GRANT</u>	4	
<u>GRANT LOSS</u>		
5 - 10	254	34
Greater than 10%	110	15
	61	8
Total	732	100%

* Less than .5 percent.

¹ Based on estimates of FY 1983 allocations.
² Does not include new FY 1983 entitlement recipients.

Largest Percent Increase: plus 121 percent
Median Change: minus 1.3 percent
Largest Percent Decrease: minus 26.5 percent

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.

In FY 1983, the median CDBG entitlement grant was \$1.342 million. The variation in dollar allocation as a result of the introduction of 1980 poverty data ranged from an increase of \$3.862 million for one community to a decrease of \$2.426 million for another. The median change in allocation was a decrease of \$15,000 per grant. Table 1-6 illustrates the distribution of grantees by amount of funds gained or lost.

TABLE 1-6

DOLLAR CHANGE IN FY 1983 INDIVIDUAL GRANT ALLOCATION AS A RESULT
OF THE INTRODUCTION OF 1980 CENSUS DATA
ON POVERTY INTO THE ENTITLEMENT FORMULA
(Dollars in Thousands)

	<u>NUMBER OF</u> <u>GRANTEES</u>	<u>PERCENT OF</u> <u>GRANTEES</u>
<u>GRANT GAIN</u>		
Greater than \$1,000	8	1%
500 - 1,000	16	2
100 - 500	96	13
50 - 100	62	9
25 - 50	48	6
1 - 25	73	10
<u>NO CHANGE IN GRANT</u>	4	*
<u>GRANT LOSS</u>		
\$1 -	100	14
25 - 50	80	11
50 - 100	107	15
100 - 500	119	16
500 - 1,000	15	2
Greater than 1,000	4	
Total	732 ²	100%

* Less than .5 percent.

¹ Based on estimates of FY 1983 allocations.
² Does not include three new FY 1983 entitlement recipients.

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 EXPENDITURES

Expenditure Rate. Since 1975, almost \$30.2 billion has been appropriated for CDBG programs. As of September 30, 1983, CDBG recipients have spent \$24.5 billion. This represents 81 percent of all funds appropriated between 1975 and 1983. Table 1-7 indicates that there has been a steady increase in the expenditure rate of all Title I community development programs. In addition, each program category has increased its cumulative expenditure rate.

TABLE 1-7

**CUMULATIVE EXPENDITURE RATES OF CDBG PROGRAMS
FY 1978-1983¹**

	CUMULATIVE EXPENDITURE RATES AS OF 9/30 OF EACH YEAR					
	1978	1979	1980	1981	1982	1983
Entitlement	52%	61%	69%	75%	80%	83%
Small Cities	42	47	57	68	71	73
Secretary's Fund	25	36	56	55	75	81
Financial Settlement	49	56	68	77	84	88
Total	50%	58%	67%	74%	78%	81%

¹ 1983 Emergency Jobs Appropriation funds are not included. See discussion of these funds in the last section of chapter.

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

Cumulative spending rates vary between community development program categories. As of September 30, 1983, the cumulative spending rate for the Entitlement program was 83 percent; for the Small Cities program, 73 percent; for the Secretary's Fund, 81 percent, and for the Financial Settlement program, 88 percent.

Unexpended Program Balances. The unexpended balance of funds appropriated for Title I Community Development programs as of September 30, 1983, was \$5.723 billion. This reflects a 14 percent (\$934 million) decline from a high of \$6.657 billion in the level of unspent funds at the end of FY 1979 and a modest decline of \$85 million from the FY 1982 level of \$5.808 billion. (See Table 1-8).

TABLE 1-8

**UNEXPENDED APPROPRIATIONS~
FY 1978 - FY 1983
(DOLLARS IN MILLIONS)**

	CUMULATIVE UNEXPENDED FUNDS AS OF 9/30 OF EACH YEAR					
	1978	1979	1980	1981	1982	1983
Entitlement	\$4,786	\$4,956	\$4,739	\$4,471	\$4,065	\$3,810
Small Cities	965	1,315	1,464	1,409	1,537	1,749
Secretary's Fund	168	211	174	177	141	113
Financial Settlement	151	174	131	93	66	47
Total	\$6,070	\$6,657	\$6,504	\$6,150	\$5,808	\$5,723

¹ 1983 Emergency Jobs Appropriation funds are not included. See discussion of these funds in the last section of the chapter. Detail does not always total because of rounding and final adjustments made to this account by the Office of Finance and Accounting.

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

The level of unexpended funds varies in each community development program category. The Entitlement program continues to show the most consistent and substantial decline in the amount of unspent funds. As of September 30, 1983, the Entitlement program had \$3.810 billion in unspent funds. This is a 6.3 percent reduction (\$255 million) in the level of unspent funds from FY 1982. Since the FY 1979 peak of unspent balances of \$4.956 billion, the Entitlement program's unspent balance decreased 23 percent (\$1.146 billion). This decrease since 1979 reflects the increasingly established character of entitlement community development programs and local capacity to implement them, HUD's monitoring for program progress, an increasing number of communities sharing a smaller entitlement appropriation and allocation, and the acceleration in the close out of the hold-harmless grants that have not been funded since 1979.

The unspent balance for the Small Cities program, however, has increased. The level of unspent small cities funds as of September 1983 increased 24 percent (\$340 million) since 1981. The \$1.749 billion in unspent funds at the end of FY 1983 appears to be due to the increased allocation provided to the Small Cities program, the administrative changes and delays that resulted in transferring the operation of the program to 47 States and instituting a revised HUD-run program in the remaining States.

ADMINISTRATIVE INITIATIVES

Deregulatory and Paperwork Reduction Initiatives. During FY 1983, the Office of Community Planning and Development (CPD) continued its efforts to streamline and simplify the regulatory and procedural requirements of the CDBG program in response to Presidential and Secretarial initiatives. Under Executive Order 12291, the Presidential Task Force on Regulatory Relief identified Title I environmental review procedures and the CDBG Entitlement and Small Cities program regulations for review. In addition to undertaking the Task Force reviews, Secretary Pierce implemented a Department-wide deregulation and paperwork reduction agenda.

In response to these Presidential and Secretarial initiatives, the Office of Community Planning and Development instituted a three-phased review of its existing regulations, issuances, and forms.

Regulatory Review. Thirty-three regulations totalling 382 pages (over 75 percent) of all CPD regulations in the Code of Federal Regulations (CFR) were selected for review. As of October 1983, reviews had been completed on 26 regulations filling 333 CFR pages. These completed reviews resulted in a 48 percent net reduction in pages (159) in CPD regulations. (See Table 1-9.)

TABLE 1-9
CPD DEREGULATION RESULTS
AS OF OCTOBER 1983

	NUMBER	PAGES	
		Before	After
Regulations Selected for Review	33	382	===
Deregulation Review Completed ¹	26	333	174
Regulations Unchanged	(7)	(60)	(60)
Regulations Revised/Reduced ²	(8)	(236)	(114)
Regulations Eliminated ³	(11)	(37)	(0)

- 1 Seven regulations totalling 49 pages in the Code of Federal Regulations are presently under review. These include: Uniform Relocation, Section 312, Urban Homesteading, CDBG Grant Administration (Subpart J), and CDBG Grant Management (Subpart O).
- 2 A-95 Regulations were eliminated and new intergovernmental review regulations were published implementing Executive Order 12372.
- 3 Regulations eliminated included those relating to Urban Renewal, Neighborhood Development Program, Open Space, Neighborhood Facilities, Water and Sewer Facilities, Urgent Needs and Financial Settlement, and Areawide Housing Opportunity Plan Programs.

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

A part of the Administration's program of reducing administrative and paperwork requirements and increasing local discretion in the Entitlement program was accomplished through the 1981 Amendments. In addition, one of the Administration's major proposed Block Grant initiatives was implemented through the creation of a Block Grant program to States for Small Cities. Final regulations implementing the State Block Grant program were published in April 1982. The operation of the HUD-administered component of the Small Cities program was streamlined and simplified through final regulations published in August 1982. Final regulations governing the major portions of the entitlement program were published late in 1983. There has been a substantial revision in the regulations affecting both the Entitlement and Small Cities programs. (See Table 1-10.)

TABLE 1-10

REVISION IN CDBG PROGRAM REGULATIONS AS A RESULT
OF 1981 AMENDMENTS AND DEREGULATORY INITIATIVE

	Regulation Length in Pages Pre-1981 <u>Amendments</u>	Page Length of Revised <u>Regulations</u>	Percent <u>Reduction</u>
Entitlement Program ¹	64	34.5	46
Small Cities			
HUD-Administered	29	12.5	57
State-Block Grant	---	8.5	--

¹ 24 CFR 570 Subparts A, B, C, D, K, M and a portion of O have been revised as of November 1983.

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

Departmental Issuance and Publications Review. A systematic evaluation of all existing issuances and publications was also undertaken as part of the deregulatory review. Many obsolete issuances and publications from the categorical programs folded into the CDBG program were found to be active and in stock in HUD Central and field offices. After review, 3,800 pages of these issuances and 75 publications were cancelled. In addition, a major revision of the CPD Monitoring Handbook was completed and sent to the field in October 1983. The Relocation and Real Estate Acquisition Handbook is presently under review.

Forms and Reports Review. The HUD FY 1984 Information Collection Budget was down substantially from its FY 1980 base. This is primarily due to the simplification of the application requirements for CDBG entitlement and small cities grants and the assumption of the Small Cities program by 47 States. In addition, major revisions of the Grantee Performance Reports for Entitlement, State, and HUD-Administered Small Cities, and UDAG programs have been instituted in conformance with the 1981 Amendments and deregulatory initiatives.

CPD has also conducted a review of some 500 HUD internal and public use forms. To date, a large number of obsolete or little used but still active forms, often from the prior categorical programs, have been cancelled.

1983 Entitlement Submissions. One of the major objectives of the Administration is to reduce the amount of paperwork that must be prepared and submitted by grantees. The 1981 Amendments replaced the structured, six-part CDBG application with a Statement of Community Development Objectives and "Projected Use of Funds." The new submission provided to HUD by a grantee includes a Statement of Community Development Objectives and Projected Use of Funds, together with certifications that the projected use of funds meets specific program requirements and conforms to applicable laws. The

legislation did not specify the content or format of the statement, and regulations implementing the 1981 Amendments regarding the statement were not effective for communities' preparation of FY 1982 and FY 1983 submissions. Therefore, **communities** were given broad discretion, through interim instructions in FY 1982 and FY 1983, to fashion the content and format of their submission to HUD. The average size of the 1983 submissions was 15 pages, and the median size 10 pages, virtually the same as those submitted in 1982. The 1983 submission are over 80 percent shorter than the applications abolished by the 1981 Amendments. (See Table 1-11.)

TABLE 1-11

CDBG ENTITLEMENT SUBMISSIONS FOR PROGRAM YEARS 1981 - 1983
(n=106)

	1981 CDBG APPLICATION ¹	POST 1981 AMENDMENTS SUBMISSIONS ²	
		1982	1983
Mean Number of Pages	80	15	15
Median Number of Pages	58	11	10

¹ The HAP was not counted.

² Grantees prepared submissions under Interim Instructions pending publication of regulations implementing the 1981 Amendments

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

There has been a small increase in the average size of the Statement of Community Development Objectives and Projected Use of Funds portion of the FY 1983 submissions. The average size of the FY 1983 statements increased to 10 pages from 8 pages in FY 1982. However, the median size of statements in both years was 4 pages. While almost one-half (48 percent) of the surveyed grantees submitted lengthier statements in 1983 than 1982, 28 percent were shorter and 24 percent did not change in size.

Grantee Performance Report. The 1981 Amendments also modified the content of the Grantee Performance Report on the actual use and expenditure of CDBG funds. The new law requires that the report contain a description of the use of funds made available, along with an assessment by the grantee of such use to the community development objectives identified in the grantee's statement. In response to this change, CPD developed a new more streamlined entitlement Grantee Performance Report (GPR) form. The new GPR will be submitted by each entitlement grantee in two parts. One part deals with CDBG performance and the second part deals with HAP performance.

The CDBG performance report is submitted by each entitlement grantee 60 days after its CDBG program year ends and covers all CDBG funded activities. The GPR was provided to grantees in the Spring of 1983 for use in describing the

use of CDBG funds through FY 1982. The introduction of a new form has resulted in a more functional document that is simpler for grantees to complete and for HUD to use in program monitoring and the annual review. The new GPR has also resulted in a substantial reduction in the size of the entitlement GPRs submitted to HUD. The median size GPR submitted in 1982 was 30 pages and the average size was 36 pages. This constitutes a 46 percent reduction from the median size and a 56 percent reduction in the average size of 1981 GPRs. (See Table 1-12.)

TABLE 1-12
LENGTH OF ENTITLEMENT GRANTEE PERFORMANCE REPORTS
SUBMITTED IN 1981 and 1982
(n=47)

	<u>PRIOR LAW¹</u> <u>1981</u>	<u>1981 AMENDMENTS</u> <u>1982</u>	<u>PERCENT CHANGE</u> <u>1981 - 1982</u>
Mean Number of Pages	82	36	-56%
Median Number of Pages	56	30	-46

¹ HAP Performance Report excluded.

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

Since the Housing Assistance Plan is now separated from the CDBG entitlement submission and the HAP submission timing is linked to the end of the Federal Fiscal Year, the revised GPR provides for a grantee to separately submit its report on housing assistance performance during the month of October.

Intergovernmental Review. On October 1, 1983, Executive Order 12372 became effective, and the A-95 review process was terminated. The objective of the Executive Order was to strengthen program operations by relying on State and local processes for intergovernmental review of proposed Federal financial assistance and direct Federal development. States have discretion to institute and define a process for intergovernmental review. HUD published a final regulation on June 24, 1983 implementing Executive Order 12372 for applicable HUD programs. The CDBG Entitlement program was included as one of the Federal programs a State could opt to include in its intergovernmental review system. However, because the entitlement nature of the program provides HUD with little funding discretion, only that portion of local CDBG funds devoted to planning or construction of water and sewer projects are subject to the review system. This category of funds is subject to review because of the coverage of Section 204 of the Demonstration Cities and Metropolitan Development Act of 1965. As of January 1984, 42 States and three territories are participating in the new intergovernmental review process.

Public/Private Partnership Initiatives. The Department continued to emphasize more private sector involvement in public problem solving. Several programs initiated in FY 1982 encouraged communities to form public/private

partnerships to carry out community and economic development activities in FY 1983. One such venture was the National Recognition Program for **Community Development Partnerships**, which was designed to identify and recognize communities that have used CDBG programs to create outstanding **public/private** partnerships. In order for community projects to be eligible for this award program, they must have used CDBG funds in conjunction with private funds or services in the development and implementation of **community** and economic development activities. Nearly 400 **projects** were submitted for consideration from communities around the nation. The award winning projects are expected to serve as **public/private** partnership models for communities of all sizes and types.

The Financial Advisory Services (FAS) program which was created in FY 1982 from the Secretary's Fund, began its second year of operation in 1983 in 22 cities. The services provided are expected to increase private investments in towns and cities eligible for CDBG assistance. The FAS is a clearinghouse representing a nationwide network of major national and regional banks interested in providing financial assistance to commercial and industrial business concerns and development projects throughout the nation. In calendar year 1984, regional center banks under FAS will work with State development agencies and cities to provide the financial and technical assistance needed for completing investment projects.

The cooperative agreement that HUD made with the Small Business Administration to assist 20 States in establishing Small Business Economic Revitalization Corporations continued in FY 1983. The program assists small business growth and job creation by mobilizing the resources of the private sector. It initiated 396 projects with \$486.8 million of investment approval out of a total system potential of \$1.8 billion.

CPD is also exploring the potential for establishing economic development linkages with foundations and life and health insurance industries. In addition, HUD continued to support the efforts of the National Alliance of Business to establish new models for delivering economic development technical assistance to **communities** and States.

Another major **public/private** partnership venture undertaken in FY 1983 was the Downtown Retail Development Conference which CPD sponsored in conjunction with the International Council of Shopping Centers (ICSC) and 20 other supporting organizations. This **first-of-its-kind** Downtown Retail Development Conference brought together all partners involved in the development process. Nearly 500 **mayors** and city officials, real estate developers, lenders and retailers participated. The conference focused on the complex downtown retail process and what is required to make downtown retail ventures successful. Because of its success, a second conference is planned for FY 1984.

Equal Opportunity Initiatives. In FY 1983, a significant amount of Technical Assistance and Special Project awards from the Secretary's Discretionary Fund was directed toward minority needs and fair housing initiatives. Over 10 awards were made to provide technical assistance to Black, Hispanic, **Mexican-American**, and Indian communities in order to increase their capacity in the areas of economic development, commercial revitalization, and other related CDBG activities.

One major new Departmental initiative that responds to President Reagan's Executive Order 12320 on strengthening Historically Black Colleges and Universities, serves to increase the participation of such institutions in HUD programs. During 1983, 11 historically Black colleges and universities were awarded grants to provide technical assistance to help minority CDBG communities in the implementation of their block grant programs.

CPD technical assistance funds were also used in FY 1983 to further fair housing and Minority Business Enterprise (MBE) goals. Three technical assistance contracts were awarded to advance CDBG program opportunities for forming public/private partnerships to further fair housing opportunities. Six Regional symposiums on these activities were completed in FY 1983. An additional \$3.2 million was granted to minority firms or organizations as a means of increasing minority business participation in CDBG and UDAG programs.

In 1983 State and local governments participating in CPD-funded programs were encouraged to make greater use of minority businesses and report their CPD supported funding of minority businesses to HUD. In FY 1983 contracts between CPD-funded grantees and minority firms totalled approximately \$490 million, reflecting an increase of about 10 percent over the FY 1982 contracting level and a 30 percent increase since 1981. The Department also updated its minority contracting data collection system to provide a more accurate analysis of MBE contract activity. The system was changed from a manual- to a computer-based form for the third and fourth quarters of FY 1983. Information is now available by grantee, city, ethnic code, type of trade, and HUD field office.

Finally, CPD signed an Interagency Agreement with the Department of Commerce's Minority Business Development Agency (MBDA) on June 14, 1983. Under the agreement, CPD provided MBDA with information on CDBG and UDAG funding levels and eligible activities and procurement opportunities for minority-owned businesses. CPD field offices have begun encouraging grantees to use more than 100 business development centers across the nation. These centers identify minority firms through the MBDA's business profile system.

LOCAL USES OF ENTITLEMENT FUNDS

Previous sections of this chapter have described recent administrative and legislative initiatives, funding levels, and grantee participation in the CDBG Entitlement program as a whole. This section turns to the local use of CDBG program funds by entitlement communities. In particular, the variation in how metropolitan cities, which receive the majority of all CDBG appropriations, use their funds will be described in some detail.

This section of the chapter is divided into two major parts. The planned use of 1983 CDBG entitlement funds is described in the first part of this section, and the recent actual use of entitlement funds is described in the second part. Data on the planned use of funds by entitlement communities were extracted from the Projected Use of Funds documents submitted by entitlement grantees in order to receive their CDBG grant. Data on recent expenditures were taken from the Grantee Performance Report (GPR) required annually of all grantees. Both the projected use and actual expenditure data are maintained as part of CPD's CDBG Performance Monitoring and Evaluation Data Bases.

PLANNED ENTITLEMENT SPENDING

Projected 1983 Entitlement Spending. The aggregate relative distribution of planned spending by entitlement communities in 1983 reflected the same clear pattern of recent years. As in past years, the largest share of funds in 1983, \$921 million or 36 percent of all available CDBG entitlement resources, was allocated to housing-related activities. (See Table 1-13.) The majority of these funds, approximately \$844 million, was budgeted for the rehabilitation of existing housing, but local officials also projected allotting an estimated \$75 million to local development corporations for the development of new housing units. The second largest share, \$574 million, or 22 percent, was budgeted for public works and public facilities improvements. Substantially smaller amounts, \$276 million and \$246 million respectively, were budgeted for public services and economic development assistance. Entitlement communities budgeted only small amounts, ranging from less than \$20 million to \$107 million, to acquisition and clearance-related projects, local contingencies and the completion of categorical program-related activities.

Entitlement cities and urban counties also continued to budget their CDBG funds in a significantly different fashion. Entitlement cities allotted 37 percent--\$802 million--of their funds to housing-related activities and 19 percent--\$413 million--to public works activities. In contrast, urban counties gave the opposite relative emphasis to these activities, allocating the largest share of their funds--38 percent or \$161 million--to public works and approximately one-fourth of their funds--\$119 million--to housing-related activities. Additionally, entitlement cities allocated more than twice the percentage of their CDBG funds to public services as did the urban counties. Both types of entitlement communities allocated comparable, smaller shares of their CDBG funds to projects involving the other types of eligible activities.

Trends in the Use of CDBG Entitlement Funds. The pattern in the planned use of funds described above represents a continuation of trends prevailing in the CDBG Entitlement program for several years. The most obvious of these trends is the dramatic increase in CDBG entitlement funding for housing-related activities over the life of the program. (See Figure 1-1.) In 1983, the relative share of entitlement funds going for such activities (38 percent) was approximately three times what it was in 1976 (13 percent), the first full year the CDBG program was in operation. The biggest increase in funding for housing-related activities came in the 1978 to 1980 period when the Department began to encourage local officials to increase their efforts to preserve the existing housing stock.

*

The composition of these activity groups and a more detailed estimate of planned spending by entitlement communities is provided in Tables A-1 and A-2 at the end of the chapter.

TABLE 1-13

PROJECTED ENTITLEMENT PROGRAM SPENDING
BY ACTIVITY GROUP, 1983¹
(Dollars in Millions)

Activity	Total		Metro Cities		Urban Counties	
	\$	%	\$	%	\$	%
Housing-related	\$921	36%	\$802	37%	\$119	28%
Public Facilities and Improvements	574	22	413	19	161	38
Public Services	276	11	254	12	22	5
Economic Development	246	10	205	10	41	10
Acquisition/Clearance	107	4	100	5	7	2
Completion of Categorical Programs	20	1	20	1	*	*
Contingencies	72	3	54	2	18	4
Administration	361	14	304	14	57	13
Total	\$2577	100%	\$2152	100%	\$425	100%

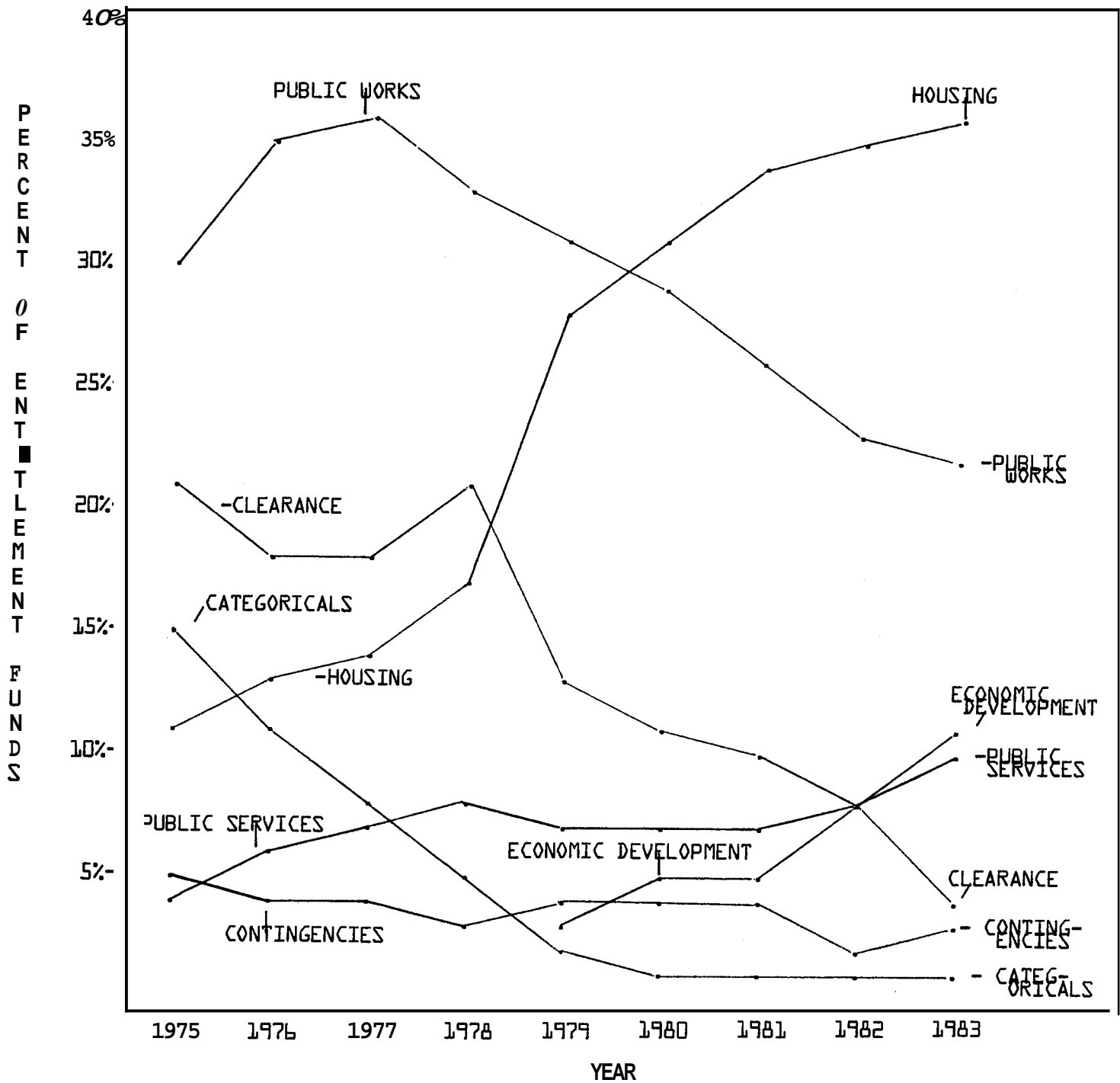
* Less than .5 percent or \$500,000.

¹ Detail does not add due to rounding.

SOURCE U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, CDBG Performance Monitoring and Evaluation Data Bases.

Concurrent with the dramatic rise in the share of entitlement funds going to housing has been almost equally dramatic decline in CDBG entitlement funding for three types of traditional physical **development** activities: public improvements; acquisition, clearance and demolition; and funding for the completion of categorical programs. The largest decline has occurred in funding for acquisition, clearance, and **demolition**. This spending category represents only four percent of planned 1983 spending but accounted for over one-fifth of all budgeted funds as recently as 1978. Funding for traditional public works activities, **e.g.**, street improvements, water and sewer lines, **etc.**,--has also declined markedly in recent years, down 14 percentage points from its 1977 high point. The third category showing a marked decline in recent years is funding for the completion of prior categorical programs.

FIGURE 1-1
CDBG ENTITLEMENT PROGRAM PLANNED SPENDING BY PROGRAM ACTIVITY, 1975-1983



The final two major CDBG entitlement funded activities are economic development and public services. Although the amounts budgeted to these activities are small relative to the sums budgeted for housing activities and public works, each was allocated approximately \$250 million by entitlement communities in 1983. For both activities this represents a larger share of CDBG funds than they received in past years. Economic development funding was not initially an explicitly eligible activity in the CDBG program, although entitlement communities used program funds in ways clearly related to encouraging economic growth--developing parking facilities, improving the local infrastructure, making rehabilitation loans to businesses, etc. In 1977, amendments to the Housing and Community Development Act added economic development as a specific objective of the CDBG program and broadened the eligible uses of CDBG funds to allow local governments to fund public or non-profit corporations to carry out economic development activities in support of their community development plan and in furtherance of the objectives of the Act. Since that time, CDBG entitlement funded economic development activities have been increasingly encouraged by HUD, particularly under the current Administration. As a result, entitlement communities have reported budgeting slightly larger amounts for economic development each year and, while the annual changes have not always been significant, the cumulative impact has been a tripling since 1979 of the percentage of funds allocated to economic development. Indications from local officials are that such increases are likely to continue in the future, perhaps at even greater rates.

Amendments to the Housing and Community Development Act in 1981 have resulted in a slightly larger share of CDBG entitlement funds being budgeted to public services. Prior to 1981, there was no statutory limit on the amount of CDBG funds that could be used for public services but these funds had to be used in areas where CDBG physical development activities were being carried out in a concentrated manner. The 1981 amendments to the CDBG legislation removed this requirement but limited the amount that could be used for such purposes to 10 percent of a community's annual grant. In order to avoid hardship for localities that had budgeted larger amounts in the past, the statute authorized HUD to grant waivers in fiscal years 1982 and 1983. In 1983, entitlement localities reported that they planned to spend approximately 11 percent of their entitlement funds on public services. The fact that the projected budget exceeds 10 percent reflects the combined effect of the waivers granted to 62 entitlement communities that wanted to exceed the 10 percent limit and increased spending for public services by other communities. Both of these reasons may in turn be explained by the general increased need for many public services due to the prevailing high unemployment rates during the previous year and the cutbacks realized in some State and Federal social services programs.

In summary, the legislative changes of 1981 have so far had no apparent significant aggregate effect on how CDBG funds are used by entitlement communities. Spending trends and patterns that were evident in 1981 continued in 1983. The CDBG entitlement program remains primarily a physical development program. However, the initial emphasis on traditional public works activities--repairing or installing streets, sidewalks, water and sewer lines--that was evident in the first years of the program has changed in recent years to a greater emphasis on rehabilitating existing residential property or adding dwelling units to the housing stock.

Patterns of Local Use of Funds by Entitlement Communities. The CDBG entitlement **communities** range in population from very small cities such as Moss Point, Mississippi, with a population of about 20,000, to New York City with its more than seven million people. Entitlement **communities** also vary widely along other **dimensions**--population change, economic growth, recent unemployment rates, the age of the population, etc. Because local conditions and needs in these cities and counties vary greatly and local officials have broad latitude in the ways CDBG funds can be used to address these needs, the relative emphasis placed on CDBG-funded activities by various cities varies significantly. The first part of this section of the chapter describes those variations in the planned use of 1983 CDBG entitlement funds for **housing**-related activities, public works projects, economic development, and public services. These four categories of activities accounted for approximately 80 percent of all planned expenditures by entitlement **communities** in 1983. The focus of the analysis is on the relationship between population, UDAG distress level,* and CDBG entitlement status on the relative distribution of planned spending.

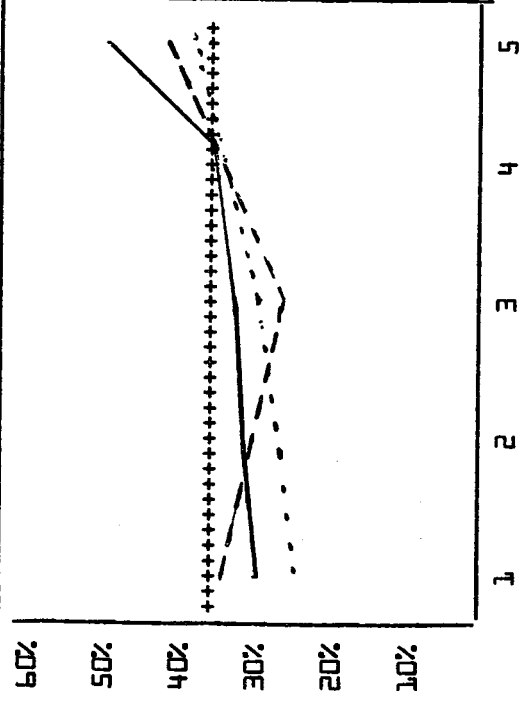
As the figures on the following page show, there are relatively clear relationships between the share of CDBG entitlement funds allocated to three of these four major program activities and the three selected city and program characteristics. The percentage of funds budgeted for housing and public services is greater than the program average for larger entitlement **communities**, highly distressed **entitlement communities**, and central **cities**. Entitlement **communities** at the other end of these scales, **i.e.**, smaller **entitlement communities**, non-distressed **entitlement communities**, and urban counties, spend less than the program average and significantly less than their larger, more distressed, central city counterparts on such activities. (See Figures 1-2A and 1-2B.) There is an equally clear relationship between the relative CDBG entitlement support for public works and the population, distress level, and program status of entitlement communities. However, as Figure 1-2C shows, the relationship is the opposite of those discussed above; public works spending is negatively correlated with the **community** character **istics** shown.

Finally, there is no relationship between the size, distress level, or program status of entitlement **communities** and the relative share of their funds they budget for economic development. (See Figure 1-2D.) All types of entitlement **communities** allocate between 8 and 13 percent for economic development, and no statistically significant difference can be detected.

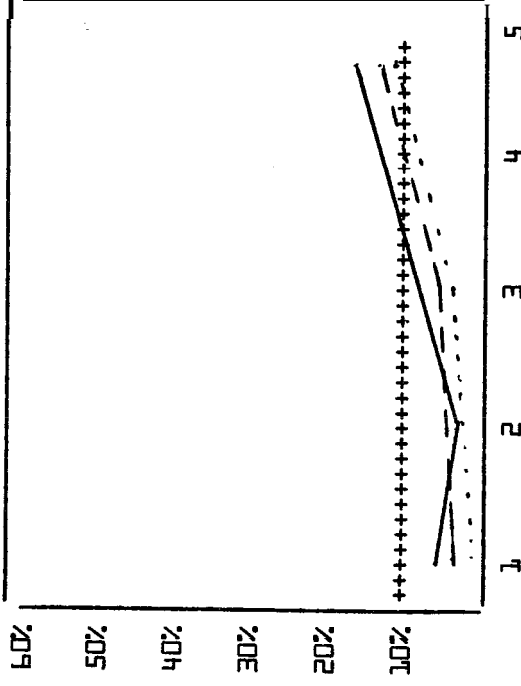
* UDAG distress level is determined by the number of UDAG distress points a community receives. Communities with a **low** distress level are those that receive 2 or fewer points, **moderate** distress communities receive 3 or 4 points, and higher distressed communities receive 5 or more points.

FIGURE 1-2
RELATIONSHIP BETWEEN PERCENTAGE OF FY 1983
CDBG ENTITLEMENT FUNDS BUDGETED TO PROGRAM
ACTIVITIES AND SELECTED CITY CHARACTERISTICS

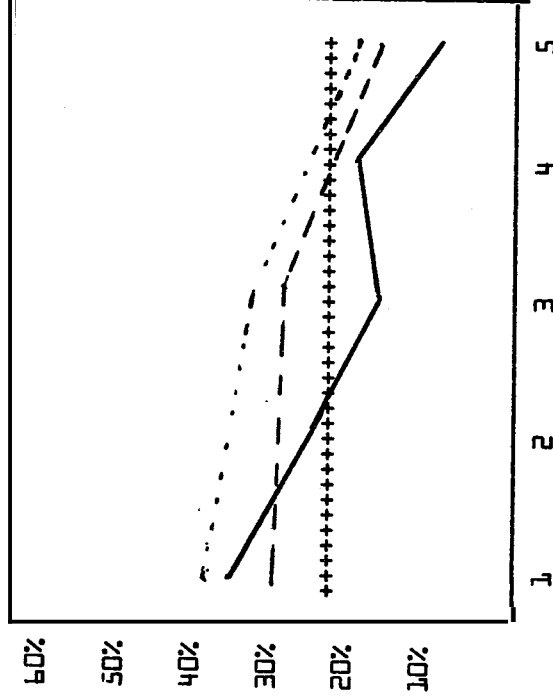
{A}
HOUSING



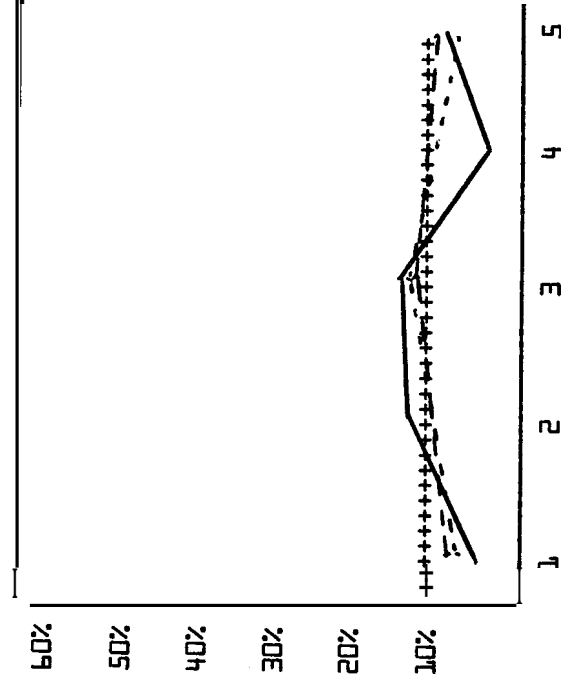
{B}
PUBLIC SERVICES



{C}
PUBLIC WORKS



{D}
ECONOMIC DEVELOPMENT



SYMBOL



LEGEND

POPULATION (in thousands)
UDAG DISTRESS
PROGRAM STATUS
ENTITLEMENT PROGRAM AVERAGE

VALUES

1=50 2=50-100 3=100-250 4=500-1,000 5=1,000+
1=low distress 3=moderate distress 5=high distress
1=Urban County 3=Non-central City 5=Central City

ACTUAL EXPENDITURE OF ENTITLEMENT PROGRAM FUNDS

CDBG entitlement grantees are required by the Housing and Community Development Act of 1974 to submit to HUD an annual performance report concerning the actual use of CDBG funds to meet the program's three national objectives--provide benefit to low- and moderate-income persons; eliminate or prevent slums and blight; or meet other urgent community development needs. This section of the chapter **summarizes** the actual use of CDBG entitlement funds by local communities during the 1981 program year.* More detail is provided in the following sections.

In program year 1981, CDBG entitlement communities spent approximately \$1,391,000,000 of the approximately \$2,118,000,000 that they identified in their GPK as available to them at the start of the year. The largest share of these funds was spent on housing rehabilitation and other housing-related projects. Expenditures for these activities were slightly more than \$500 million and represented 36 percent of the program year's funds expended. Based on estimates by local officials and HUD field staff regarding previous expenditures, approximately one-tenth of these expenditures, or \$50 million, was used to make energy efficiency improvements to the properties rehabilitated. The second largest **sum--\$263 million--**was spent for administration, planning, and oversight of local programs. Expenditures for public works **projects--\$222 million--**represented the third largest category of spending. Entitlement cities used slightly more than 10 percent of their actual 1981 expenditures for public services and clearance-related projects, and relatively small amounts, less than five percent, **for economic development** and completing categorical programs. (See **Table 1-14.**)

As Table 1-14 shows, the vast majority of these expenditures--87 percent or \$986 million--was reported by local officials on the GPRs as benefitting **low-** and moderate-income persons. The actual figure probably exceeds \$1 billion since **it** is likely that some of the \$50 million expenditures for rehabilitation and public services for which grantees did not specify the qualifying provision on the GPR, probably would also be considered by local officials to benefit **low-** and moderate-income persons.

* Because **Grantee Performance Reports (GPRs)** are submitted after the end of a community's program year, the 1981 GPRs represent the most recent available information on the expenditure of CDBG funds by a substantial number of communities that could be incorporated into this report.

TABLE 1-14

CDBG ENTITLEMENT CITY EXPENDITURES BY MAJOR ACTIVITIES
AND QUALIFYING PROVISION, PY 1981 FUNDS
(Dollars in Millions)

Activity	Qualifying Provision				Total	
	Low and Moderate Income Benefit	Eliminate Slums and Blight	Urgent Needs	Not Indicated	\$	%
Housing Related Public Facilities	\$448	\$19	*	\$40	\$507	36
and Improvements	198	15	2	7	222	16
Public Services	151	2		10	163	12
Acquisition and Clearance	126	21	1	6	154	11
Economic Development	48	10		4	62	4
Continuation of Categorical Programs	15	4	*	*	19	1
Administration and Planning	N/A ²	N/A ²	N/A ²	N/A ²	263	19
Tota1	\$986	\$	\$	\$67	\$1390	100%

As percentage of funds
subject to program
benefit rules

87% 6% * 6%

* Less than .5 percent or \$500,000.

¹ Detail does not add due to rounding. Information contained in table was developed from GPRs submitted by entitlement communities.

² N/A- Not applicable because administrative funds are presumed to support the entire local program and thus reflect the relative distributions among the qualifying provisions.

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

Table 1-15 shows the types of areas in which 1981 CDBG funds were spent. Almost half of all funds were expended in census tracts with median incomes less than 80 percent of the area median. This figure, however, underestimates the amount of funds actually spent in such areas because some of the "citywide" spending also occurs in low- and moderate-income neighborhoods and some proportion of funding for activities for which census tracts were not specified on the GPR in all likelihood occurred in such areas as well.

TABLE 1-15

ENTITLEMENT CITY EXPENDITURES BY QUALIFYING
PROVISIONS AND TYPE OF CENSUS TRACT, 1981 PROGRAM YEAR
(Dollars in Millions)

Type of Census Tract In Which Spending Occurred	Qualifying Provision			Total ¹
	Low and Moderate Income	Eliminate Slums and Blight	Urgent Needs	
Low- and Moderate- Income Tracts	\$468 (44%)	\$32 (3%)	\$2 (*)	\$504 (47%)
Non Low- and Moderate- Income Tracts	133 (13)	14 (1)	* (*)	147 (14)
No Specific Tract Reported Citywide Spending	385 (36)	26 (2)	* (*)	411 (39)
Total	98	71		1060
Percent	(93)	(7)	(*)	(100%)

* Less than .5 percent or \$500,000. Detail does not add due to rounding.

¹ Excludes \$263 million spent on administration and planning, \$67 million for which no qualifying provision was designated by the grantee, and \$8.5 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 Performance Monitoring and Evaluation Data Bases.

SPECIAL USES OF ENTITLEMENT PROGRAM FUNDS

The preceding section described the local use of CDBG entitlement funds in rather broad strokes, e.g., overall entitlement spending for housing-related activities, public works projects, etc. This section looks at the use of CDBG entitlement funds for more limited purposes--providing assistance to sheltering the homeless and the operation of the Section 108 loan guarantee program.

Shelters for the Homeless. On February 14, 1983 Secretary Pierce distributed a memorandum to HUD field offices encouraging them to promote the use of CDBG funds and other Departmental resources to assist the homeless in the Nation's cities. The memorandum was part of a Federal government-wide effort to address the needs of the homeless.

As of November 1983, approximately \$33.5 million in CDBG entitlement funds had been committed to assist the homeless by 149 entitlement cities and counties. These CDBG funds were committed by grantees in all 10 HUD Regions with the largest allocation occurring in Region 2 by grantees in New York, New Jersey, and Puerto Rico. Commitments by individual cities range from \$1,000

to more than \$12 million. Most of the grants were under \$100,000, and only 16 communities committed more than \$250,000. (See Table 1-16.)

TABLE 1-16
1983 ENTITLEMENT CDBG FUNDS BUDGETED FOR
ASSISTANCE TO THE HOMELESS, BY HUD REGION

REGION	NUMBER OF COMMUNITIES	CDBG DOLLARS
I Boston	19	\$ 1,193,308
II New York	18	13,919,800
III Philadelphia	16	4,177,585
IV Atlanta	12	1,013,060
V Chicago	22	1,709,781
VI Ft. Worth	5	545,000
VII Kansas City	8	940,000
VIII Denver	7	407,350
IX San Francisco	19	5,477,578
X Seattle	23	4,093,568
U.S. Total	149	\$,477,030

SOURCE: U.S. Department of Housing and Urban Development, community Planning and Development, Office of Field Operations and Monitoring.

In addition to these entitlement funds, approximately \$16.9 million of other contributions are involved in the CDBG-assisted projects intended to benefit the homeless. These other funds came from private sources, other local and State government funding sources, churches and religious groups, and charitable organizations such as the United Way, Salvation Army, Goodwill, and Red Cross.

Section 108 Loan Guarantees. HUD is authorized under Section 108 of the Housing and Community Development Act of 1974 to guarantee loan obligations of communities to finance acquisition of real property and to rehabilitate publicly-owned real property. This provision was designed to enable communities to finance large scale projects that could not easily be undertaken using their annual grants alone. Communities are authorized to use CDBG funds to repay the loan, usually within six years, and must pledge their grant as security. Because of the Administration's efforts to ease the pressure on the financial markets by reducing borrowing guaranteed by the Federal government, the Department has proposed the elimination of the Section 108 commitment authority.

In FY 1983, HUD issued 22 Section 108 loan guarantees for a total of \$60,626,592. Ten of these guarantees were for UDAG-related projects. As of December 31, 1983, a total of 157 guarantee commitments representing \$581 million had been approved.

According to a recent PDR study,* the primary use of Section 108 loan guarantees is for downtown economic development financing with more than one-half of Section 108-assisted projects taking place in central business districts, usually as a complementary part of a larger project. The majority of the funds, 70 percent, and the large majority of all loans, 90 percent, involved acquisition. Relocation expenses represent the second major use of Section 108 funds; half of all projects involved relocating residents, and 56 percent involved relocating businesses.

The PDR report also concluded that use of the Section 108 program has been limited to a relatively small number (less than 100) entitlement communities, although these communities occasionally are repeat users of the program. Section 108 users were also found to be larger and more likely to be distressed than non-users of the Section 108 program.

Local officials contacted in the PDR study indicated they used the Section 108 program because it met their needs, could fill short-term funding gaps, and would not have a substantial negative impact on other ongoing or planned activities if they had to cover the entire amount directly with current CDBG funds. The majority of local officials also said that had Section 108 funds not been available, they would have been unable to proceed with the projects. Virtually all the other local officials contacted said that without the Section 108 program, the project it was used in would have been scaled back or would have cost more.

COMPLIANCE REVIEWS AND SANCTIONS

MONITORING REVIEWS AND FINDINGS

FY 1983 Monitoring Guidance and Visits. During FY 1983, the Office of Community Planning and Development continued to emphasize the importance of monitoring in conjunction with providing technical assistance. Program accountability monitoring, a major new monitoring initiative in FY 1982 remained a priority. Program accountability monitoring contains both a subject area of monitoring review and a technique--intensive monitoring--for concentrating limited resources on grantees with significant compliance problems or high-risk activities.²

During FY 1983, field offices were given increased flexibility in selecting entitlement grantees to be monitored, areas to be monitored and the quantity of monitoring to be undertaken. Field offices increased the number of entitlement grantees monitored and those intensively monitored compared to FY 1982. There were 639 entitlement grantees (88 percent of all grantees) monitored in FY 1983 compared to 576 (79 percent) in FY 1982; 363 grantees (50 percent) were monitored intensively in 1983 compared to 277 (38 percent) in 1982.

* The Section 108 Loan Guarantee Program: A Report on Activities and Performance, Policy Development Division, Office of Policy Development and Research, HUD; October 1983.

TABLE 1-17
ON-SITE MONITORING OF ENTITLEMENT GRANTEES
IN FY 1982 - FY 1983

	FY 1982		FY 1983	
	Number	Percent	Number	Percent
Grantees with Active Grants	725	100%	726	100%
Grantees Monitored	576	79	639	88
Grantees Intensively Monitored	(277)	(38)	(363)	(50)

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.

Monitoring Findings. Reflecting intensive monitoring priorities, a high proportion of entitlement grantees are being monitored by Community Planning and Development (CPD) field staff in the rehabilitation, program progress, program benefit, and program accountability areas. In addition, a high proportion of grantees are being **monitored** for environmental concerns. (See **Table 1-18.**)

A monitoring finding arises from a determination by the Area Office that a grantee has a deficiency in meeting applicable program requirements for which sanctions and other corrective actions are authorized. During FY 1983 CPD field monitoring visits, 2,643 monitoring findings were made on 639 entitlement grantees reviewed. This represents a 10 percent decline in the number of findings recorded in FY 1982. Twenty-two percent of all findings involved rehabilitation activities of grantees. The seven components of Accountability Monitoring comprised 32 percent of all findings, with about one-third of these involving financial management. Other monitoring areas with a sizable proportion of monitoring findings were relocation (10 percent), environment (9 percent), and program progress (7 percent).

In addition, during FY 1983, Fair Housing and Equal Opportunity (FHEO) field staff conducted 1,238 monitoring reviews of entitlement grantees. (This figure includes 515 off-site reviews or desk audits by FHEO field staff). The FY 1983 FHEO monitoring activity resulted in 406 **monitoring** findings and represents a 21 percent decrease from FY 1982. Of these findings, three percent were in the area of benefit to minorities, 20 percent were for fair housing actions, and 31 percent related to grantee employment practices.

TABLE 1-18

FY 1982 AND FY 1983 CPD MONITORING VISITS AND FINDINGS

MONITORING AREA	PERCENT OF GRANTEES MONITORED		PERCENT OF MONITORING FINDINGS ^a	
	1982	1983	1982	1983
Rehabilitation	84%	88%	19%	22%
In-depth ^b	(49)	(61)	(16)	(18)
Limited	(35)	(27)	(3)	(4)
Program Progress	80	83	2	7
Program Benefit	75	78	7	5
Environment	61	56	10	9
In-depth	(54)	(49)	(9)	(9)
Limited	(7)	(7)	(1)	(*)
Accountability				
Financial Management				
In-depth	34	25	9	8
Limited	25	16	2	2
Procurement	38	23	3	4
Administrative Allowable Costs	37	11	4	3
Management Systems	42	25	5	3
Third Party Contractors	36	24	5	5
Personal Property Management	33	20	3	3
Relocation				
In-depth	35	25	10	9
Limited	7	7	1	1
Acquisition	37	29	5	5
HAP	33	25	2	
Labor Standards	28	29	6	5
Fair Housing & Equal Opportunity ^c	24	24	4	3
Citizen Participation	24	12	1	
Eligibility of Activities	14	19	1	2
Other	10	9	2	1
Total	N= 576	639	2,927	2,643
	Grantees Monitored	Grantees Monitored	Monitoring Findings	Monitoring Findings

* Less than .5 percent.

a HUD can register multiple findings in any monitoring area for any grantee monitored.

b In-depth monitoring involves a detailed review of a particular monitoring area. Grantees may be the subject of both kinds of monitoring.

c Fair Housing and Equal Opportunity field office staff also undertake a comprehensive in-house (off-site monitoring) of all CDBG grantees as a means of identifying grantees and activities for on-site monitoring. Information regarding this monitoring activity is described in the text of this report.

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.

Contract Conditioning. The conditioning of a CDBG entitlement grant award (or contract) is an administrative action in which entitlement funds are approved but the obligation or use of funds for affected activities is restricted until the condition is satisfied. Conditioning is limited to cases where HUD has determined that performance deficiencies exist that would justify grant reduction. Headquarters approval is required for all grant conditions. In FY 1983, 14 (2 percent) of 723 entitlement communities were awarded grants with conditions attached. This is down slightly from the 22 (3 percent) communities receiving conditioned grants in FY 1982.

Seventeen conditions were imposed on these 14 communities in 1983, a decline from the 26 conditions placed on grants in FY 1982. Five of the conditions were for HAP performance issues, three for audit findings, two for financial management problems, two for ineligible activities, and one each for program income, subgrantee audits, rehabilitation, program progress, and environmental concerns.

Audits. Every entitlement community must have its program reviewed by an Independent Public Accountant (IPA) at least biennially and preferably every year. The IPA audit is sent to the HUD Regional Inspector General for Audit (RIGA) for review and acceptance. The RIGA may also undertake audits of part or all of the CDBG program of selected grantees. A "Finding" under an IPA or OIG audit means that: (1) a cost has been questioned; (2) a conclusion has been reached disallowing the cost; or (3) a judgment has been made concerning the local government's procedures and system of internal controls. Audit findings are subject to review by Area Office program staff, and this review may result in the findings either being resolved in favor of the grantee ("not sustained") or against the grantee ("sustained").

During FY 1983, 644 audit reports on CDBG entitlement grantees were submitted to HUD for review. Ninety-six percent of those audits were conducted by Independent Public Accountants (IPAs). Forty-five percent (283) of these reports contained findings, and twenty-six percent contained findings questioning or disallowing costs. The number of audit reports submitted in FY 1983 was down by 32 percent (from 952 to 644) from FY 1982 and this appears to be due to the continued close-out of the hold-harmless category of entitlement recipients. (See Table 1-19.)

TABLE 1-19

AUDIT REPORTS AND FINDINGS REGARDING CDBG ENTITLEMENT ACTIVITIES
DURING FY 1982 AND FY 1983

	<u>1982</u> <u>NUMBER</u>	<u>FY 1983</u> <u>NUMBER</u>
Audit Reports ¹	952	644
Audit Reports with Findings	419	283
Reports with Monetary Findings ²	(244)	(168)
Reports with Non-Monetary Findings Only	(175)	(115)

1 The overwhelming number of audits are conducted by Independent Public Accountants (IPAs). In FY 1982, 903 (95 percent) and in FY 1983 620 (96 percent) of the audits were done by IPAs. The Office of Inspector General undertook 49 audits in FY 1982 and 24 audits in FY 1983.

2 In FY 1982, 173 audit reports had both monetary and non-monetary findings, and 71 reports had monetary findings only. In FY 1983, 119 audit reports had both monetary and non-monetary findings, and 49 reports had monetary findings only.

SOURCE: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Inspector General, Planning and Research Division. Compiled by the Office of Program Analysis and Evaluation.

In FY 1983, there was a total of 1,407 findings in 283 audit reports on entitlement grantee's CDBG activities. The number of findings decreased 14 percent from FY 1982, while the number of reports decreased by almost one-third (from 419 to 283). Approximately 42 percent of the FY 1983 findings involved questioned or disallowed costs, about the same proportion of monetary findings as in FY 1982.

While the number of monetary findings decreased in FY 1983, the dollar amount involved increased 52 percent over FY 1982. There was \$103.6 million in monetary findings in FY 1983 reports compared to \$68.3 million in FY 1982. However, the proportion of sustained costs actually declined in FY 1983 (from 32 to 25 percent), while the absolute level increased. (See Table 1-20.)

TABLE 1-20

TYPE AND AMOUNT OF AUDIT FINDINGS IN THE CDBG
ENTITLEMENT PROGRAM IN FY 1982 AND FY 1983

	FY 1982		FY 1983	
	NUMBER	PERCENT	NUMBER	PERCENT
Total Audit Findings	1629	100%	1407	100%
Total Audit Monetary	635	39	596	42
Total Audit Non-Monetary	994	61	811	58

	AMOUNT	PERCENT	AMOUNT	PERCENT
MONETARY FINDINGS	(\$000)		(\$000)	
CDBG Monetary Findings	\$68,279	100%	\$103,631	100%
Not Sustained	38,331	56	65,106	63
Sustained	21,599	32	26,328	25
Unresolved	8,349	12	12,197	12

SOURCE: U.S. Department of Housing and Urban Development, Office of Inspector General, Planning and Research Division. Compiled by the Office of Program Analysis and Evaluation.

Grant Reductions. Eight entitlement recipients had their FY 1983 grant awards partially reduced as a result of past performance deficiencies. This is a decline of two from FY 1982. In all, \$899,000 was reduced from these eight grantees. This was a sizable decline from the FY 1982 level of \$2.55 million. All FY 1983 reductions were due to audit findings.

Fair Housing and Equal Opportunity Requirements. Grantees participating in the CDBG Entitlement program must submit certifications of compliance with Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968 and other applicable laws. The applicable civil rights laws prohibit discrimination in the provision of housing, benefits, services, facilities, and employment opportunities based on race, color, national origin, sex, age, or handicap. These laws apply to any program or activity funded in whole or part under Title I - Housing and Community Development Act of 1974.

Further, the grantee is required by Section 3 of the Housing and Urban Development Act of 1968 to make available to the greatest extent feasible, training and employment opportunities to lower-income residents of areas and contracts to small businesses located within the project area or owned in substantial part by area residents. The Department further encourages the use of minority businesses by grantees in carrying out their CDBG Entitlement programs.

In addition to submitting certifications, grantees are required to prepare and submit to HUD a Housing Assistance Plan (HAP). This Plan, in addition to other provisions, must include estimates of housing assistance needs of lower-income persons currently residing in the community, by tenure type and by household type (lower-income households which are elderly and handicapped, small families and non-elderly individuals and large families), for all households to be displaced by public action and, where information is

available, by private action during the three-year program. Such estimates shall also be provided for lower-income minority households. The HAP must identify the special housing needs of handicapped persons and any other special housing needs of particular groups of lower-income households in the community, such as Black, Hispanic, or other minority households.

Grantees also are required to submit to HUD an annual performance report. This report must include, at a minimum, the following components relating to fair housing and equal opportunity:

- o Direct Benefit Activity -- the grantee report must be specific in the total number of households/persons assisted and give the percent of these assisted households/persons who are lower-income as well as the percentage assisted by racial/ethnic group and the percentage of lower-income households assisted that were headed by a female.
- o Fair Housing -- the grantee must describe the actions it took during the year to affirmatively further fair housing, in conformance with its certifications.
- o Displacement/Relocation -- the grantee must report on the displacement/relocation of low- and moderate-income households as well as minorities (by category) affected as a result of program activities. This report includes data on where displacees relocate.

FY 1983 SECRETARY'S DISCRETIONARY FUND PROGRAM

The Secretary's Discretionary Fund is a relatively small but important component of the CDBG program. It consists of four programs for which \$56.5 million was allocated in FY 1983. These programs are the Indian Tribes and Alaskan Natives CDBG, the Technical Assistance, the Insular Areas, and the Special Projects programs.

The Indian Tribes and Alaskan Natives CDBG Program received \$32.8 million in FY 1983, the largest share of the Secretary's Fund. The program provides funds for eligible community development activities of any Indian Tribe, band, group, or nation, including Alaskan Indians, Aleuts, and Eskimos and any Alaskan Native Village that is considered eligible under the Indian Self-Determination and Education Assistance Act or under the State and Local Assistance Act of 1972 (General Revenue Sharing Act). In FY 1983, HUD provided grants to 125 Tribes and villages; 18 percent of the funds awarded was for housing rehabilitation; 13 percent for infrastructure projects; 26 percent for community facilities; 32 percent for economic development; and 5 percent for other community development activities.

In FY 1983, the second largest share of the Secretary's Fund was received by the Technical Assistance Program; \$17 million was allocated to this program. The Technical Assistance program transfers knowledge and skills necessary for implementing CDBG programs and objectives through contracts, cooperative agreements, grants, and interagency arrangements.

In FY 1983, a total of 104 technical assistance projects directed toward a variety of purposes and groups were funded. Economic development, especially UDAG-oriented, was the largest area of technical assistance funded in FY 1983, with approximately \$5.2 million obligated. Technical assistance was provided to entitlement cities and small cities concerning UDAG application preparation and revision, financial structures, project development strategies, and on-site assistance was provided to communities having difficulty implementing UDAG projects. Technical assistance on economic development was provided to the Insular Areas through an interagency agreement with the Interior Department. Other cooperative agreements sought to increase small and minority business development and participation in CPD programs.

Other areas funded included three million dollars allocated to 27 States to improve their capacity to administer the Small Cities Block Grant program and to assist small cities in applying for grants. Fifty-six universities and colleges received almost \$2 million to fund work-study programs to attract minorities, women, and economically disadvantaged students to careers in community and economic development. In addition, five contracts totalling almost \$1 million were initiated to provide technical assistance to meet the special needs of Black, Hispanic, and Indian communities in CDBG programs.

Approximately \$1.4 million dollars was allocated for housing related technical assistance. Two agreements (totalling \$1.2 million) were initiated to assist State and local governments in implementing rental rehabilitation demonstrations. Another contract was undertaken to help the private sector expand the supply of low- and moderate-income housing through innovative building techniques.

Technical assistance was provided through 20 projects totalling approximately \$768,000 to States and local governments to assist them to integrate energy conservation and generation into their economic and community development programs and strategies. A major focus was assistance to communities to develop their economic potential through district heating.

Through the third component of the Secretary's Fund, the Insular Areas CDBG program, HUD awarded approximately \$6 million; \$1.6 million to the Virgin Islands; \$2 million to Guam; \$500,000 to the Commonwealth of Northern Mariana Islands; \$300,000 to American Samoa and approximately \$1.6 million to the Pacific Trust Territories. These funds were used for water, sewer, housing rehabilitation, and economic development needs.

The fourth component of the Secretary's Fund, the Special Projects program funded two projects in FY 1983 for a total of \$800,000.

CLOSEOUT OF COMMUNITY DEVELOPMENT PROJECTS

A major FY 1983 Departmental priority called for continuing the close out of various community development projects and grants.

CATEGORICAL GRANTS

A major on-going Departmental responsibility has been to close out projects funded by the seven categorical programs which were replaced by the Community Development Block Grant program. At the beginning of 1974, there were 6,958 categorical projects, consisting of 3,095 Open Space, 1,395 Water and Sewer, 1,631 Urban Renewal and Neighborhood Development, 492 Neighborhood Facilities, 200 Code Enforcement, and 145 Model Cities projects. The vast majority of these projects have been closed out. The table below shows the pattern of decrease since 1974 in active categorical projects.

TABLE 1-21

NUMBER OF CATEGORICAL COMMUNITY DEVELOPMENT PROJECTS ACTIVE
AT THE START OF SELECTED FISCAL YEARS: 1975-1984

1975	1977	1979	1981	1982	1983	1984
<u>4,862</u>	<u>2,201</u>	<u>748</u>	<u>181</u>	<u>79</u>	<u>39</u>	<u>18</u>

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

At the start of 1983, 39 categorical projects were still active. Of these projects, 21 were closed out during the year. During 1983, 14 or 54 percent of the remaining Urban Renewal Projects were closed. HUD also closed six or (50 percent) of the remaining Resource projects and the last remaining Model Cities project.

At the beginning of FY 1984, only 18 categorical projects remained in an active state. The remaining active projects include 11 Urban Renewal Projects, five Neighborhood Projects, one Code Enforcement Project, and one Open Space Project.

HOLD HARMLESS GRANTS

The 1974 Housing and Community Development Act, as amended, created a category of temporary entitlement recipients composed of smaller cities that, while not qualifying for a formula entitlement, had participated in one or more of the several categorical programs consolidated into the Title I CDBG program.

For the first three years of the CDBG program, hold-harmless communities received a grant based upon their average past categorical program experience. The hold-harmless allocation was reduced by one-third for each such grantee in FY 1978, by an additional one-third in FY 1979, and was eliminated in FY 1980. These smaller cities were also eligible to receive grants under the Small Cities competitive program.

The Department has made steady progress in closing out the five years of hold-harmless grants. As of the end of FY 1982, 2,333 of these grants (66 percent) had been closed, and 1,200 grants remained to be closed out. During FY 1983, 56 percent or 669 of the remaining projects were closed, leaving 531 active grants as shown in Table 1-22 below.

TABLE 1-22
HOLD-HARMLESS GRANT CLOSE OUTS BY FISCAL YEAR OF GRANTS

	FISCAL YEARS					TOTAL
	1975	1976	1977	1978	1979	
Grants Made	740	729	716	682	666	3,533
Closed as of 9/82	506	482	473	443	429	2,333
Closed FY 1983	135	137	136	128	133	669
Active	99	110	107	111	104	531

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

PLANNING ASSISTANCE (701) PROGRAM

Since the Planning Assistance (701) program was repealed by Section 313(b) of the Housing and Community Development Amendments of 1981, HUD field offices have continued to close out 701 projects as scheduled. Prior to its repeal, the 701 program authorized grants to support State, areawide, and local comprehensive planning and management programs for urban and rural development. In FY 1983, field offices closed out 222 or 84 percent of the remaining projects. For FY 1984, 42 programmatic close outs and 371 audit reviews remain to be completed.

NEIGHBORHOOD SELF-HELP DEVELOPMENT GRANT PROGRAM

The Neighborhood Self-Help Development (NSHD) program was authorized under Title VII of the Housing and Community Development Amendments of 1978 to give grants and other forms of assistance to qualified neighborhood organizations to undertake housing, economic and community development, and other appropriate neighborhood conservation and revitalization projects in low- and moderate-income neighborhoods. Over 50 percent of the program activities involved housing rehabilitation. The program was repealed by Section 313(a) of the Housing and Community Development Amendments of 1981.

Of 125 active Neighborhood Self-Help Development grants, 116 required monitoring and close out at the beginning of Fiscal Year 1983. Programmatic close outs were carried out for 82 grants and final close outs performed for 72 grants. With the addition of 12 grants closed out in FY 1982, a total of 94 programmatic and 72 final close outs had been carried out by the end of the 1983 fiscal year.

NEW COMMUNITIES PROGRAM

Final close out of the New Communities program was initiated in FY 1983. Of the 48 grants awarded to 11 New Communities to be serviced and closed out, four grants were closed in 1983. There were \$100,357,881 in grant approvals made from FY 1975 to FY 1982. Of this amount, \$11,430,769 remained to be drawn down at the end of FY 1983.

COMMUNITY DEVELOPMENT BLOCK GRANT JOBS PROGRAM

The CDBG Jobs program was created as part of the Emergency Jobs Appropriation, Public Law 98-8, of March 24, 1983. The program was funded by a one-time appropriation of \$1 billion for community development grants. The legislation named the Department of Housing and Urban Development as the administering agency.

PROGRAM OPERATIONS

Objectives. In formulating the specifics of this program, Congress stressed the importance of getting useful projects underway quickly, targeting areas of highest unemployment and persons out of work for some time, and opening employment opportunities for women and minorities. The Congress recognized that the Community Development Block Grant program has features that address these goals.

Special Provisions. The Jobs program legislation contains special provisions that focus community development jobs spending on the legislation's objectives. These include the following:

1. Spending should support projects which create jobs, particularly for persons who have been unemployed for at least 15 of the 26 weeks prior to enactment of the legislation.
2. Spending is to be directed to areas of high unemployment.
3. The ten percent limitation on individual grantee spending for public services which applies to regular CDBG expenditures is removed for these additional funds only. In its place is a \$500 million limit on total expenditures for public services.
4. The appropriation has a one percent set-aside for Indian programs.
5. Quarterly reports are required by grantees to HUD and by HUD to Congress on the use of CDBG Jobs program funds.

Equal Opportunity Requirements. Since the creation of jobs is a primary purpose of the CDBG Jobs program, Title VI of the Civil Rights Act of 1964 applies to the jobs supported or created through the program. Therefore, the statutorily-mandated Title VI certification requires that grantees certify that they will not discriminate on the basis of race, ethnicity, or gender in who receives the jobs created.

HUD is mandated to provide quarterly reports to Congress on the use of the CDBG Jobs program funds. Because the current Grantee Performance Report (GPR) used in the regular CDBG program does not require data on the jobs created and on those persons who were employed with CDBG funds, OMB has approved collection of these additional data for the CDBG Jobs program and these reports will serve as part of the basis for required reporting to Congress. Furthermore, in the Notice of Fund Availability for the CDBG Jobs program, grantees were advised that they would be required to maintain records which contain information on employment opportunities directly supported by these funds. These records cover jobs provided by the grantees and contractors. The data must include separate identification of employees by race, sex and ethnicity, and with the exception of the State CDBG Jobs program, grantees must report this employment data to HUD annually.

Allocation of CDBG Jobs Program Funds. CDBG Jobs program funds were allocated to grantees using a multi-stage process. First, Congress appropriated \$750 million to be shared among CDBG Entitlement and Small Cities program participants with one percent set aside for grants to Indian Tribes. Congress also appropriated an additional \$250 million exclusively for allocation among entitlement communities.

The next stage involved determining amounts to be allocated to each State. The \$742.5 million (\$750 million less one percent) was allocated among the 50 States, the District of Columbia, and Puerto Rico, according to the following formula:

- one-half of the funds (\$371.25 million) went to States according to the relative shares of all regular CDBG entitlement and non-entitlement funds the States had received;
- one-third of the funds (\$247.5 million) went to States according to the relative shares of all unemployed persons in those States; and
- one-sixth of the funds (\$123.75 million) among States with long-term unemployment (21 States, the District of Columbia, and Puerto Rico) according to the relative share of the long-term unemployed persons among each of those jurisdictions.

The \$250 million dollars appropriated exclusively for entitlement communities was allocated using the same three factors except that in the first factor, only the State's share of all entitlement community funds was considered.

After a State's total allocation was determined, it was divided into entitlement and non-entitlement shares. Non-entitlement areas in a State received the same portion of the State's allotment of the \$742.5 million as the non-entitlement areas received under the regular CDBG program. Entitlement areas in each State received the balance of the State's share of the \$742.5 million and the State's share of the \$250 million appropriated exclusively for entitlement communities.

In the final stage of the process, each entitlement community received a percentage of CDBG Entitlement Jobs program funds equal to its percentage of regular CDBG funds allocated to the State. Non-entitlement funds were distributed by State governments, using methods they designed to reflect the

special provisions of the Jobs Bill. HUD administered the non-entitlement funds in States that chose not to administer the program and also selected the Indian Tribes to receive funds from the \$7.5 million set aside for this purpose.

Program Implementation: The Department of Housing and Urban Development **informed** potential grantees and States of their preliminary fund allocations on April 8th, two weeks after the Jobs program legislation was enacted. At that time, local officials of entitlement communities could begin selecting community development projects and holding public hearings on the use of funds; States could begin planning to distribute funds to nonentitlement communities. Final allocations, which differed only slightly from preliminary estimates, were made known on April 21st. The following information **summarizes** when significant program implementation actions were undertaken:

- March 24 - Legislation signed.
- April 5 - Preliminary information disseminated.
- April 8 - Preliminary allocation made known to grantees.
- April 21 - Final allocations sent to field offices.
- April 22 - Questions and answers made available.
- May 12 - Reporting instructions distributed.
- May 19 - Federal Register notice of fund availability published.
- May 27 - Instructions on operating procedures disseminated.
- July 1 - State, entitlement grantees final statements due.
- July 15 - Indian Tribe final statements due.
- August 26 - 50 percent limit on public service expenditures lifted.

Entitlement grantees and States administering nonentitlement grants were to submit Final Statements of **Community** Development Objectives and Projected Use of Funds by July 1, 1983. Indian Tribes' Final Statements were due by July 15th. All had public participation requirements to **fulfill** before submitting a final statement with certifications. States, entitlement communities, and Indian Tribes could submit a final statement upon completion of presubmission **requirements**, although HUD could not approve it until the Notice of Funds Available was published in the Federal Register on May 19th.

The level of participation in the program was quite high. Seven hundred sixty-three entitlement communities submitted final statements with certifications covering the special provisions of the program and were issued letters of credit. All States with the exception of Maryland, Hawaii, Kansas, and New York elected to distribute funds to their nonentitlement communities. HUD administered the nonentitlement Jobs program in those four States. In addition, HUD funded 36 of the 181 Indian Tribe submissions.

PROGRAM PERFORMANCE

Planned Activities with CDBG Jobs Program Funds. **Public** works and improvements activities were heavily favored by grantees in their budget plans for the CDBG Jobs program, especially in the State nonentitlement component. According to the Quarterly Status Reports submitted by CDBG Jobs program grantees, over one-half of all CDBG Jobs program funds was budgeted for public works and facilities projects. The proportion of Jobs program funds budgeted for public works and facilities is almost twice that of the regular CDBG entitlement program. For example, CDBG entitlement grantees in 1983 allocated 22 percent of their entitlement funds to public works and improvements.

TABLE 1-23

DISTRIBUTION OF CDBG JOBS PROGRAM FUNDS AMONG PROJECT CATEGORIES

Public Works/ Facilities	Public Services	Housing Rehabilitation	Economic Development	Other Projects
51%	21%	12%	9%	7%

Entitlement grantees budgeted 21 percent of their CDBG Jobs program funds for public services, while other grantee groups planned to spend only a minimal amount on public services. For comparison purposes, entitlement grantees budgeted 11 percent of their 1983 CDBG entitlement funds to public services. As a group, grantees budgeted twelve percent of their CDBG Jobs program funds for housing rehabilitation, nine percent for financial assistance to businesses for economic development, and seven percent for other types of projects. The percentage of CDBG Jobs program funds allocated for housing rehabilitation, 12 percent, contrasts with the proportion of regular CDBG Entitlement program funds normally devoted to that activity. In 1983, for example, 36 percent of the CDBG Entitlement Program money was budgeted for housing rehabilitation.

Financial Performance through September 1983. By the end of September, most grantees had submitted final statements, and HUD had obligated 95 percent of the funds to grantees. In turn, the approved grantees obligated 21 percent of their funds through contracts, purchase orders, and other binding commitments. This amounted to about \$200 million committed for community development projects and public services.

Furthermore, grantees actually spent over \$19 million of the funds they had budgeted by the end of September 1983. They spent six percent of the funds budgeted for financial assistance to businesses for economic development and four percent of the amount planned for public services. They spent three percent or less of the planned amount in the other project categories. Most of the spending was by urban counties and entitlement cities, the group which got their projects underway more quickly than the other grantee groups since they did not have to participate in competitions as did most other recipients.

Employment and Job Creation through September 1983. CDBG Jobs program grantees reported that they made firm commitments involving the employment of nearly 34,000 persons by September 30, 1983, providing approximately 245,000 weeks of employment. In addition, they reported having committed funds to create approximately 10,000 new permanent jobs by assisting businesses for economic development. Public services and public works projects accounted for 80 percent of the employment commitments, even though these categories did not have the highest levels of funds obligated during the quarter. It is extremely difficult to predict the level of total employment support and job creation which will be achieved in the CDBG Jobs program. Assuming that current trends continue, however, it can be projected that the program may support over 171,600 persons in approximately 23,600 person years of direct employment.

FOOTNOTES

- 1 The following metropolitan cities chose to have their CDBG entitlement grants included in an urban county entitlement grant: Chester and Haverford, PA, (Delaware County); Troy, MI, (Oakland County); Wauwatose, WI, (Milwaukee County); **Cerritos**, CA, (Los Angeles County).
- 2 As a subject area for review, Program Accountability Monitoring concentrates on the management systems of grantees in six specific areas: administrative costs, financial management, management systems, personal property management, procurement, and third-party contractors. Selected grantees are analyzed in a two-phase review. The first phase focuses upon the grantee's overall management systems and practices for conformance with Federal standards and requirements found in OMB Circulars A-87 and A-102. The second phase involves close scrutiny of a sample of individual projects to verify that the grantee's operations are being carried out in **conformance** with its approved management systems.

Program Accountability Monitoring also directs on-site monitoring efforts to grantees and activities most likely to experience noncompliance or inefficiencies. A select number of grantees are chosen to be intensively monitored in four areas: program progress, program benefit, rehabilitation, and the new priority area, program accountability. These grantees are chosen as a result of past performance deficiencies, indications of current program noncompliance, or because they are funding a significant level of activities identified as "high risk". Based upon past experience, "high risk" activities are defined as rehabilitation activities and public services, especially those carried out by subrecipients and third party contractors.

TABLE A-1: PART 1
ESTIMATED CDBG ENTITLEMENT CITY FUNDING BY MAJOR ACTIVITIES BUDGETED 1979-1983
(Dollars in Millions)

	1983	1982	1981	1980	1979
PUBLIC FACILITIES AND IMPROVEMENTS (percent)	\$ 431.0 (19.2)	\$ 423.0 (20.0)	\$ 569.4 (24.0)	\$ 632.6 (26.9)	\$ 712.4 (28.8)
Street Improvements	182.4	164.3	279.1	266.8	278.5
Parks, Recreation, etc.	58.2	55.0	67.3	81.2	104.5
Water and Sewer	9.0	44.0	68.9	66.7	78.8
Flood and Drainage	22.7	14.3	16.6	21.3	33.1
Neighborhood Facilities	16.2	19.4	49.0	70.2	67.9
Solid Waste Facilities	8.7	2.5	1.3	1.1	2.2
Parking Facilities	7.1	.7	9.4	23.8	12.1
Fire Protection Facilities	6.5	9.6	9.5	9.7	12.4
Removal of Arch. Barriers	6.0	6.8	11.0	13.2	13.4
Senior Centers	6.0	8.3	9.6	14.7	16.8
Centers for the Handicapped	1.3	1.4	8.2	8.6	7.2
Other Public Works and Facilities	46.0	96.7	40.1	55.4	79.8
HOUSING RELATED ACTIVITIES (percent)	\$ 802.5 (37.3)	\$ 768.1 (36.3)	\$ 816.0 (34.4)	\$ 752.8 (32.0)	\$ 702.6 (28.4)
Rehab. of Private Property	548.0	584.2	610.7	575.9	471.6
Rehab. of Pub. Res. Structures	105.0	108.9	115.0	88.5	133.6
Rehab. of Pub. Housing Mod.	18.3	12.5	27.0	28.4	29.7
Code Enforcement	54.8	52.6	52.2	47.5	53.4
Historic Preservation	9.2	9.9	11.1	12.5	14.3
New Housing: LDCs	67.2	N/A	N/A	N/A	N/A
ACQUISITION/CLEARANCE RELATED (percent)	\$ 99.9 (4.6)	\$ 176.0 (8.3)	\$ 260.4 (11.0)	\$ 278.7 (11.9)	\$ 324.7 (13.1)
Acquisition of Real Property	25.4	92.3	141.3	151.0	182.6
Clearance	35.4	45.5	53.8	60.2	65.3
Relocation	27.9	31.0	54.5	58.8	68.8
Disposition	11.2	7.2	10.8	8.7	8.0
PUBLIC SERVICES (percent)	\$ 254.1 -OM-	\$ 195.1 (9.2)	\$ 180.3 (7.6)	\$ 180.1 (7.7)	\$ 191.2 (7.7)
ECONOMIC DEVELOPMENT (percent)	\$ 91.7 (9.5)	\$ 174.1 (8.2)	\$ 121.5 (5.1)	\$ 119.4 (5.1)	\$ 89.2 (3.6)
Local Development Corporation	90.4	73.7	74.8	68.5	38.4
Public Fac. and Impr. for ED	27.1	31.7	16.5	22.5	22.3
Comm. and Ind. Fac. for ED	58.6	52.5	19.1	18.0	17.3
Acquisition for ED	28.6	16.2	11.1	10.4	11.2
COMPLETION OF CATEGORICAL PROGRAMS (percent)	\$ 19.8 (.9)	\$ 31.6 (1.5)	\$ 19.8 (.8)	\$ 36.8 (1.6)	\$ 43.1 (1.7)
CONTINGENCIES AND LOCAL OPTIONS (percent)	\$ 53.8 (2.5)	\$ 47.3 (2.2)	\$ 79.9 (3.4)	\$ 95.3 (4.1)	\$ 102.4
ADMINISTRATION AND PLANNING (percent)	\$ 304.2 (14.1)	\$ 303.4 (14.3)	\$ 327.1 (13.8)	\$ 255.0 (10.8)	\$ 304.2 (12.3)
Administration	249.8	253.4	272.1	205.9	250.0
Planning	54.4	50.0	56.0	49.1	54.2
TOTAL RESOURCES	\$2152.1	\$2118.6	\$2374.3	\$2350.7	\$2471.1
Net Grant Amount	1954.0	1963.9	2196.8	2216.8	2282.7
Other Program Resources ¹	198.1	154.7	177.5	133.9	188.4

N/A= Not available

¹ Includes program income, surplus urban renewal funds, loan proceeds, and funds reprogrammed from prior years' grants.

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

TABLE A-1: PART 2
ESTIMATED CDBG ENTITLEMENT CITY FUNDING BY MAJOR ACTIVITIES
1975-1978
(Dollars in Millions)

	1978	1977	1976	1975
<u>PUBLIC FACILITIES AND IMPROVEMENTS</u>	<u>\$ 751.8</u>	<u>\$ 830.2</u>	<u>\$ 759.4</u>	<u>\$ 601.5</u>
(percent)	(30.8)	(34.6)	(33.9)	(30.0)
Public Works, Facilities, and Site Improvements	751.4	830.1	759.2	601.3
Payments for Loss of Rental Income	.4	.1	.2	.2
<u>REHABILITATION</u>	<u>\$ 402.3</u>	<u>\$ 329.5</u>	<u>\$ 285.3</u>	<u>\$ 228.0</u>
(percent)	(16.5)	(13.7)	(12.7)	(11.4)
Rehabilitation Loans and Grants	366.8	294.0	255.4	195.7
Code Enforcement	45.5	35.5	29.9	32.4
<u>ACQUISITION/CLEARANCE RELATED</u>	<u>\$ 527.8</u>	<u>\$ 440.0</u>	<u>\$ 420.1</u>	<u>\$ 436.4</u>
(percent)	(21.6)	(18.0)	(18.8)	(21.7)
Acquisition of Real Property	87.7	225.5	215.5	240.0
Clearance, Demolition, and Rehabilitation	234.8	125.8	112.5	105.8
Disposition of Real Property	4.8	3.7	7.0	3.1
Relocation Payments and Assistance	80.5	85.0	85.1	87.5
<u>PUBLIC SERVICES</u>	<u>\$ 220.6</u>	<u>\$ 174.6</u>	<u>\$ 149.1</u>	<u>\$ 87.4</u>
(percent)	(9.0)	(7.3)	(6.7)	(4.4)
Provision of Public Services	200.5	163.1	136.4	72.2
Special Projects for the Elderly and Handicapped	20.1	11.5	12.7	15.2
<u>COMPLETION OF CATEGORICAL PROGRAMS</u>	<u>\$ 113.9</u>	<u>\$ 204.4</u>	<u>\$ 261.1</u>	<u>\$ 320.9</u>
(percent)	(4.7)	(8.5)	(11.7)	(16.0)
Completion of Urban Renewal Land Projects	76.0	151.9	154.3	158.1
Continuation of Model Cities Activities	2.4	17.6	66.4	132.2
Payment of Non-Federal share	35.5	34.9	40.4	30.6
<u>CONTINGENCIES AND LOCAL OPTIONS</u>	<u>\$ 86.2</u>	<u>\$ 107.3</u>	<u>\$ 93.6</u>	<u>\$ 97.2</u>
(percent)	(3.5)	(4.5)	(4.2)	(4.9)
<u>ADMINISTRATION AND PLANNING</u>	<u>\$ 335.0</u>	<u>\$ 309.3</u>	<u>\$ 270.6</u>	<u>\$ 232.5</u>
(percent)	(13.7)	(12.9)	(12.1)	(11.6)
Administration	251.5	229.5	201.4	150.6
Planning and Management Development	83.5	79.8	69.2	81.9
<u>TOTAL RESOURCES</u>	<u>\$2437.6</u>	<u>\$2395.3</u>	<u>\$2239.2</u>	<u>\$2003.9</u>
Net Grant Amount	2295.8	2263.3	2115.9	1986.9
Other Program Resources ¹	141.8	19.0	123.3	17.0

¹ Includes program income, surplus urban renewal funds, loan proceeds, and funds reprogrammed from prior years' grants.

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

TABLE A-2: PART 1
ESTIMATED CDBG URBAN COUNTY FUNDING BY MAJOR ACTIVITIES BUDGETED 1979-1983
(Dollars in Millions)

	1983	1982	1981	1980	1979
<u>PUBLIC FACILITIES AND IMPROVEMENTS</u>	\$ 161.2	\$ 155.6	\$ 171.1	\$ 178.5	\$ 185.6
(percent)	(34.1)	(37.7)	(39.3)	(42.3)	(45.7)
Street Improvements	61.6	51.2	61.2	65.5	60.8
Parks, Recreation, etc.	11.4	13.1	17.1	15.8	17.1
Water and Sewer	39.0	32.3	42.5	42.6	47.6
flood and Drainage	9.7	9.3	m.7	9.9	11.2
Neighborhood Facilities	.9	11.5	m.7	13.8	16.5
Solid Waste Facilities	.5	1.9	.2		.2
Parking Facilities	2.5	1.0	1.7	1.9	2.5
Fire Protection Facilities	4.5	3.2	4.2	3.6	3.9
Removal of Arch. Barriers	5.2	3.8	5.8	6.9	6.0
Senior Centers	8.2	7.9	11.3	10.9	12.2
Centers for the Handicapped	1.7	1.1	.9	1.8	1.3
Other Public Facilities	16.0	18.6	4.1	4.6	4.2
<u>HOUSING RELATED ACTIVITIES</u>	\$ 119.1	\$ 117.4	\$ 117.7	\$ 103.6	\$ 94.4
(percent)	(25.2)	(28.5)	(31.2)	(26.0)	(23.2)
Rehab of Private Property	100.6	110.1	119.1	97.2	84.0
Rehab of Pub. Res. Structures	1.5	1.6	5.4	3.3	3.4
Rehab of Pub. Housing Mod.	2.2	1.1	2.2	2.1	1.6
Code Enforcement	3.2	3.0	6.6	4.8	2.9
Historic Preservation	2.0	1.6	2.4	2.2	2.5
New Housing: LDCs	9.6	-N/A-	-N/A-	-N/A-	-N/A-
<u>ACQUISITION/CLEARANCE RELATED</u>	\$ 7.1	\$ 18.9	\$ 32.9	\$ 37.2	\$ 37.0
(percent)	(1.5)	(4.6)	(7.6)		(9.1)
Acquisition of Real Property	1.4	13.3	24.7	29.3	26.9
Clearance	2.2	2.3	3.9	3.5	4.9
Relocation	3.4	3.3	4.1	4.4	4.9
Disposition	.1		.2		.3
<u>PUBLIC SERVICES</u>	\$ 22.0	\$ 18.4	\$ 7.6	\$ 7.3	\$ 8.0
(percent)	(4.7)	(4.5)	(1.7)	(1.7)	(2.0)
<u>ECONOMIC DEVELOPMENT</u>	\$ 58.1	\$ 31.2	\$ 11.5	\$ 10.3	\$ 8.2
(percent)	(12.3)	(7.6)	(2.6)	(2.4)	(2.0)
Local Development Corporation	14.0	5.4	7.2	5.7	3.7
Public Fac. and Impr. for ED	3.7	6.7	2.6	1.2	1.9
Comm. and Ind. Fac. for ED	25.0	11.4	.5	1.8	1.9
Acquisition for ED	2.1	1.9	1.2	1.6	.7
<u>COMPLETION OF CATEGORICAL PROGRAMS</u>	\$.2	\$.7	\$.7	\$ 1.2	\$ 2.1
(percent)	(*)	(.2)	(.2)	(.3)	(.5)
<u>CONTINGENCIES AND LOCAL OPTIONS</u>	\$ 34.3	\$ 15.9	\$ 21.9	\$ 24.1	\$ 22.0
(percent)	(7.3)	(3.9)	(5.0)	(5.7)	(5.4)
<u>ADMINISTRATION AND PLANNING</u>	\$ 70.4	\$ 55.2	\$ 54.3	\$ 54.5	\$ 51.1
(percent)	(14.9)	(13.4)	(12.5)	(12.9)	(12.6)
Administration	47.8	41.3	45.5	46.4	40.1
Planning	22.6	13.9	8.8	8.1	11.1
<u>TOTAL RESOURCES</u>	\$ 472.4	\$ 412.6	\$ 435.0	\$ 421.8	\$ 406.2
Net Grant Amount	426.0	404.3	424.7	417.3	396.0
Other Program Resources ¹	46.3	8.3	10.3	4.5	10.2

N/A= Not available

¹ Includes program income, surplus urban renewal funds, loan proceeds, and funds reprogrammed from prior years' grants.

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

TABLE A-2: PART 2
ESTIMATED CDBG ENTITLEMENT CITY FUNDING BY MAJOR ACTIVITIES
1975-1978
(Dollars in Millions)

	1978	1977	1976	1975
<u>PUBLIC FACILITIES AND IMPROVEMENTS</u> (percent)	<u>\$ 166.0</u> (44.5)	<u>\$ 156.9</u> (47.2)	<u>\$ 102.9</u> (48.2)	<u>\$ 40.8</u> (37.4)
Public Works, Facilities, and Site Improvements	166.0	156.9	102.9	40.8
Payments for Loss of Rental Income	—	—	—	—
<u>REHABILITATION</u> (percent)	<u>\$ 63.9</u> (17.1)	<u>\$ 52.1</u> (15.7)	<u>\$ 28.2</u> (13.2)	<u>\$ 13.7</u> (12.5)
Rehabilitation Loans and Grants	60.6	49.6	25.8	11.7
Code Enforcement	3.3	2.5	2.4	2.0
<u>ACQUISITION/CLEARANCE RELATED</u> (percent)	<u>\$ 43.3</u> (13.2)	<u>\$ 47.8</u> (14.4)	<u>\$ 32.7</u> (15.3)	<u>\$ 17.4</u> (15.9)
Acquisition of Real Property Clearance, Demolition, and Rehabilitation	28.7	31.2	22.1	11.2
Disposition of Real Property	14.8	11.2	7.1	4.2
Relocation Payments and Assistance	5.8	5.4	3.5	1.9
<u>PUBLIC SERVICES</u> (percent)	<u>\$ 16.5</u> (4.4)	<u>\$ 10.8</u> (3.2)	<u>\$ 7.0</u> (3.3)	<u>\$ 4.1</u> (3.8)
Provision of Public Services	6.7	6.8	3.6	2.6
Special Projects for the Elderly and Handicapped	9.8	4.0	3.4	1.5
<u>COMPLETION OF CATEGORICAL PROGRAMS</u> (percent)	<u>\$ 5.6</u> (1.5)	<u>\$ 3.9</u> (1.2)	<u>\$ 4.9</u> (2.3)	<u>\$ 7.4</u> (6.8)
Completion of Urban Renewal Land Projects	3.1	.9	.2	1.5
Continuation of Model Cities Activities	.1	—	.9	4.3
Payment of Non-Federal Share	2.4	3.0	3.8	1.6
<u>CONTINGENCIES AND LOCAL OPTIONS</u> (percent)	<u>\$ 18.6</u> (5.0)	<u>\$ 19.4</u> (5.8)	<u>\$ 12.0</u> (5.6)	<u>\$ 6.4</u> (5.9)
<u>ADMINISTRATION AND PLANNING</u> (percent)	<u>\$ 52.7</u> (14.1)	<u>\$ 41.3</u> (12.4)	<u>\$ 25.7</u> (12.0)	<u>\$ 19.4</u> (17.8)
Administration	36.1	27.4	15.1	9.0
Planning and Management Development	16.6	13.9	10.6	10.4
<u>TOTAL RESOURCES</u>	<u>\$ 372.8</u>	<u>\$ 332.4</u>	<u>\$ 213.5</u>	<u>\$ 109.2</u>
Net Grant Amount	368.1	327.7	208.1	108.9
Other Program Resources ¹	3.6	4.7	5.4	.3

¹ Includes program income, surplus urban renewal funds, loan proceeds, and funds reprogrammed from prior years' grants.

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

METHODOLOGICAL APPENDIX

The data presented on the Planned and Actual Use of CDBG Entitlement Funds in this report come from the CDBG Performance Monitoring and Evaluation Data Bases maintained by HUD's Office of Program Analysis and Evaluation. The data bases contain data extracted by content analysis of the Applications, Projected Use of Funds Statements, and Grantee Performance Reports for a representative sample of 220 entitlement cities and all 98 urban counties.

The 220 entitlement cities were selected by a **stratified** random sample. The sampling strata used were the size of entitlement **grant**, whether the community was a central city or non-central city, and whether the **community** received its grant according to Formula A or Formula B. (For a more detailed description of the sampling methods employed, see the "Methodological Appendix, Section 1," pp. 143-146 in the Sixth Annual Report to Congress on the **Community Development Block Grant Programs**). Prior to 1982, the CDBG Performance Monitoring and Evaluation Data Bases were comprised of 200 entitlement cities. In 1982, CPD began including **all** urban counties participating in the Entitlement program in the CDBG Performance Monitoring and Evaluation Data Bases and included all urban county Applications from 1980 and 1981, the 1982 Statement of Objectives and Projected Use of Funds, and the **most** recent Grantee Performance Report (1980). In 1983 the entitlement city sample was expanded from 200 to 220 entitlement cities to reflect the increased number of **eligible** entitlement cities which have participated in the program since 1978, **particularly** those with populations less than 100,000. The table below shows the composition of the 1983 sample of entitlement cities and the universe of **entitlement** cities in each stratum.

**CHARACTERISTICS OF 1983 CDBG PERFORMANCE MONITORING AND EVALUATION
SAMPLE OF ENTITLEMENT CITIES¹**

GRANT AMOUNT	CENTRAL CITIES				NON-CENTRAL CITIES			
	FORMULA A		FORMULA B		FORMULA A		FORMULA B	
	N	n	N	n	N	n	N	n
\$10,000,000+	10	10	22	22	0	-	0	-
\$4,000,000- 9,999,999	20	19	30	19	2	2	1	1
\$2,000,000- 3,999,999	29	15	41	16	8	3	1	6
\$1,000,000- 1,999,999	49	14	58	15	25	5	32	14
Less than \$1,000,000	117	18	66	15	90	20	21	4
Total	225	76	217	87	125	30	70	27

¹ N= Number of communities in universe of Entitlement Cities

n= Number of communities included in CDBG Performance Monitoring and Evaluation Sample.

CHAPTER 2: THE SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

INTRODUCTION

This chapter reports on the activities and overall program performance of the Small Cities Community Development Block Grant (CDBG) program. The chapter describes the second year in a transition of program responsibility from HUD to the States.

Since 1974, the Small Cities program has been HUD's principal resource for helping non-entitlement communities meet their community development needs through housing, community, and economic development activities. In 1981 Congress, at the request of the Administration, radically altered the program. States were given the option of assuming administrative responsibility for the Small Cities program within their geographic boundaries, in keeping with the Administration's New Federalism initiatives.

Under the new format in FY 1982, following issuance of new HUD regulations, 36 States and Puerto Rico elected to assume program responsibility, determine their own priorities, develop and operate their own competitions, make awards, and administer grants to eligible Small Cities. By FY 1983 ten new States, now a total of 46 States, and Puerto Rico, had assumed full program responsibilities with only four remaining under HUD administration. Results of the early stages of this intergovernmental initiative are described in this Chapter.

OVERVIEW

This section summarizes recent legislative developments and program operations in FY 1983 and describes the objectives of the program. The Small Cities CDBG program has the same objectives as other components of the CDBG Entitlement program. Small Cities program funds are allocated by State, based on a formula applied to all non-entitled areas. Awards were made by HUD through competitions between applicants within each State. Small cities in non-metropolitan and metropolitan areas competed separately. In addition, communities with comprehensive programs addressing several needs over one to three year periods competed separately from communities addressing a single need. At that time, a two-stage application process was used by HUD. HUD Field Offices ranked the preliminary applications in each State in accordance with a national selection system. HUD then invited the highest ranking applicants to submit full applications which included a Housing Assistance Plan (HAP).

The Omnibus Budget Reconciliation Act of 1981 offered States the option of administering the program. Other changes brought about by the Act included: elimination of the distinction between metropolitan and non-metropolitan small cities; a larger share of funds available to small cities, relative to entitlement communities; and overall simplification of application procedures, including elimination of the HAP requirement. States electing to administer the program could replace HUD's program with their own without affecting the amount of the Federal allocation to the State. However, they were required to honor the multi-year commitments for small cities previously made by HUD. Following FY 1983, multi-year commitments by HUD will be completed and States will be able to commit the full amount of each year's allocation under their own distribution systems.

The first year of the new State Small Cities program was a period during which States opting to assume responsibility for their own programs explored a variety of programmatic approaches and procedures. HUD regulations implementing the amendments also reflected the Administration's strong desire to enhance the State role in resolving local problems -- a concept central to the Administration's New Federalism initiatives. Unlike most other block grant programs, the HUD Small Cities program permitted States to voluntarily assume responsibilities at their own speed.²

Summary of Overall Assessment and Conclusions. The data presented in this chapter indicate that States electing to join the State-administered Small Cities program generally made a determined effort to create strong and responsive programs designed to fulfill legislative objectives. Through outreach, administering agencies sought to make more eligible communities aware of the existence and potential of the program, and to encourage applications. Through technical assistance, States sought to aid small cities in the application process, guide them to an understanding of program requirements and objectives, and aid them in meeting State and locally determined priorities. Taken as a whole, the first two years of the State-administered program has, for most of the 37 original participating States, been fruitful from the stance of creating a program that is a new and innovative venture for State governments. Each section of the chapter is summarized below. The first three sections summarize the State-administered Small Cities program.

Additional OVERALL PROGRAM OPERATIONS INFORMATION on both the HUD- and State-administered programs are included in the final section of this Chapter. Information on grant close-outs, program audits, drawdowns and expenditures, and monitoring visits complete the Small Cities program profile.

SUMMARY: THE STATE-ADMINISTERED PROGRAM

Recent Program Developments. Congressional actions amending the Housing and Community Development Act of 1974 through the Omnibus Budget and Reconciliation Act of 1981 were followed by issuance of HUD regulations and policy statements permitting great flexibility for States electing to administer their own programs. The 37 original FY 1982 States created their own systems of application, selection, award, and oversight within the broad confines of HUD's regulations. Because HUD did not issue the regulations until mid-year, many States did not actually begin program award processes until the end of FY 1982. Six of the ten new States entering the program in FY 1983 also began the process late in the year.

The FY 1983 period, in contrast to FY 1982, was marked by the issuance of no regulations or significant policy statements, and by consolidation and restructuring of the program by States. The ten new States developed their own systems based on the experience of the 37 participating States, adding their own needs and priorities. Appropriations for the Small Cities CDRG program in FY 1983 were \$1,020 million³, bringing total appropriations to \$6,388 million since the initiation of the program in FY 1975, and remaining essentially at the same level as FY 1982.⁴

Program Operations in FY 1983. The original 37 State programs generally

continued FY 1982 practices, although with sane redefinition of selection factors and priorities. An example of this was the change in policy and **program** design that took place in 32 of the previously participating States. Generally, the changes include a **de-emphasis** on need, and an increased emphasis on program effectiveness. 'Effectiveness' related to better serving program objectives. Six States also made significant modifications of policies and processes for distributing **funds** to local **government** grantees, including redefining selection factors, eligible activities, **administrative** processes, and **attempting** to reach cities that had not previously **participated**. Many States sought to increase local **knowledge** of State procedures, and emphasized meeting such State-local objectives as leveraging of funds and increased private sector involvement.

The **flexibility** offered States in policies and processes also was mirrored in program operations and **application/selection** timetables. Because many States had different procedures and timetables, some were also still in process of **completing** their FY 1982 operations in FY 1983. Several of the States decided to combine their FY 1982 and FY 1983 allocations and offer awards through a single competition.

In each participating State, the Small Cities program was **administered** by an agency having previous Federal grant experience. Thirty-three of the States **assigned** the responsibility to their Departments of Community Development or Economic and **Community** Development. All the agencies also managed an **active** technical assistance program, funded under Section 107, the Secretary's Discretionary Fund. Their 107 programs generally **included** increasing their own grantee in-house capabilities and resources, improving grantee program administration, and setting up an active grantee information exchange.

Program and Project Characteristics. In program and project characteristics, the new State-administered program differed in both FY 1982 and FY 1983 from the **HUD-administered** FY 1981 program. In FY 1981 housing for low- and moderate-income persons and public facilities were the most common activities funded by HUD. Forty-four **State-administered** priorities in FY 1982 and again in FY 1983 included economic development and housing, and 38 public facilities.

The ratio of project activities and amount of funds allocated each activity changed **from** the FY 1981 HUD-administered **program**. For housing activities, the ratios for FY 1981 were 33 percent of **funds** and 39 percent of grants, to 14 percent of both funds and grants in FY 1982, and 14 and 16 percent in FY 1983, respectively. Another change occurred in the FY 1981 **public** facilities ratio. In FY 1981 the ratio was 24 of percent funds and 38 percent of grants. In FY 1982 the ratio had changed to 48 and 43 percent, and in FY 1983 to 52 and 47 percent, respectively. Only four percent of funds and grants were awarded for economic development in FY 1981. This ratio increased about four-fold to 19 and 22 percent, respectively, in FY 1982, and 14 percent (for both categories) in FY 1983. The total **number** of **grantees** in each city population size category increased in FY 1982 and FY 1983.⁵

SUMMARY: THE HUD-ADMINISTERED PROGRAM

The FY 1983 HUD-administered Small Cities program was based on **simplified** application and selection procedures initiated in FY 1982. Four States, Hawaii, Kansas, Maryland, and New York, chose to remain in FY 1983, and were allocated \$67 million. New York had not completed the award process at the time this report was issued. Hawaii allocations to its small cities were made on a **formula** grant basis.

THE STATE-ADMINISTERED SMALL CITIES PROGRAM

RECENT PROGRAM DEVELOPMENTS. This section summarizes the basic Congressional and HUD framework leading to implementation of the State Small Cities CDBG program, and explains how States administered their FY 1983 programs. Two major areas are included: regulatory changes and their effect on the program, and State certifications to HUD.

Regulatory Changes and Their Effect on the Program. The FY 1982 HUD regulations offered participating States maximum flexibility to design and implement their individual programs. HUD's April 1982 regulations offered "...maximum feasible deference to State interpretation of the statutory requirements." States were allowed to design their own methods of distributing funds to meet their own objectives, and to establish their program policies and processes. States were also given latitude in creating their own definitions of low- and moderate-income, a key CDBG national program objective, but States were required to assure that moderate-income persons were not served to the exclusion of low-income persons. HUD did not alter the operational framework of the FY 1982 State-administered program in FY 1983, but HUD continued to provide technical assistance to aid States in implementing statutory and regulatory requirements. HUD also encouraged flexibility in meeting local needs, while conforming to the intent of Congress.

State Certifications to HUD. If a State elected to administer its own program, it assumed the basic responsibilities required by the Act and subsequent regulations. The State was required to certify that, with respect to non-entitled areas, it would:

- o plan for community development activities;
- o provide technical assistance to local communities;
- o provide, out of State resources, matching funds equivalent to at least ten percent of the State's Community Development Block Grant for use in the State's non-entitlement areas; and
- o consult with local officials in designing the method of fund distribution;

- o give maximum feasible priority to activities which will benefit low- and moderate-income families; aid in the prevention of slums and blight; and meet other community development needs having a particular urgency when existing conditions posed an immediate and serious threat to the health and welfare of the community, where other financial resources were not available.

Through the first four so-called "buy-in" provisions, Congress sought to encourage the participation of "States which demonstrated an interest in local community development and to discourage those whose only attraction to the program is the availability of Federal funds."⁶ The purpose of "buy-in" was to promote additional investment of resources by States joining the system. To assume responsibility for the program, the State submits to HUD a Notice of Election and certifications relating to the first three provisions noted above. Later a Final Statement is submitted in which the State certifies that local officials have been consulted, and which contains its community development objectives, and proposed method of distributing funds. The State must certify that this information has been made available prior to submission for public review and comment, and the proposed Statement must be published. The 1981 amendments required a public review. HUD reviews but does not approve Final Statements before award of grants to States to determine that they include necessary elements, consistent with Congressional intent to emphasize the post-grant review and audit process. In their Final Statements, States must certify that they will distribute funds according to the methods selected; must review and audit grantees to ensure that they spend money in a timely manner; have a continuing capacity to carry-out approved activities; comply with all applicable Federal, State and local laws and requirements, and the objectives of Title I. States must also prepare and submit an Annual Performance Report to HUD, and conduct reviews and audits of their grant recipients.

Data Sources and Limitations. Each State's annual report for the fiscal years examined form the basis for much of the data in this chapter. Reports from several States were not due until after completion of this chapter. Complete data for these States were not, therefore, readily available. Tables reflect the number of States, in each instance, for which data were available pertaining to the subject of the table.

PROGRAM OPERATIONS IN FY 1983. This section summarizes the administrative structure, procedures and program designs utilized by the 47 participating States.

State CDBG Program Administration. The State is responsible for selecting an agency to administer its Small Cities program. The 37 States initiating programs in FY 1982 selected agencies experienced in administering both Federal grants and State development programs. The ten States joining in FY 1983 continued this practice. In 21 of the 47 participating States, the Department of Community Development Affairs was designated, while 12 selected Economic and Community Development Departments. The remaining 14 designated State Planning agencies, the Governor's Office or economic and industrial agencies.

Sane State agencies met new and expanded program responsibilities by reorganizing, consolidating staff functions, and contracting with regional agencies. In several States, sub-State regional agencies were the principal source of technical assistance to smaller communities offered through the State's HUD technical assistance grant. State agency staff size varied from one to 25 person-years. Many States with small central staffs of their own relied on regional agencies to provide manpower. During busy periods, staff members were often assigned on a part-time basis from other State activities. Regional agencies also provided local officials advice on grant application preparation, and assistance in grant administration.

States may budget up to two percent of their CDBG allocations for administrative expenses, provided there is an even match of State to Federal funds. Many met the match requirement by earmarking funds already appropriated to their administering agencies while others received appropriations, used cost allocation plans, or other means for providing matching funds.

A State is also required to match ten percent of its HUD Small Cities allocation. This match must be spent for community development in non-entitled areas, and may include State funds regularly appropriated for community development purposes. State officials usually indicated that, in their judgement, State funds were already budgeted or appropriated for housing, community development or other programs. The budgeted funds were usually in excess of the required ten percent HUD Small Cities match. As a result, in FY 1982, about half the officials noted that on-going community development programs already funded small cities. About one-quarter noted that their on-going economic development programs were targeted to distressed communities. States apparently did not need to add any substantial budgeted monies to either economic or community development programs to meet the match requirement.

Technical assistance to applicants and grantees was an important part of State-administered programs. Most State technical assistance support funds were drawn from HUD's Section 107 Secretary's Discretionary Fund grants. Forty-nine States participated in the technical assistance program. Nationally, assistance was offered to States and participating small communities by HUD through contracts with several groups. One of these, the Council of State Community Affairs Agencies (COSCAA), maintained a national clearinghouse for advice and information to States and grantees.

Civil Rights Requirements. States were given maximum feasible deference in their interpretation of statutory requirements consistent with HUD's obligations to enforce compliance with the Housing and Community Development Act and other applicable statutes. States must certify that they will conduct their programs in accordance with the Civil Rights Act of 1964, the Fair Housing Act of 1968, and comply with other applicable civil rights and equal opportunity laws. The civil rights and equal opportunity legal authorities that apply to the Small Cities program are:

- o Title VI, Civil Rights Act of 1964;
- o Title VIII, Civil Rights Act of 1968, as amended;

- o Section 109, Housing and Community Development Act of 1974, as amended;
- o Section 504, Rehabilitation Act of 1975, as amended;
- o Age Discrimination Act of 1975, as amended;
- o Executive Order 11063, as amended;
- o Section 3, Housing and Urban Development Act of 1968, as amended;
- o Executive Order 11246, as amended.

Each administering State was required to establish and maintain the records necessary to facilitate HUD reviews and audits. Records had to be sufficient to enable HUD to determine whether the program was being carried out in accordance with the State's certifications and **a**ll applicable statutory requirements. Local CDBG activities **a**lso must be administered and conducted **i**n conformance with the State's civil rights certifications, including Title VI, Title VIII, and all applicable civil rights and equal opportunity laws, executive orders, and regulations. States **a**lso were required to **e**stablish recordkeeping requirements for grant recipients.

PROGRAM AND PROJECT CHARACTERISTICS. This section **s**ummarizes and compares changes between FY 1981, 1982, and 1983 activities funded and grantee size, type and priorities; selection systems; applications and awards.

Program Priorities. Three major areas were identified by the 47 State-**a**dministering agencies for priority funding in FY 1983 (Table 2-2). Forty-four noted economic development, and housing for low- and moderate-income persons as priority areas. Low- and moderate-income benefits were addressed by almost every State as an important issue in terms of meeting both **l**egislative requirements and State-determined needs. The importance of this issue, while not directly illustrated by quantifiable data at this stage of the State program, is demonstrated by review of State documentation. Other priority areas included public facilities (38) and funding of smaller communities (**4**). States in their second program year tended to maintain FY 1982 priorities. New States adopted priorities similar to the continuing States. The priorities identification process begun in FY 1982 continued in FY 1983 among continuing States and localities public participation aspects of the program design process.

Selection Systems. State-developed selection systems for granting awards to small cities changed relatively little from FY 1982 to FY 1983. Most States used the the first year's experiences as a basis for changes designed to make their systems function more smoothly. The most frequent modifications were changes in the selection system to more accurately target CDBG funds to types of **c**ommunities or specific types of activities, and/or to include incentives to encourage such local government actions as Fair Housing. Only six of the 47 States made changes they considered important. These changes included restructuring program selection processes, administrative procedures and/or program priorities, and outreach to grantees. The ten new States followed the **f**irst-year participants' lead in designing their selection **s**ystems. Their systems were based on those of the **c**ontinuing States, utilizing similar administrative processes and selection systems.⁸

Most States established competitive systems to allocate program funds. Of the 47 FY 1983 States, 42 **h**eld general competitions, or competitions grouped by project activity such as housing and economic development. Two, Ohio and

Puerto Rico, applied a combined formula and project activity format to distribute funds. The formula was based on applicant population size, and the project activity factors gave additional points to certain types of proposed activities. Three States allocated funds through sub-State regional governmental units. Table 2-1 illustrates the various award distribution (selection) systems.

TABLE 2-1

STATE CDBG PROGRAM
SELECTION SYSTEMS, FY 1983
(47 STATES)

<u>States Using System Type</u>		
<u>System Types</u>	<u>Number</u>	<u>Percent</u>
Competitive ¹		
General	20	
Project Type	20	
Single/Multi-Purpose	5	
Population-Based	5	
Other	15	
Subtotal (Competitive)	42	90%
Combined Formula and Project Activity ²	2	4
Sub-State Allocation	3	6
Total	47	100%

¹ Some States use more than one type of system. Therefore the number of States using various combinations of competitive systems exceeds 42. For example, a State may use a Population-Based formula allocating a portion of funds by city size, supplemented by a point system based on project type, and a Single or Multi-Purpose grant use.

² Formula determines part of the allocation, while the remainder is determined by type of project activity proposed (Ohio and Puerto Rico).

SOURCE: Urban Systems Research and Engineering, Inc. data collected for HUD under Contract HC-5697 with the Office of Policy Development and Research, HUD, January 1984.

Within each State's competitive awards process, various factors were used to rate the applications received. Factors most commonly used in the selection process were: project impact, community need based on demographic and other factors, benefits to low- or moderate-income persons, and leveraging of public and/or private funds. These factors were usually combined in the competitive process with other factors such as local commitment, equal opportunity concerns, and housing commitment. States utilized their selection process as an important aid in meeting legislatively defined program requirements, emphasizing such objectives as low- and moderate-income benefits. Selection factors are displayed in Table 2-2.

TABLE 2-2
STATE CDBG PROGRAM
SELECTION FACTORS FOR FY 1983 AWARDS
(47 STATES)

<u>Selection Factors Used by States</u>	<u>States Using the Factor</u>	
	<u>Number</u>	<u>Percent</u>
Project Impact	40	85%
Benefits to low or moderate income persons	37	79
Community Needs	36	77
Leveraging Private Funds	34	72
Leveraging Public Funds	30	64
Employment Created/Retained	24	51
Local Match Commitment	24	51
Urgent Needs	15	32
Prior CDBG Experience	5	11
Housing Commitment	4	9
Equal Opportunity	4	9

Most States used multiple selection factors, therefore the total number exceeds 47. Many States also used a variety of selection factors other than those noted above. Sixty-nine of the latter were used.

SOURCE: Urban Systems Research and Engineering, Inc. data collected for HUD under Contract HC 5697 with the Office of Policy Development and Research, HUD, January 1984.

Applications and Awards. The numbers of applications and awards increased significantly in FY 1982 over FY 1981 in all participating States because most State agencies wished to increase participation by encouraging applications from as many eligible jurisdictions as possible. In States where FY 1982 awards had been made at the time of this report, 81 percent more grants were made by State-administering agencies in FY 1982 than were made by HUD to grantees located within the same States in FY 1981. (Ohio awards were made by formula grant to most eligible jurisdictions. Ohio was excepted from this data because of the large number of awards made.)

The peak in applications normal to the start-up period of a new program, as shown during HUD's own experience initiating the Small Cities program in FY 1975-77, appears to account in part for the peak in the first year of the State-administered program. The increase in numbers of applications received in FY 1982 was followed in the second year by a decline in 19 of the 37 original States. An overall decline of seven percent in numbers of applications received marked a change from the first year, and appeared to demonstrate that HUD's experience in start-up application peak and later decline would be matched by the participating States. The number of FY 1983 applications among the ten new States in FY 1983 reflected an overall increase of 42 percent) over FY 1982.⁹ Table 2-3 summarizes application and grant size changes from FY 1975 to the present. Tables 2-4 and 2-5 illustrate the

increase in applications and awards for the ten new States entering the program in FY 1983, comparing FY 1982 against FY 1983.

TABLE 2-3

STATE AND HUD-ADMINISTERED SMALL CITIES PROGRAMS
SUMMARY TABLE: APPLICATIONS, GRANTS AND GRANT AMOUNTS
FY 1975 - FY 1983

		Fiscal Years						
		50 States and Puerto Rico						
A.	<u>HUD-Administered Program</u>	<u>1975¹</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
	Number of Applications	--	6628	6119	5974	4754	4314	4973
	Number of Grants	1826	1958	2017	1606	1897	2104	1882
	Grant Amounts (\$ Million)	\$259	\$345	\$438	\$628	\$797	\$955	\$926
	Average Grant Size (\$000)	\$142	\$175	\$217	\$391	\$399	\$454	\$492
		<u>FY 1982</u>	<u>FY 1983</u>					
B.	<u>State and HUD-Administered Programs</u>	STATE 35 States ²	HUD 14 States	<u>State-Administered</u>		Total	<u>HUD</u>	
				35 states ²	10 states	45 States ²	4 States	
	Number of Applications	6308	1466	5879	1083	6962	330	
	Number of Grants	1492	517	1477	337	1814	87	
	Grant Amounts (\$ Million)	\$322	\$254	\$405	\$111	\$516	\$29	
	Average Grant Size (\$000)	\$216	\$491	\$274	\$328	\$602	\$333	

¹ Application data for FY 1975 are not available.

² These figures for FY 1982 and FY 1983 exclude HUD multi-year commitments; two percent administrative costs; Puerto Rico, Alaska and some State funds not yet committed. Data for 35 of the 37 original State-administered programs are displayed separately for FY 1983 to permit comparison between those States' FY 1982 and FY 1983 experiences.

SOURCE: US. Department of Housing and Urban Development; FY 1975-1983 HUD-administered, from Small Cities FORMS Data Base; FY 1982-1983, State administered, from State Small Cities Data Base, compiled by Office of Program Analysis and Evaluation, 1984.

TABLE 2-4
STATE SMALL CITIES CDBG PROGRAM
SUMMARY OF STATE SMALL CITIES PROGRAM APPLICATIONS AND AWARDS
FY 1982 AND FY 1983
(37 CONTINUING STATES)

STATE	Number of Applications			Number of Awards			Applications/Awards Ratio			Average Amount of Award		
	FY 1982	FY 1983	% Change	FY 1982	FY 1983	% Change	FY 1982	FY 1983	% Change	FY 1982 (\$000)	FY 1983 (\$000)	% Change
Alabama	402	525	31%	93	144	55%	23	27	17%	153	149	(3)%
Alaska	44	24	(45)	--	8	--	--	--	--	--	--	--
Arizona	52	51	(2)	33	28	(15)	64	55	(14)	106	142	34
Connecticut	46	48	4	18	17	(6)	39	35	(10)	337	390	16
Delaware	24	28	17	13	15	15	54	54	--	119	109	(8)
Georgia	323	323	0	50	71	42	16	22	38	367	491	34
Idaho	76	62	(18)	10	18	80	13	29	23	309	291	(6)
Illinois	233	215	(8)	45	81	80	19	38	100	325	271	83
Indiana	115	141	23	35	--	--	30	--	--	250	--	--
Iowa	384	389	1	81	90	11	21	23	10	196	216	(57)
Kentucky	174	189	9	47	37	(21)	27	20	(26)	314	579	84
Louisiana	231	209	(10)	74	80	8	32	38	19	234	248	6
Maine	85	88	4	20	26	30	24	30	25	281	335	19
Massachusetts	122	77	(37)	31	27	(13)	25	35	40	440	471	7
Michigan	199	331	66	82	87	6	41	26	(37)	221	151	(32)
Mississippi	237	218	(8)	96	69	(28)	41	32	(22)	345	288	(17)
Missouri	673	545	(19)	102	78	(24)	15	14	(7)	170	257	51
Montana	48	32	(33)	12	17	42	25	53	112	268	358	34
Nebraska	203	350	72	69	91	32	34	26	(24)	120	114	(5)
Nevada	61	72	18	19	21	11	31	29	(7)	67	70	5
New Jersey	144	52	(64)	37	12	(68)	26	23	(12)	227	386	71
North Carolina	257	257	0	78	--	--	30	--	--	422	--	--
North Dakota	107	107	0	33	42	27	31	39	26	129	117	(9)
Ohio	--	--	--	--	--	--	--	--	--	--	--	--
Oklahoma	300	99	(67)	--	--	--	--	--	--	--	--	--
Pennsylvania	307	174	(43)	--	34	--	--	20	--	--	--	--
Puerto Rico	70	68	--	70	68	--	100	0	--	611	552	(10)
Rhode Island	18	15	(17)	8	--	--	44	--	--	271	--	--
South Carolina	126	97	(23)	51	36	(29)	41	37	(10)	488	415	(15)
South Dakota	55	96	75	37	28	(24)	67	29	(57)	131	203	
Tennessee	242	200	(17)	62	63	2	26	32	23	312	284	(9)
Utah	150	47	(69)	87	80	(8)	58	70	21	47	57	21
Virginia	194	118	(39)	24	28	17	12	24	100	623	572	(8)
Washington	100	89	(11)	13	20	54	13	23	17	509	549	8
West Virginia	153	118	(23)	15	--	--	11	--	--	475	--	--
Wisconsin	100	138	38	39	50	28	39	36	(8)	511	439	(14)
Wyoming	36	40	11	7	9	29	19	23	21	244	308	26
Subtotals	6308	5879	(7)%	1492	1477	(1)%	24	25	(4)%	216	274	(27)%

Both FY 1982 and FY 1983 awards were made by States. Complete data for some States was not available because awards had not been made and/or HUD had not yet received data. Numbers in parentheses represent negative figures. Applications/Awards Ratio column is the ratio of applications received to awards made by the State.

SOURCE: Department of Housing and Urban Development, Small Cities Data Base, Data Systems and Statistics Division, Office of Management; compiled by Office of Program Analysis and Evaluation, 1984.

TABLE 2-5

STATE SMALL CITIES CDBG PROGRAM
SUMMARY OF STATE SMALL CITIES PROGRAM APPLICATIONS AND AWARDS
FY 1982 AND FY 1983
(TEN NEW STATES)

STATE	Number of Applications			Number of Awards			Applications/Awards Ratio			Average Amount of Award		
	HUD FY 1982	State FY 1983	% Change	HUD FY 1982	State FY 1983	% Change	HUD FY 1982	State FY 1983	% Change	HUD FY 1982 (\$000)	State FY 1983 (\$000)	% Change
Arkansas	199	215	8%	43	37	(14)%	22	17	(23)%	\$467	--	--
California	116	124	7	49	47	(4)	42	38	(10)	421	\$496	18%
Colorado	91	130	43	20	32	60	22	25	14	300	243	(19)
Florida	114	--	--	35	--	--	31	--	--	433	--	--
Minnesota	128	170	33	40	38	(5)	31	22	(29)	582	481	(17)
New Hampshire	30	--	--	13	--	--	43	--	--	178	--	--
New Mexico	21	152	86	21	38	81	100	25	(75)	350	195	(44)
Oregon	100	122	22	22	25	14	22	21	(5)	342	355	4
Texas	193	473	145	320	116	(64)	66	1	51	360	257	(29)
Vermont	21	54	57	12	--	57	--	--	--	214	--	--
Subtotals	1013	1440	42%	575	333	(58)%	56	23	(59)%	\$407	\$328	(19)%
Total All States	7321	7319	(0)%	2067	1810	(12)%	28	24	(14)%	\$293	\$282	(4)%

HUD awards to small cities for FY 1982 are grouped by States. FY 1983 represents State-administered program awards. Data for some States were not available when this table was completed, because awards had not yet been made and/or HUD had not yet received the data. Numbers in parentheses represent negative figures. Applications/Awards Ratio column is the ratio of applications to awards made by the State.

SOURCE: Department of Housing and Urban Development, Data Systems and Statistics Division, Office of Management; Small Cities Data Base, compiled by Office of Program Analysis and Evaluation, 1984.

Distribution of Grants by Project Activities and Grantee Size. Allocations shifted to different program activities from HUD-administered FY 1981 to State-administered FY 1982 and FY 1983 program activities. As Table 2-6 indicates, in both FY 1982 and FY 1983 public facilities and economic development project funding increased over FY 1981, while housing, multi-activity and other projects declined accordingly. FY 1981 data for the totally HUD-administered program indicates that both HUD funding and allocations for housing were approximately double the State-administered Small Cities funding allocated for housing in FY 1982 and FY 1983. Also, State-administered economic development funding in FY 1982 and FY 1983 was approximately four times FY 1981 HUD funding. Table 2-6 illustrates overall distributions by project activity for FY 1981-83, and Table 2-7 by population size of jurisdiction for FY 1982 and FY 1983, for States for which data were available.

TABLE 2-6

STATE CDBG PROGRAM
PERCENT DISTRIBUTION OF NUMBER OF GRANTS
AND AMOUNT OF FUNDS BY PROJECT ACTIVITY
FY 1981, 1982 AND 1983

Project Activity	FY 1981 (51 States)		FY 1982 (34 States)		FY 1983 (42 States)	
	Percent of		Percent of		Percent of	
	Grants	Grant \$ Amounts	Grants	Grant \$ Amounts	Grants	Grant \$ Amounts
Public Facilities	24%	38%	48%	43%	52%	47%
Economic Development	4	4	19	22	14	14
Housing	39	33	14	14	14	16
Multi-Activity and Other	33	25	19	21	20	23
	100%	100%	100%	100%	100%	100%

SOURCE : Department of Housing and Urban Development, Office of Community Planning and Development, Office of Program Analysis and Evaluation, Small Cities Data Base, 1984. FY 1981 information from Data Systems and Statistics Division, Office of Management, compiled by Office of Program Analysis and Evaluation, 1984.

TABLE 2-7
STATE CDBG PROGRAM
DISTRIBUTION OF GRANT FUNDS, FY 1982 AND FY 1983
BY PROJECT ACTIVITY AND POPULATION SIZE
(in Millions of Dollars)

FY 1982 (34 States)									
City Size	Public Facilities		Economic Development		Housing		Multi-Purpose and Other		Total ¹
Under 1,000	\$35	21%	\$6	7%	\$8	15%	\$7	8%	\$56 14%
1,000-2,499	27	16	10	12	7	14	6	7	50 13
2,500-9,999	45	28	28	33	14	27	12	15	99 26
10,000-24,999	27	16	28	27	13	25	34	41	102 26
25,000 & Over	31	19	17	21	10	19	24	29	82 21
	<u>\$165</u>	<u>100%</u>	<u>\$89</u>	<u>100%</u>	<u>\$52</u>	<u>100%</u>	<u>\$83</u>	<u>100%</u>	<u>\$389 100%</u>

FY 1983 (42 States)									
City Size	Public Facilities		Economic Development		Housing		Multi-Purpose and Other		Total ¹
Under 1,000	\$47	20%	\$6	9%	\$11	14%	\$11	10%	\$75 15%
1,000-2,499	52	23	10	15	12	15	17	15	91 19
2,500-9,999	50	22	25	37	24	32	40	36	139 29
10,000-24,999	39	17	15	22	17	23	25	23	96 20
25,000 & Over	42	18	11	17	12	16	18	16	83 17
	<u>\$230</u>	<u>100%</u>	<u>\$67</u>	<u>100%</u>	<u>\$76</u>	<u>100%</u>	<u>\$111</u>	<u>100%</u>	<u>\$484 100%</u>

¹ Excludes HUD multi-year commitments, States that have not awarded grants, and partial allocations of States that have awarded grants. The latter typically are economic development or other grants awarded quarterly, in two cycles, or continuously, and emergency grants made as the need occurs. These awards may total one-half or more of the funds available for State distribution.

SOURCE: Department of Housing and Urban Development, Community Planning and Development, Office of Program Analysis and Evaluation, Small Cities Data Base, 1984.

Distribution of Grants by Grantee Type. Activities of most States through their FM-funded technical assistance programs mirrored State-administering agencies' desire to attract as many applicants as possible. Table 2-8 illustrates the apparent success of this aspect of the State Small Cities program, through a comparison of the distribution of FY 1982 and FY 1983 grants and grant funds by grantee types. The percent change data in the table are derived by comparing grants made by 33 of the original 37 FY 1982 entering States for whom data were available for both FY 1982 and FY 1983. An overall net increase of seven percent in the number of awards for FY 1983 over FY 1982, for 33 of the 37 States in the State-administered system, also illustrates that there were more applicants, and more awards offered.

The table also illustrates a change in types of clientele. The number of townships awarded grants fell 35 percent in FY 1983 over FY 1982, and the total amount of funds received by township clients decreased 40 percent. This was accounted for, in part, by the substantially greater number of applications received from cities and counties. Fewer applications were received from townships. Table 2-8 presents distribution data in greater detail.

Energy Activities. As in the CDBG entitlement program, no special provision was made for systematic reporting on planned energy-related activity expenditures. A canvass of State Energy and Community Development offices conducted for HUD by the National Governors' Association (NGA) indicated that many local officials were unaware that the Small Cities funds could be used to fund local initiatives specifically targeted to lower energy costs.¹⁰ To promote greater understanding of the legislation clarifying the use of CDBG funds for many types of activities that might lower energy costs and increase energy resources, several States and small communities were invited to provide examples of how to integrate economic development, energy conservation and community development objectives in programs serving small communities. Documentation on energy conservation prepared in FY 1983 based on their suggestions was presented to representatives of State and local governments in a HUD-sponsored conference under the auspices of the NGA.

Conclusions. Available data indicate that all 47 State-administered programs designed their competitive processes, selection factors and priorities to meet legislative requirements and project objectives. For the 37 original States, FY 1983 involved improvement of program effectiveness, efficiency and outreach. The ten entering States modeled their programs largely on those of the original States.

TABLE 2-8
STATE CDBG PROGRAM
DISTRIBUTION OF GRANTS AND GRANT FUNDS
BY GRANTEE TYPE, FY 1982 AND FY 1983

Grantee Type	<u>Number of Grants</u>			<u>Grants</u>	<u>Percent of Grants</u>			
	Comparison between 33			47	Comparison between 33			42
	Original States			States	Original States			States
	<u>FY 1982</u>	<u>FY 1983</u>	<u>Percent Change</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>Percent Change</u>	<u>FY 1983</u>
Cities	1057	1161	+10%	1390	75%	77%	+3%	76%
Townships	75	52	-31	55	5	3	-40	3
Counties	<u>286</u>	<u>298</u>	+4	<u>380</u>	<u>20</u>	<u>20</u>		<u>21</u>
Total	1418	1418	+7%	1725	100%	100%		100%

Grantee Type	<u>Total Amount of Funds (\$000)</u>			<u>Grant Funds</u>	<u>Percent of Funds</u>			
	Comparison between 33			47	Comparison between 33			42
	Original States			States	Original States			States
	<u>FY 1982</u>	<u>FY 1983</u>	<u>Percent Change</u>	<u>FY 1983</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>Percent Change</u>	<u>FY 1983</u>
Cities	\$251,400	\$301,400	+20%	\$375,400	72%	77%	+5%	76%
Townships	18,459	12,028	-35	12,782	5	3	-40	3
Counties	<u>80,373</u>	<u>76,167</u>	-3	<u>106,700</u>	<u>23</u>	<u>20</u>	-13	<u>21</u>
Total	\$350,232	\$381,595	+12%	\$495,500	100%	100%		100%

Grantee Type	<u>Average Grant Size</u>			
	Comparison between 33			42
	Original States			States
	<u>FY 1982</u>	<u>FY 1983</u>	<u>Percent Change</u>	<u>FY 1983</u>
Cities	\$237,843	\$259,603	+9%	\$270,072
Townships	246,120	231,308	-6	231,418
Counties	<u>281,024</u>	<u>262,305</u>	-7	<u>277,260</u>
Average for all areas	\$246,990	\$259,162	+5%	\$271,507

SOURCE: Department of Housing and Urban Development, Office of Community Planning and Development, Office of Program Analysis and Evaluation, Small Cities Data Base. 1984.

THE HUD ADMINISTERED SMALL CITIES PROGRAM

This section describes the Small Cities program as conducted under HUD administration for Small Cities located in the four States declining transfer to State administration in FY 1983. Procedural changes initiated in HUD's FY 1982 regulatory revision, program operations, and data on grant sizes and other award characteristics are included for Hawaii, Kansas and Maryland. Data on New York, with the exception of comprehensive multi-year grants, could not be included because awards had not yet been made.

CHANGES IN PROGRAM OPERATIONS. As a result of the 1981 amendments and 1982 regulatory changes implementing the law, the HUD-administered program was simplified and streamlined for FY 1982 to maximize local applicant flexibility in decision-making. Application requirements were substantially reduced, easing the burden on many smaller jurisdictions. The two-step application process and the HAP were eliminated because of statutory changes.

The project selection system was modified and simplified to encourage local flexibility in decisionmaking within the context of the three broad national objectives. Applicants no longer were required to benefit low- and moderate-income persons to the extent of 51 percent in each activity, however each activity had to address one of the national objectives. Separate competitions for comprehensive and single purpose grants were still conducted by HUD, but separate funding areas for metropolitan and non-metropolitan jurisdictions were discontinued as a result of statutory change. HUD no longer made multi-year commitments, and all FY 1982-83 comprehensive grants were one-year awards. (Comprehensive multi-year awards included in the tables were made by HUD in or prior to FY 1981.)

APPLICATIONS AND AWARDS. The four States remaining under HUD administration were allocated \$67 million. Applications received from two of the four States (Kansas and Maryland) whose competitions for FY 1983 were complete at the time this chapter was written totalled 327, a 14 percent increase over FY 1982. Average grant size was \$274,000 for 94 awards. HUD did not run a competition in Hawaii. Each eligible Hawaii unit received a share of the State allocation determined by formula. New York had not yet scheduled receipt of applications at the time of this report.

Sixty-two single purpose grants were made to applicants in Hawaii, Kansas and Maryland, totalling \$15.1 million. The average size of single-purpose grants was \$244,000. Thirty-eight comprehensive awards were made, averaging \$511,000 for a total of \$19.4 million. The number of all awards to small cities in the HUD-administered States was 100, averaging \$345,000 each, for an overall total of \$34.5 million. Eighty-eight of the awards were made to municipalities (\$30.3 million) and 12 to counties (\$4.3 million).

Grant funds were distributed by population size as follows: fifty percent to cities with populations under 10,000; 25 percent to cities of 10,000-24,999; and 25 percent to cities over 25,000 population. The population profile for FY 1983 thus differs somewhat from the FY 1982 profile for 14 HUD-administered States. The data presented includes only multi-year comprehensive award

cities for New York, since other awards had not yet been made for the State. FY 1983 data represent three States and multi-year comprehensive grants to New York rather than 14 States, because ten of the 14 entered the State-administered system in FY 1983. Data are presented in Tables 2-9 and 2-10.

TABLE 2-9

HUD-ADMINISTERED SMALL CITIES PROGRAM
DISTRIBUTION OF GRANT FUNDS BY POPULATION
SIZE OF GRANTEES, FY 1983
(FOUR STATES)

<u>Size of city</u>	<u>Number of Grants</u>	<u>Percent</u>	<u>Amount of Grants (\$000)</u>	<u>Percent</u>
Under 1,000	21	21%	\$3,959	11%
1,000-2,499	18	18	4,859	14
2,500-9,999	23	23	8,545	25
10,000-24,999	19	19	8,442	25
25,000 or more	19	19	8,726	25
Total	100	100%	\$34,531	100%

The States are Hawaii, Maryland, Kansas, and New York. For New York, only multi-year comprehensive grants are included.

SOURCE: Department of Housing and Urban Development, Office of Community Planning and Development, Data Systems and Statistics Division, Office of Management data compiled by Office of Program Analysis and Evaluation, 1984.

TABLE 2-10

HUD-ADMINISTERED SMALL CITIES PROGRAM,
AMOUNT, CITY NUMBER AND PERCENT OF GRANTS APPROVED BY STATE AND
BY POPULATION SIZE OF CITIES, FY 1983

		Number of Grants Approved by City Population Size													
Amount of Grants Approved		Number of Grants Approved		Over 25,000		10,000- 25,000		2,500- 10,000		1,000 2,500		Under 1,000			
State	(\$000)	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Hawaii	\$ 965	3%	2	2%	2	100%	--	--	--	--	--	--	--	--	--
Kansas	17,484	51	66	66	5	8	13	19%	15	23%	12	18%	21	32%	
Maryland	8,314	24	18	18	8	44	3	17	3	17	4	22	--	--	
New York	7,768	22	14	14	4	29	3	21	5	36	2	14	--	--	
Total	\$34,531	100%	100	100%	19		19		23		18		21		

Hawaii has reported only two of three grants, and \$965,000 of \$1,896,000 funds allocated. New York has reportedly only multi-year comprehensive grants of \$7,768,000. The competition was delayed because the State declined to administer the program late in 1983. The total New York allocation is \$39,315,000.

SOURCE: Department of Housing and Urban Development, Data Systems and Statistics Division, Office of Management, data compiled by Office of Program Analysis and Evaluation, 1984.

OVERALL PROGRAM OPERATIONS INFORMATION

HUD AND STATE-ADMINISTERED PROGRAMS

MONITORING VISITS AND FINDINGS DURING FY 1983. During FY 1983, HUD monitored all 35 of the States entering the State-administered program where grant programs actually were underway. During monitoring visits, 86 findings were made in 19 State-administered programs, and 2,279 program area findings were made on 8,547 program area monitoring visits to HUD-administered Small Cities grantees. The average number of findings was 4.5 per State monitoring visit. Findings identify inappropriate procedures and/or expenditures in terms of statutory and/or regulatory requirements. The average percentage of program area findings per program area monitoring visit was 29 percent. Of 2,016 grantees under past or present HUD-administered awards with a total of 2,307 grants and/or programs, 8,547 program areas were monitored. Data are presented in Table 2-11.

TABLE 2-11

HUD AND STATE-ADMINISTERED SMALL CITIES PROGRAMS ON-SITE MONITORING VISITS AND FINDINGS, FY 1983

<u>State-Administered Program</u>	<u>Number</u>	<u>Average Number</u>		
States Visited	35			
Monitoring Visits	75	2.1		
Total Number of Monitored				
States with Findings	19			
Number of Findings	86	4.5		
<u>HUD Administered Program</u>			<u>Grants/Programs</u>	
	<u>Single Purpose</u>	<u>Comprehen- sive</u>	<u>Total?</u>	
Grantees with Programs	960	1050	2016	
Number of Grants/Programs	1115	1192	2307	
Grantees Monitored	619	739	1358	
Grants/Programs Monitored	694	806	1500	
Program Areas Monitored	3592	4955	8547	
Program Area Findings	807	1472	2279	
Percent of Areas with Findings	22%	30%	27%	

SOURCE: Department of Housing and Urban Development, Office of Field Operations and Monitoring, Community Planning and Development, CDBG Monitoring Tracking Data Base for FY 1983, as compiled by Office of Program Analysis and Evaluation, 1984.

GRANT CLOSEOUTS. In order to insure a more efficient use of staff resources, eliminate costs caused by delays, and ease the transition to State administration, close-out of completed Small Cities grants has been a HUD priority for several years. In FY 1983, HUD closed-out 1,751 Small City grants. In FY 1982 2,069 were closed out, and 2,045 in FY 1981. The FY 1983 decrease resulted from the lesser number of grants available for closure. HUD will continue this emphasis on close-out of completed Small Cities grants in the future. A grant closeout is the process by which HUD determines that all applicable administrative actions and all required work has been completed by the grantee.

PROGRAM AUDITS. Every Small Cities grantee under the HUD-administered program must have its program reviewed by an Independent Public Accountant (IPA) at least biennially and, preferably, every year. IPA audits are sent to HUD's Regional Inspector General for Audit (RIGA) for review and acceptance. HUD also audits all or part of selected grantee programs. An audit "Finding" means a cost has been questioned or disallowed, or the local government's procedures and systems of internal controls questioned. Audit findings are reviewed by Field Office program staff. Under the State-administered Small Cities program, small city grantee audits must be sent to the State for review. States also determine whether State or independent auditors may be used by the grantee. HUD requires an audit of the State program. The audit may be done by the principal Federal funding agency, which will then submit a copy of the audit report for HUD review.

During FY 1983 as indicated in Table 2-12, 644 audit reports on HUD-administered Small Cities grantees were submitted to HUD for review. Of these reports, 395 (61%) contained findings and 202 (31%) contained findings questioning or disallowing costs. The number of reports submitted in FY 1983 was down 32 percent from FY 1982. Because grantees falling under State-administered Small Cities procedures in FY 1982 and FY 1983 were audited under State-determined procedures, HUD audited only the State, thus reducing the total number of audits. The number of active grants also decreased substantially because of HUD's closeout emphasis.

In FY 1983, there were a total of 857 audit findings in 395 audit reports on Small Cities grantee activities. The number of findings decreased 20 percent from FY 1982. Approximately 39 percent of the FY 1983 findings involved questioned or disallowed costs, a two percent decrease in the proportion of monetary findings compared to FY 1982. The dollar amount also decreased 39 percent over FY 1982. There were \$6.374 million in monetary findings in FY 1983 reports, compared to \$10.407 million in FY 1982. The decline in HUD findings was due to the shift to State-administered programs in FY 1982 and FY 1983, and subsequent reliance on State audits. See Table 2-12 for additional information.

TABLE 2-12

HUD AND STATE SMALL CITIES CDBG PROGRAM
AUDIT REPORTS AND FINDINGS, AND
TYPES AND AMOUNTS OF FINDINGS,
FY 1982 AND FY 1983

		Reports and Findings	
		FY 1982	FY 1983
A. <u>Audit Reports and Findings</u>			
Audit Reports		946	644
Audit Reports with Findings		460	395
Reports with Monetary Findings		249	202
Reports with Non-monetary Findings		337	282
B. <u>Audit Findings</u>			
		FY 1982	FY 1983
		Number Percent	Number Percent
Audit Findings		1,017	857
Monetary Findings		380 37%	306 39%
Non-monetary Findings		637 63	551 61
C. <u>Monetary Findings</u>			
		FY 1982	FY 1983
		Amount Percent	Amount Percent
		(\$000)	(\$000)
CDBG Monetary Findings		\$10,407	\$6,374
Not Sustained		7,183 6%	3,376 53%
Sustained		3,199 31	1,055 17
Unresolved		25	1,943 30

SOURCE: Department of Housing and Urban Development, Office of the Inspector General-Audit, Audit Operations Division, compiled by the Office of Program Analysis and Evaluation, 1984.

DRAWDOWNS AND EXPENDITURES. States were permitted to enter the State-administered Small Cities program on dates of their own choosing, after complying with Federal statutory and regulatory requirements. In some States, legislation was required. In others, decision-making respecting entry into the State-administered system was slowed until the issuance of HUD regulations early in 1982. FY 1982 and FY 1983 entrants began processing and award procedures following differing schedules. No uniform set of dates applied. Many States were permitted by HUD to combine their FY 1982 and FY 1983 awards. As of February 15, 1984, 59 percent of FY 1982 and twelve percent of FY 1983 funds were drawn from the U.S. Treasury by States in the State-administered, and by cities in the HUD-administered, programs. Data for each State, as of February 15, 1984, are presented in Table 2-13.

TABLE 2-13
HUD AND STATE SMALL CITIES CDBG PROGRAMS
DRAWNDOWN AMOUNTS AND PERCENT, FY 1982 AND FY 1983
(AS OF FEBRUARY 15, 1984)

State	FY 1982 (\$000)			FY 1983 (\$000)			State	FY 1983 (\$000)			State	FY 1983 (\$000)		
	Approved	Drawdown	Pct.	Approved	Drawdown	Pct.		Approved	Drawdown	Pct.		Approved	Drawdown	Pct.
Alabama	\$31,727	\$19,437	61.3%					\$29,792	\$1,758	5.8%				
Alaska	1,315	78	5.9					1,504	3	0.2				
Arizona	5,998	3,487	58.1					6,849	882	12.9				
Arkansas				\$22,870	\$10,474	45.8%		21,215	167	0.8				
California				24,708	12,934	52.3		27,142	5,139	18.9				
Colorado				9,654	6,106	63.2		101,128	2,680	26.5				
Connecticut	9,978	6,035	60.5					10,120	14	0.1				
Delaware	1,587	1,322	83.3					1,663		4.9				
Florida				22,386	9,804	43.8		25,982	244	0.9				
Georgia	36,676	25,107	68.5					36,408	12,772	35.1				
Hawaii				1,633	39	2.4						\$1,896	--	--
Idaho	6,280	5,104	81.3					7,102	3,900	54.9				
Illinois	33,713	28,313	84.0					33,450	10,570	31.6				
Indiana	30,254	14,797	48.9					29,801	403	1.4				
Iowa	24,908	18,814	75.5					24,775	2,681	10.8				
Kansas				17,885	11,053	61.8						17,484	\$2,933	16.8%
Kentucky	30,639	24,773	80.5					29,316	6,779	23.1				
Louisiana	30,837	15,069	48.9					27,787	241	0.9				
Maine	10,090	8,210	81.4					10,524	4,359	41.4				
Maryland				8,640	2,068	23.9						8,314	1,121	13.5
Massachusetts	26,542	22,070	83.2					27,380	5,613	20.5				
Michigan	30,506	23,411	76.7					31,822	10,207	32.1				
Minnesota				22,249	11,547	51.9		22,291	5,880	26.4				
Mississippi	33,825	16,760	49.4					30,349	905	3.0				
Missouri	26,218	15,490	59.1					25,803	1,417	5.5				
Montana	6,109	3,591	58.8					6,327	423	6.7				
Nebraska	12,101	9,758	80.6					11,897	1,272	10.1				
Nevada	1,291	907	70.3					1,520	48	3.2				
New Hampshire				5,731	4,082	71.2						6,015	--	--
New Jersey	11,381	3,547	31.2					11,915	205	1.7				
New Mexico				9,329	4,769	51.1		9,324	80	0.9		39,315	272	0.7

TABLE 2-13 (Cont'd)
HUD AND STATE SMALL CITIES CDBG PROGRAMS
DRAWNDOWN AMOUNTS AND PERCENT, FY 1982 AND FY 1983
(AS OF FEBRUARY 15, 1984)

State	FY 1982 (\$000)			FY 1983 (\$000)		
	Approved	State Drawdown	Pct.	Approved	State Drawdown	Pct.
New York				\$39,225	\$21,405	54.8%
North Carolina	\$46,374	\$20,985	45.3%			
North Dakota	5,704	4,924	86.3			
Ohio	44,040	34,185	77.6			
Oklahoma	18,517	4,997	27.0			
Oregon				9,236	5,176	56.0
Pennsylvania	42,622	16,199	38.0			
Puerto Rico	47,050	27,768	59.0			
Rhode Island	4,443	1,921	43.2			
South Carolina	26,938	15,730	58.4			
South Dakota	7,057	4,213	59.7			
Tennessee	30,105	14,496	48.2			
Texas	57,619	27,088	47.0			
Utah	4,235	3,649	86.2			
Vermont				4,905	2,968	60.5
Virginia	25,520	9,748	38.2			
Washington	11,342	5,984	52.8			
West Virginia	18,714	6,755	36.1			
Wisconsin	25,058	19,072	76.1			
Wyoming	2,921	1,456	49.8			
Subtotal	\$882,316	\$485,250	59.0%	\$198,941	\$102,425	51.5%
Totals						
	Approved	Drawdown	Pct.	Approved	Drawdown	Pct.
State	\$882,316	\$485,250	59.0%	\$946,790	\$114,947	12.1%
HUD	198,941	102,425	51.5%	72,093	4,326	6.0%
Total	\$1,081,257	\$587,675	57.5%	\$1,018,883	\$119,273	11.7%

SOURCE: U. S. Department of Housing and Urban Development, Office of Management, Data Systems Division, CDBG Progress Report on Program Status for FY 1982 and FY 1983, compiled by Office of Program Analysis and Evaluation, 1984.

FOOTNOTES

1. Housing and Urban Development Amendments of 1981, Title III of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35, 95 Stat. 384 (42 U.S.C. 5304).
2. Ibid, footnote 1.
3. Department of Housing and Urban Development - Independent Agencies Appropriation Act of 1983, P.L. 97-272, 96 Stat. 1160, (42 U.S.C. 5300).
4. See Table 1-1, Chapter 1, pp. 1-3 for a presentation of appropriations for each year since FY 1975.
5. The data referred to in this paragraph, and other FY 1981 data throughout the text of this chapter, may be found in tables in the 1983 Consolidated Annual Report to Congress on Community Development, HUD, GPO, 1983, Chapter 2, "Community Development Block Grants, Small Cities Program", pp. 45-75.
6. Senate Report 97-87, 97th Congress, 1st Session 18 (1981).
7. Urban Systems Research and Engineering, Inc., The State CDBG Program: The First Year's Experience, completed under HUD Contract HC 5546; and additional data collected by USRE under Contract HC 5697, for the Office of Policy Development and Research, HUD, 1984.
8. Data based on FY 1982 and FY 1983 Final Statements collected by Urban Systems Research and Engineering, Inc., under Contract HC-5697 with the Office of Policy Development and Research, HUD, January 1984.
9. Ibid, footnote 8.
10. Based on a report by the National Governors Association, under Cooperative Agreement HA-10497, with the Office of Environment and Energy, HUD, December, 1983.

CHAPTER 3: THE URBAN DEVELOPMENT ACTION GRANT PROGRAM

INTRODUCTION

This Chapter reports on the activities of the Urban Development Action Grant Program (UDAG) through September 30, 1983, the end of Fiscal Year 5983. The Chapter begins with an Introduction and an Overview followed by sections on Recent Program Developments, Program Operations, Program Benefits, and Program and Project Characteristics. A description of each project announced during FY 1983, arranged alphabetically by State and city, is included in an Appendix to the Report.

Legislative History. The Urban Development Action Grant program was established by Congress in 1977 as Section 119 of the Housing and Community Development Act of 1974, as amended.¹ The Act authorized the Secretary of the U. S. Department of Housing and Urban Development to "make urban development action grants to severely distressed cities and urban counties to help alleviate physical and economic deterioration through reclamation of neighborhoods having excessive housing abandonment or deterioration, and through community revitalization in areas with population outmigration or stagnating or declining tax base." The Act directed that Action Grants be awarded on a competitive basis to those cities and urban counties that meet the eligibility criteria for distress² and that also have demonstrated results in providing housing for persons of low and moderate income and in providing equal opportunity in housing and employment for low- and moderate-income persons and minorities.

The statute was amended during 1979 to add a "Pockets of Poverty" provision whereby non-distressed communities that contain areas, or pockets, with severe distress are allowed to apply for UDAG funds.³ The Action Grant project must primarily emphasize benefits to low- and moderate-income residents of the pocket, and a 20 percent match of the Action Grant amount must be provided by the local government.

Section 119(a) of the Housing and Community Development Act of 1974, as amended, was further amended in 1981.⁴ The Amendments redefined the purpose of the UDAG program to be "to assist cities and urban counties which are experiencing severe economic distress to help stimulate economic development activity needed to aid in economic recovery" and also eliminated an earlier requirement that there be "a reasonable balance" among commercial, industrial, and neighborhood projects. The 1981 Amendments further included provisions that simplified application/planning requirements. In addition, they required that necessary assurances be given that Action Grant funds be the least amount required to make a project feasible.

Appropriation History. From the inception of the Urban Development Action Grant program in FY 1978 through FY 1983, Congress has appropriated a total of \$3,025.1 million for the program's operation. For FY 1983 the appropriation was \$440 million. This compares with \$435.1 million for FY 1982,⁵ \$675 million each for FY 1981 and FY 1980, and \$400 million each for FY 1979 and FY 1978. The statute requires that no less than 25 percent of each fiscal year's appropriation be set aside for small cities, i. e. cities under 50,000 population that are not central cities of Metropolitan Statistical Areas. Since FY 1980, up to 20 percent of appropriated Action Grant funds have been available for Pockets of Poverty projects.

OVERVIEW

This section summarizes the issues and major findings of each of the major topics in this Chapter. Included are: recent developments in the Action Grant program; program operations, including applications, awards, and status of projects; planned and actual benefits; and an in-depth look at project characteristics.

Recent Program Developments. Steps were taken in FY 1983 to extend the economic development benefits of the UDAG program to jurisdictions with long-term, high levels of unemployment by adding location in a Labor Surplus Area as a distress criterion for establishing eligibility.

Regional Offices were given a role in program administration through the establishment of Senior Economic Development Specialist (SED) positions. The SED's are responsible for coordinating UDAG-related activities throughout each Region. An Application Review Checklist was introduced to assist HUD Field Offices in determining whether applications are complete in order to facilitate Central Office staff review. Training of HUD Field Office staff was intensified with particular emphasis on project fundability requirements. Handbooks were revised to support increased project monitoring and closeout activities by HUD Field Offices.

Extensive outreach activities by HUD Field Offices and by HUD-funded Technical Assistance contractors together with an improved economy contributed to record numbers of small city applications and awards during FY 1983. These circumstances produced a \$36 million reduction in the carry-over of unobligated, unannounced funds set aside for small cities.

Program Operations. Over the life of the program 1,572 cities and urban counties have submitted 4,232 applications requesting a total of almost \$7.0 billion in UDAG funds. Just under 50 percent, or 2,080 of these applications received no further consideration due to their failure to meet the selection criteria. Preliminary approval was announced for 2,152 applications; however, of these projects, 229 subsequently were cancelled prior to the execution of the grant agreement or terminated, either for mutual convenience or for cause. The total planned investment in the 1,923 remaining projects, which were still active or had been completed as of the close of FY 1983, was \$21.8 billion. Action Grant funds account for \$3.0 billion of this amount with \$17.2 billion in commitments leveraged from private sector investors and more than \$1.6 billion from other government sources.

During FY 1983, 542 projects involving \$735.4 million of Action Grant funds received preliminary application approval--the 'largest numbers in the six-year history of the program. During the course of FY 1983, five of these announced projects were cancelled or terminated. In the remaining 537 projects, \$731 million in Action Grants leveraged private sector commitments of more than \$3.6 billion with an additional \$749 million from other public sources. Total planned investment in FY 1983 projects was more than \$4.5 billion.

Cumulatively, large cities and urban counties have submitted 53 percent of the applications and have received 57 percent of the awards accounting for 78 percent of total UDAG dollars. Twenty-seven Pockets of Poverty awards involving \$46 million in Action Grant funds have been announced since 1980.

Fifty-eight percent of all UDAG dollars are being used to support commercial activities, 27 percent involves industrial development, and 15 percent is associated with housing over the history of the program.

More detail on these and other activities including progress in UDAG drawdowns, private expenditures and construction is provided in the Program Operations section of the Chapter along with a discussion of eligibility requirements and a description of the Action Grant selection process.

Program Benefits. Since the beginning of the UDAG program, the 1,923 active or completed projects have accounted for 405,000 planned new permanent jobs, 55 percent of which have been for low- and moderate-income persons. The 537 projects announced during FY 1983 provide for the creation of 77,000 new permanent jobs of which 45 percent are designated for persons of low and moderate income. As of the end of FY 1983, 110,000 new permanent jobs were reported by grantees as having been created by UDAG projects.

For all 1,923 projects, the amount of planned additional annual tax benefits resulting from UDAG projects is \$471 million. Projects announced in FY 1983 are estimated to produce \$108 million in additional annual revenue to local governments from property taxes and other tax sources. Grantees report that \$63 million in new tax revenues were already being received annually by the end of FY 1983. Cumulative paybacks (i.e. receipts from loans made with UDAG funds) have provided an additional \$45 million.

As of the end of FY 1983, 88,000 housing units have been planned in UDAG projects of which 39 percent are for low- and moderate-income persons with 17,800 units planned in FY 1983 projects. More than 27,000 units of housing, both new and rehabilitated, are reported by grantees to have been created as of the close of FY 1983.

Sixty-six thousand new permanent jobs are designated for minority persons in UDAG projects, and communities report that over 25,000 of these jobs already have been created. Minority-owned firms have received 17 percent of all contracts and sub-contracts reported as having been awarded in UDAG projects, with a value of \$600 million. Minority individuals or minority-owned firms are identified as having a financial interest of some nature in 15 percent of all UDAG projects. Additional information on planned and reported benefits is contained in the Program Benefits section of this Chapter.

Program and Project Characteristics. The final section of the Chapter describes the characteristics of projects funded through the Action Grant program and reports on the sources and uses of UDAG project investments. Commercial projects account for 38 percent of the number of UDAG awards, industrial projects 36 percent, housing projects 15 percent, and mixed-use projects the remaining 11 percent. The share of projects involving industrial development activities has shown the highest increase in recent years, rising from 31 percent in FY 1980-1981 projects to 43 percent in FY 1982-1983 projects.

Commercial projects are largely concentrated on the provision of office and retail space but include hotel development and the construction and rehabilitation of a number of other types of facilities. Industrial project awards most often aid firms engaged in metal fabrication and machinery

manufacturing, although chemicals and plastics enterprises, firms in the food processing and textile industries, and concerns in a wide variety of other industries have been assisted.

UDAG funds are increasingly used to provide direct **incentives** to private sector participants, typically in the form of below-market-rate loans. The repayment of these loans (and other means by which UDAG funds are ultimately returned to the grantee, including public sector equity participation in project benefits) results in the generation of revenue that is available for reuse by local jurisdictions in support of **community** development activities.

Public funds other than UDAG account for five percent of the total project investment. Of the funds derived directly from other public sources, 74 percent have been provided by **local** governments, 14 percent by Federal agencies, and 12 percent by the States.

HUD is required by law and regulation to give primary, but not exclusive, consideration in selecting projects for **preliminary** approval to the comparative degree of economic distress among applicants. In large cities and urban counties two-thirds of the projects and funds have been awarded to the one-third of the eligible jurisdictions that are most distressed. In small cities, 43 percent of the funds were awarded to the one-third most distressed cities-:

RECENT PROGRAM DEVELOPMENTS

Significant developments affecting the administration of the UDAG program during FY 1983 occurred in three major areas. These areas, which overlap to some degree, are: program design, the role of HUD Field Offices, and small cities' participation in the program.

PROGRAM DESIGN

The Housing and Community Development Amendments of 1981 redefined the purpose of the Urban Development Action Grant program to emphasize economic development and encourage the funding of projects that have significant impact on new job creation and local tax revenues. To make the program available to more **communities** experiencing long-term, high levels of unemployment, the Secretary in 1983 initiated a rule-making procedure that has added a new distress criterion in establishing UDAG eligibility. The regulations require that a jurisdiction must have a minimum of three eligibility points to qualify as distressed as discussed further on page 78. The change, which takes effect in 1984, gives one eligibility point to large cities and urban counties that are designated as Labor Surplus Areas (**LSAs**) by the Department of Labor and one eligibility point to small cities if the county or county balance in which they are located is a designated LSA. An area receives a LSA designation if its unemployment rate exceeds 120 percent of the national average unemployment rate over the previous two years. The effect of this action is to make eligible 14 more large cities and urban counties and approximately 1,800 more small cities.

THE ROLE OF HUD FIELD OFFICES

HUD Field Offices continue to play an increasingly important role in the administration of the Action Grant program. During FY 1983, new responsibilities were given to each of HUD's ten Regional Offices. The position of Senior Economic Development Specialist (SED) was established at each Regional Office to coordinate the work of HUD Field Office staffs in their initial reviews of UDAG applications and follow-up with applicants to assure that all required documentation for each application is made available on schedule to Headquarters staff for its review. The SEDs are also responsible for coordinating the delivery of Technical Assistance and identifying the training needs of HUD Field Office personnel.

To insure that applications are complete, the use of an Application Review Checklist by HUD Field Offices was introduced during FY 1983. The Checklist enables HUD Field Office staff to identify any missing or inadequate documentation in the application and permits cities and the private sector to make the information available on a timely basis. This procedure is designed to facilitate subsequent application review by Headquarters UDAG staff.

Headquarters UDAG personnel provided increased on-site training to HUD Field Office staff. Selected individuals from the Field Offices also participated in one month on-the-job training sessions at Headquarters. Training emphasized the requirements for project fundability, the UDAG application review process, monitoring and closeout activities. The purpose of this training is to enable Field Office staff to be more effective in working with cities to help them develop better applications and in monitoring project progress.

Project monitoring remains a major responsibility of HUD Field Offices as the number of active projects continues to increase. While all projects are monitored in-house quarterly, on-site monitoring is conducted only on projects with approved Legally Binding Commitments and focuses on projects that are large in scale, have major problems, or are reaching the closeout stage. To strengthen and support these activities, revised UDAG Project Monitoring and Closeout Handbooks were published in Fiscal Year 1983.

SMALL CITIES PARTICIPATION

During FY 1983, concerted efforts aimed at increasing the participation of small cities in the UDAG program continued. These efforts involved a variety of outreach activities by HUD Field Offices designed to inform local government officials about how Action Grants can be used and to provide assistance in developing "fundable" applications. In addition, HUD-funded private contractors such as Halcyon, the Mexican-American Research Center, the National Development Council, the National Association of State Development Agencies, and McManis Associates sponsored workshops and gave technical assistance in preparing applications to a number of individual communities.

The combination of these outreach activities and a significantly improved economy contributed to a record number of new applications from small cities for consideration in the four competitive funding rounds of FY 1983. For these rounds, small cities submitted slightly more than 600 new applications as compared to just over 350 during the four FY 1982 rounds. The total number

of applications receiving preliminary application approval rose from 125 during FY 1982 to 241 in FY 1983 and the UDAG dollars for these announced projects increased from \$66 million in FY 1982 to \$170 million in FY 1983. As a consequence, the carryover of the small city set-aside declined by \$36 million during FY 1983.

PROGRAM OPERATIONS

This section summarizes the operation of the UDAG program from its inception in FY 1978 to the end of FY 1983. The section is divided into two major subsections. The first subsection describes how cities become eligible for the UDAG program and reviews the process by which projects are selected for funding. It also provides information on the characteristics of all applications submitted and the characteristics of funded projects which were active or completed as of the end of FY 1983.

The second subsection discusses program progress through FY 1983. This discussion includes a review of financial progress as measured by UDAG drawdown activities and private investment expenditures. It also provides an analysis of project development as measured by progress on planned construction activities and project closeout or completion status. It concludes with a review of UDAG project monitoring activities and audit findings.

ELIGIBILITY REQUIREMENTS

To be eligible for the UDAG program, large cities and urban counties must meet or exceed at least three of six criteria (increased to seven in 1984) developed to assess economic distress. This requirement applies unless the applicant's percentage of poverty is less than one-half of the median for all large cities, in which case four of the thresholds must be met. These criteria include: age of housing, extent of poverty, population lag/decline, per capita income growth, unemployment, and job/lag decline with LSA location added in 1984.

In general, the distress thresholds for small cities are the same as those used for large cities. There are, however, two exceptions. First, since unemployment data are not available for all small cities, this variable is not used. Second, reliable data on retail and manufacturing employment, which measures job/lag decline, are not available for cities below 25,000. Therefore, this variable is used only for cities between 25,000 and 50,000.

Once determined to be eligible on the basis of distress, the city begins the application process by requesting a pre-application determination of eligibility from HUD Offices. Action Grant awards can be made only to cities and urban counties that have, in the determination of the Secretary, demonstrated results in providing housing for persons of low and moderate income and equal opportunity in housing and employment for low- and moderate income persons and members of minority groups. If results are determined to be satisfactory, applications for funding are then accepted in HUD Offices. Applications must be submitted during the first month of each quarter for large cities and urban counties and during the second month of each quarter for small cities.

USES OF UDAG FUNDS

Cities and urban counties ~~may~~ use Action Grant funds in a number of ways to stimulate economic development and recovery. They can be used to provide direct benefits to private sector parties in the form of below-market rate loans, rehabilitation loans, interest subsidies, land write-downs and on-site improvements. UDAG funds also can be used to provide public infrastructure development or improvements necessary to stimulate private investment. They can also be used to make relocation payments to individuals and businesses affected by project activities.

The private sector must commit to invest in the project at least two and one-half times the amount of the UDAG funds requested and must state that without the provision of the UDAG funds, the project could not proceed.

PROJECT SELECTION

HUD Field Offices have 30 days to prepare an Application Review Checklist, which must be supplemented with a position paper, for each application received. The Checklist provides for a systematic review of the completeness of applications and supplementary documentation. The review includes an inspection for technical application requirements, including evidence of site control, statements that "but for" the receipt of the UDAG funds requested the project would not be undertaken and letters of intent from private sector participants, including lenders and developers, to finance and carry out the proposed project. While HUD Field Offices do not make final decisions on Action Grant applications, their assessment is important to the selection process because of their specialized knowledge about applicants within their jurisdictions.

Applications and Checklists, together with HUD Field Office comments, are forwarded to HUD Headquarters for further review. In Headquarters each application receives a detailed and comprehensive analysis of its financial feasibility and consistency with selection criteria. Given the importance attached to the requirement for firm up-front private commitments, particular attention is devoted to assessing the strength of such commitments.

During the period of final review, there is constant communication between the UDAG staff at Headquarters, the applicant, and private sector parties primarily involving negotiations about project financing, the amount of the Action Grant required, and the terms and conditions of UDAG loans and paybacks. The purpose of these negotiations is to increase the "fundability" of applications and to assure that the UDAG amount is the minimum required to make the project feasible.

After projects have been reviewed for basic threshold and financial feasibility, they are assessed against a series of additional selection criteria. These criteria include the primary one of the applicant's comparative degree of economic distress as well as demonstrated performance in carrying out housing and community development programs, the ratio of UDAG dollars to new permanent jobs, the leveraging ratio of private investment to UDAG dollars, other public expenditures, the project's estimated impact on the physical, economic, and fiscal conditions of the applicant, and its potential impact on low- and moderate-income persons and minorities. Projects selected

for funding are those which best meet the selection factors as described in the regulations.

DETERMINATIONS OF ELIGIBILITY

From the beginning of the UDAG program through the end of FY 1983, HUD had received 3,253 requests for eligibility determination from local jurisdictions. Of that number, 2,241 (69%) were determined to be eligible including 23 Pockets of Poverty communities. Of the balance, 701 (22%) were found to be ineligible on the basis of not meeting the distress criteria, 177 (5%) had not demonstrated satisfactory performance in respect to the provision of housing and employment opportunities to minorities and to low- and moderate-income persons, and 134 (4%) were either withdrawn or returned as incomplete.

CHARACTERISTICS OF APPLICATIONS

Distribution of Applications. After six years of program operation, 1,572 cities have submitted 4,232 applications for UDAG funds in the total amount of almost \$7.0 billion.

The requests for Action Grant dollars, as measured by the number of new applications submitted by both large and small cities, reached the highest level in the program's history in FY 1983. The 1,088 applications that were submitted in FY 1983 account for 26 percent of total applications over the life of the program. These applications, totalling \$1.5 billion, represent 22 percent of the total dollar amount of \$7.0 billion requested as of the close of FY 1983.

As Table 3-1 shows, large cities and urban counties comprise only 24 percent of the total number of jurisdictions that have submitted UDAG applications. However, they account for 53 percent of the number of applications submitted and 74 percent of the total UDAG dollars requested. The 374 large cities and urban counties submitted an average of six applications per jurisdiction compared to an average of 1.7 per city from 1,198 small cities.

Over the history of the program, commercial projects account for 43 percent of the total number of applications submitted, industrial projects for 30 percent with 27 percent involving neighborhood activities. In FY 1983, commercial projects were 49 percent of the total number submitted, 32 percent were industrial and 19 percent neighborhood. This shift toward proportionally more commercial and industrial applications reflects the greater emphasis being placed on the funding of projects that stimulate economic development.

TABLE 3-1
DISTRIBUTION OF UDAG APPLICATIONS
(Dollars in Millions)

	<u>FY 1983</u>	<u>Percent</u>	<u>FY 1978-1983</u>	<u>Percent</u>
<u>Number of Cities Applying</u>				
All Cities	631	100%	1,572	100%
Large	(219)	(35)	(374)	(24)
Small	(412)	(65)	(1,198)	(76)
<u>Number of Applications</u>				
All Applications	1,088	100	4,232	100
Large Cities	(558)	(51)	(2,234)	(53)
Small Cities	(530)	(49)	(1,998)	(47)
Commercial	(535)	(49)	(1,801)	(43)
Industrial	(348)	(32)	(1,291)	(30)
Neighborhood	(205)	(19)	(1,140)	(27)
<u>Dollar Amount Requested</u>				
All Applications	\$1,548	100	\$6,980	100
Large Cities	(1,137)	(73)	(5,149)	(74)
Small Cities	(411)	(27)	(1,831)	(26)

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

Disposition of Applications. Since the beginning of the UDAG program, just under one-half, or 2,080, of the 4,232 applications submitted have received no further consideration--and usually for more than one reason. As Table 3-2 shows, 35 percent of the reasons involved lack of firm or insufficient financial commitments, 30 percent because the city withdrew the application, 12 percent because the "but for" test was not met, 12 percent because the application was incomplete, and 11 percent for other reasons. There was no significant difference in the distribution of reasons between large city and small city applications.

TABLE 3-2
REASONS FOR NO FURTHER CONSIDERATION
OF UDAG APPLICATIONS

<u>Reasons</u>	<u>All</u>	<u>Large Cities</u>	<u>Small Cities</u>
Insufficient Financial Commitment	35%	33%	36%
City Withdrew Application	30	32	28
Did not meet "But-For" Test	12	11	13
Application was incomplete	12	13	12
Other	11	11	11
Total	100%	100%	100%

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

CHARACTERISTICS OF ANNOUNCED PROJECTS THAT ARE ACTIVE OR COMPLETED

UDAG Funds Obligated. As of the end of FY 1983, a total of 2,152 Action Grant projects had received preliminary application approval. Of those projects, the Fiscal Year 1985 Budget for HUD shows that 1,946 had grant agreements which had been signed by HUD thus obligating appropriated UDAG funds in the amount of \$2,941,136,000. In FY 1983, budget records indicate there were 542 grant announcements for \$735.4 million in UDAG funds. In that same period, obligations of \$528.9 million were incurred for 474 projects.

Financial Characteristics of Active or Completed Projects. This report relies on the number of projects that are active or completed for its analysis. Of the 2,152 announced projects, 229 have been cancelled or terminated, leaving a balance of 1,923 active or completed projects. As shown in Table 3-3, these 1,923 projects account for \$21.8 billion in total planned investments. Action Grants contribute 14 percent or \$3.0 billion of this amount with 79 percent or \$17.2 billion expected to be leveraged in private investment and seven percent or \$1.6 billion from other Federal, State, and local government sources. Basic information on the financial characteristics and planned benefits of the 1,923 active or completed projects, by fiscal year and in total, is shown in the Exhibit at the end of this Chapter.

In FY 1983, 537 active projects were announced involving \$731 million in Action Grant funds. These funds are expected to leverage over \$3.6 billion in private investment and \$149 million in other public funds, bringing total planned investment to \$4.5 billion.

TABLE 3-3

FINANCIAL CHARACTERISTICS OF ACTIVE AND COMPLETED PROJECTS
(Dollars in Millions)

<u>Item</u>	<u>FY 1983</u>	<u>FY 1978-1983</u>
Number of Projects	537	1,923
Action Grant Funds	\$ 731	\$ 2,993
Private Investment	\$ 3,623	\$ 17,191
Other Public Funds	\$ 149	\$ 1,610
Total Project Costs	<u>\$ 4,503</u>	<u>\$ 21,794</u>
Action Grant Funds Per Project	\$ 1.361	\$ 1.556
Total Project Costs Per Project	\$ 8.385	\$ 11.333
Ratio: Private Investment to UDAG \$	5:1	5.7: 1

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

The ratio of Action Grant funds to private investment for all projects is 5.7:1, somewhat higher than the ratio of 5:1 for FY 1983 projects. Action Grant dollars per project average \$1,556,000 for all projects compared to a lower average of \$1,361,000 for FY 1983 projects. Total investment per project over the six-year history of the program averages \$11.3 million and \$8.3 million for FY 1983 projects.

Distribution of Projects and Action Grant Dollars by City Type. For all project years large cities have received 57 percent of the awards and 78 percent of the UDAG dollars as shown in Table 3-4. In FY 1983, large cities received 55 percent of the number of awards announced and 77 percent of the UDAG funds. Conversely, small cities account for 43 percent of the announced awards and 22 percent of the UDAG dollar amount over the life of the program; this compares to 45 percent of awards and 23 percent of Action Grant funds in FY 1983 projects.

Prior to FY 1983, there were never enough fundable projects submitted by small cities to use the full 25 percent of appropriated UDAG funds as mandated by Congress. However, in FY 1983, and for the first time in the program's history, the amount of UDAG funds announced for small city projects exceeded 25 percent of that fiscal year's appropriation and produced a reduction in the carryover of the small city set aside.

Pockets of Poverty. Pockets of Poverty projects are characterized by substantial direct benefits to low- and moderate-income residents of the Pocket, particularly in regard to employment opportunities. Twenty-seven Pockets of Poverty awards have been made since the statute was amended in 1979 to include this type of project. Total Action Grant funds involved in Pockets of Poverty projects amounted to \$46 million with an average of \$1.8 million per project. In FY 1983, nine Pockets of Poverty awards were announced with a total value of \$18 million.

TABLE 3-4

DISTRIBUTION OF PROJECTS AND UDAG DOLLARS IN ACTIVE AND COMPLETED PROJECTS
(Dollars in Millions)

<u>Item</u>	<u>FY 1983</u>	<u>FY 1978-1983</u>
Number of Projects--Total	537	1,923
Large Cities	(296)	(1,101)
Small Cities	(241)	822)
Percent of Projects	100%	100%
Large Cities	(55)	(57)
Small Cities	(45)	(43)
UDAG Dollars--Total	\$731	\$2,993
Large Cities	(\$561)	(\$2,330)
Small Cities	(\$170)	(\$ 663)
Percent of UDAG Dollars	100%	100%
Large Cities	(77)	(78)
Small Cities	(23)	(22)
Pockets of Poverty		
Number of Projects	9	27
UDAG dollars	\$ 18	\$ 46

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

For FY 1982-83 projects, the percentage of UDAG funds accounted for by commercial activities declined to 50 percent from an average of 59 percent for

The distribution of UDAG funds in support of the three types of activity differs significantly between large and small cities. As shown in Table 3-5, in large cities the largest share of UDAG funds (65%) was for commercial activities. In contrast, in small cities the largest share (57%) was for industrial development. A somewhat larger share of total funds (16%) in large cities was for housing than in small cities (12%).

TABLE 3-5

DISTRIBUTION OF UDAG FUNDS BY ECONOMIC ACTIVITY, 1978-1983

<u>Projects</u>	<u>Industrial</u>	<u>Commercial</u>	<u>Housing</u>
All projects*	27%	58%	15%
1978-81	25	60	15
1982-83	40	48	12
Large	19	65	16
Small	57	31	12

*

Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

FINANCIAL PROGRESS

UDAG Drawdowns. Table 3-6 shows over \$1.5 billion or 51 percent of the obligated UDAG funds had been drawdown by grantees as of the end of FY 1983 as reflected in the President's 1985 Budget Request.

TABLE 3-6

UDAG DRAWDOWNS OF OBLIGATED FUNDS
(Dollars in Millions)

<u>Obligated</u>	<u>Drawdown</u>	<u>Percent</u>
\$2,941	\$1,507	51%

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

Private Investment Expenditure. As shown in Table 3-7, there is almost \$17.2 billion in planned private investment associated with active and completed projects. By the end of FY 1983, grantees reported that more than \$11.6 billion, or 68 percent of that amount, had been expended. That the rate of planned private investment (68%) is significantly higher than the UDAG drawdown rate (51%) is because private investment can begin before Legally Binding Commitments from project participants to undertake the activities identified in the grant agreement are approved by HUD and because most UDAG grant agreements are written to stipulate that a specific proportion of the private funds must be spent before UDAG funds can be drawdown.

The reported private expenditure rate in small city projects is 81 percent of planned private investment. This record reflects the predominance of industrial projects in small cities. Industrial projects show an 83 percent rate of expenditure. In large city projects, the overall private expenditure rate of 64 percent reflects the greater proportion of commercial and neighborhood projects in large cities. These latter project types had private expenditure rates of 61 percent and 62 percent respectively.

Grantees report that for projects which were awarded during FY 1978-1980 actual expenditure rates have exceeded 107 percent of the planned private investment. In contrast, projects announced in the FY 1981-1983 period report a private expenditure rate of 40 percent.

TABLE 3-7
EXPENDITURE RATES OF PLANNED PRIVATE INVESTMENT
IN ACTIVE AND COMPLETED PROJECTS
(Dollars in Millions)

<u>Project s</u>	<u>Planned</u>	<u>Actual</u>	<u>Percent</u>
All Projects	\$1 7,191	\$1 1,640	68%
Large	(13,164)	(8,384)	64
Small	(4,027)	(3,256)	81
Industrial	(5,170)	(4,283)	83
Commercial	(8,911)	(5,425)	61
Neighborhood	(3,110)	(1,932)	62
FY 1978-1980 Projects	(7,165)	(7,667)	107
FY 1981-1983 Projects	(10,026)	(3,973)	40

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

PROJECT DEVELOPMENT

Construction and Completion Status. Table 3-8 shows that as of the end of FY 1983, grantees reported that construction work had not yet started on 34 percent of all projects, that it was underway in 31 percent and was completed in another 14 percent. Thirteen percent of all projects had reached the closeout stage and 8 percent had been completed.

Fewer large city projects (38%) had not begun construction work as compared to small cities (30%) while 16 percent of all large city projects had been closed out or completed as compared to 26 percent in small cities.

Construction work had not started in 40 percent of all commercial projects as compared to 30 percent in industrial and 31 percent in neighborhood projects. Fifteen percent of all commercial projects were either closed out or completed while 27 percent of industrial projects and 20 percent of neighborhood projects had reached the closeout or completion stage.

TABLE 3-8
PROJECT COMPLETION STATUS

<u>Projects</u>	<u>Not Yet Started</u>	<u>Construction Underway</u>	<u>Construction Completed</u>	<u>Closed Out</u>	<u>Projects Completed</u>
All Projects	34%	31%	14%	13%	8%
Large	38	32	15	12	4
Small	30	31	14	14	12
Industrial	30	27	16	16	11
Commercial	40	32	13	9	6
Neighborhood	31	35	15	13	7

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

MONITORING

HUD Field Offices reported that during FY 1983, on-site monitoring visits were made to 420 UDAG grantees and that 728 individual grants were monitored during the visits. The numbers of grantees and projects in FY 1983 are very similar to those for FY 1982. Monitoring efforts, while covering a wide variety of activities, were focused on program progress, accountability, program benefits, management systems and financial management. The findings that resulted from the monitoring requiring grantee action to correct or improve a condition were concentrated in the general areas of program progress, management systems, and financial management plus the more specialized areas of environmental, acquisition and relocation activities.

AUDITS

Every UDAG grantee must be audited at least biennially and, preferably, every year. Almost all of these audits are conducted by Independent Public Accountants (IPAs). The IPA audit is sent to the Regional Inspector General for Audit (RIGA) for review and acceptance. The RIGA may also undertake audits of part or all of the UDAG program of a selected grantee. A "Finding"

In FY 1983, there were a total of 104 findings in the 57 audit reports with findings which compares to a total of 67 findings in 38 reports with findings in FY 1982. Thirty-eight percent of the FY 1983 findings involved questioned or disallowed costs as compared to 45 percent of FY 1982 findings. The monetary findings in FY 1983 involved \$3.8 million of UDAG funds questioned or disallowed. This was a decline from \$5.6 million in FY 1982 audits.

Almost one-half (\$1,808,000) of the dollar amount of the monetary findings resulting from audits conducted during FY 1983 was unresolved as of September 30, 1983. The reason for this condition is that audits are conducted throughout the course of the year and HUD standards allow up to six months for the final resolution of findings. This accounts for why Table 3-9, which was prepared in the latter part of 1983, shows that the dollar amount of unresolved findings from FY 1982 audits had reached zero (\$0) by that time. Of those FY 1983 monetary findings which had been resolved, eighty percent (\$1,586,000) of the dollars involved were non-sustained while twenty percent (\$398,000) were sustained. For all FY 1982 monetary findings, 81 percent of the dollar amount ultimately was non-sustained.

TABLE 3-9

UDAG PROGRAM AUDIT ACTIVITIES

ITEM	FY '1982		FY '1983	
	Number	Percent	Number	Percent
A. <u>Audit Reports and Findings</u>				
Audit Reports	187	100%	214	100%
Audit Reports with Findings	3%	20	57	27
Reports with Monetary Findings	(22)	(12)	(27)	(13)
Reports with Non-Monetary Findings Only	(16)	(8)	(30)	(14)
B. <u>Audit Findings</u>				
Total Findings	67	100%	104	100%
Monetary Findings	(30)	(45)	(40)	(38)
Non-Monetary Findings	(37)	(55)	(64)	(62)
	FY 1982		FY 1983	
C. <u>Monetary Findings</u>	<u>Dollars</u>	<u>Percent</u>	<u>Dollars</u>	<u>Percent</u>
UDAG Funds	\$5,625,000	100%	\$3,792,000	100%
Questioned/Disallowed				
Non-sustained	(4,554,000)	(81)	(1,586,000)	(42)
Sustained	(1,069,000)	(19)	(398,000)	(10)
Unresolved	(0)	(0)	(1,808,000)	(48)

SOURCE: U. S. Department of Housing and Urban Development, Office of the Inspector General, Planning and Research Division. Compiled by Community Planning and Development, Office of Program Analysis and Evaluation.

PROGRAM BENEFITS

This section discusses the planned benefits from the Action Grant program in the areas of jobs, taxes, housing, and for minority persons and firms. It also describes the actual progress achieved in those areas. It should be noted that the grantee performance reports for closed-out and completed projects are not current. Thus some benefits may well be undercounted. 10

PLANNED EMPLOYMENT BENEFITS

For all 1,923 projects, there are 405,000 new permanent jobs to be created of which 55 percent are intended for low- to moderate-income persons and 16 percent for minority persons as shown in Table 3-10. The 537 projects announced in FY 1983 are expected to provide 77,000 new permanent jobs of which persons of low to moderate income are designated to receive 45 percent and minority persons 21 percent.

The average number of UDAG dollars per planned new permanent job has shown a steady rise since the beginning of the program due largely to the combined effects of the impact of inflation on project-related costs and more accurate estimates by cities of the number of jobs to be created. The average for all 1,923 projects is \$7,400 UDAG dollars per planned new permanent job compared to \$9,500 for FY 1983 projects. The average number of planned new permanent jobs per project has been declining steadily also reflecting more accurate job estimates as well as a generally downward trend in average project size. For all projects, the average is 211 new permanent jobs per project which compares to 146 for FY 1983 projects.

TABLE 3-10
PLANNED EMPLOYMENT BENEFITS

<u>Item</u>	<u>FY 1983</u>	<u>FY 1978-1983</u>
New Permanent Jobs	77,156	405,019
Low/Moderate Income Jobs	34,417	224,004
Percent Low/Moderate	45%	55%
Minority Jobs	16,053	65,728
Percent Minority	21%	16%
New Permanent Jobs per Project	146	211
UDAG Dollars per New Job	\$9,498	\$7,389
Construction Jobs	59,441	310,781

Planning and Development, Office of Management, Data Systems
and Statistics Division, Action Grant Information System.

Over the history of the UDAG program, the project type with the lowest average number of Action Grant dollars per planned new permanent job occurs in industrial projects. The average is \$5,700. Such projects have a higher leveraging ratio than other project types and are focused more specifically on job creation--they account for about one-third of all planned new permanent jobs. In comparison, the average for commercial projects is \$6,900 and the average for neighborhood projects is \$14,300. The high cost per job in neighborhood projects is due to the fact that many involve housing activities, which create few, if any, new permanent jobs. By city type, the average of \$5,960 UDAG dollars per planned new permanent job in small city projects compares to \$7,930 for projects in large cities. The difference probably reflects lower construction costs and a larger proportion of industrial projects in small cities.

Some Action Grant projects are designed to retain existing permanent jobs that might otherwise be lost by distressed cities. Almost 115,000 jobs were identified for retention in all UDAG projects and it was expected that 5,800 jobs would be retained in projects announced in FY 1983. As more emphasis was placed on economic development and new job creation in the administration of the UDAG program, the ratio of new jobs to retained jobs of 13.3:1 for FY 1983 projects compares to a ratio of 3.5:1 for all projects (FY 1978-1983).

Construction Jobs. An additional employment benefit from the program is the construction jobs provided during project development. Almost 311,000 construction jobs are expected from all UDAG projects and over 59,000 from FY 1983 projects.

ACTUAL JOB CREATION

At the end of FY 1983, Table 3-12 shows that almost 110,000 new permanent jobs had been created by the Action Grant program--27 percent of all planned jobs. Of these jobs, 73,000 are in large cities and 37,000 in small cities. Forty-three thousand of all new jobs were industrial positions; the rest, 67,000, are in projects related to commercial and neighborhood activities. Sixty-six thousand of the new permanent jobs created were designated for persons of low or moderate income.

Those Action Grant projects that had reached the closeout stage or had been completed created 66 percent of all planned jobs, 80 percent of those for low- and moderate-income persons and 76 percent of planned minority jobs. This information was reported by grantees at the time of closeout or in their last progress report submitted prior to closeout. By the end of FY 1983, grantees also reported that 232,000 construction jobs have been created.

TABLE 3-12
NEW PERMANENT JOBS CREATED

	<u>Planned</u>	<u>Created</u>	<u>Percent</u>
<u>All Projects:</u>			
New Permanent Jobs	405,019	109,846	27%
Low/Mod Jobs	224,004	66,183	30
Minority Jobs	65,729	25,322	39
<u>Projects at Closeout or Completion:</u>			
New Permanent Jobs	58,753	38,038	66
Low/Mod Jobs	33,808	26,664	80
Minority Jobs	6,134	4,649	76

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

PLANNED 'FISCAL' BENEFITS

Another major objective of the use of UDAG funds is to generate new revenue for distressed cities from project activities. In Table 3-13, total tax increases to be provided by FY 1983 projects from all sources were projected at \$108 million annually. The principal source of new revenue would be derived from taxes on real estate. About \$68 million in annual revenue increase was expected from this source from FY 1983 projects once they are completed. An additional \$23 million in annual revenue was to be derived from other tax sources such as the local portion of sales taxes, local income taxes and inventory taxes, and \$17 million from payments in lieu of taxes (PILOT)

TABLE 3-13
PLANNED ANNUAL FISCAL BENEFITS
(Dollars in Millions)

Item	FY 1983	FY 1978-1983
Property Tax Increase	\$ 68	\$303
Other Tax Increase	\$ 23	\$150
Payments in Lieu of Taxes	\$ 17	\$18
Total	<u>\$108</u>	<u>\$471</u>
Tax Increase Per UDAG \$	\$0.15	\$0.16

SOURCE: U. S. Department of Housing and Urban Development, community Planning and Development, Office of Management, Data Systems and Statistics Division, Action Grant Information System.

For all projects, \$303 million in projected property tax increases together with \$168 million from other sources was expected to produce annual revenues for recipient communities of over \$470 million.

For all projects, each UDAG dollar was anticipated to generate 16¢ per year in additional revenue from all tax sources from project-related activities. The average was 15¢ per UDAG dollar for FY 1983 projects.

Tax Abatements. About 23 percent of all projects receive some form of tax abatement--a proportion that has varied only slightly from year to year. About 26 percent of projects in large cities and 18 percent in small cities receive some degree of abatement and the percentage is high in both industrial (27%) and commercial projects (25%). The amount of abatement and its impact on expected tax revenue increases vary widely among affected projects. About two-thirds of the abatements are provided by local governments with about one-quarter by State governments. ¹¹

Actual Tax Revenue. Table 3-14 shows that in FY 1983, communities with UDAG projects reported receiving \$63 million in actual tax and related payments--\$35 million in property taxes, \$21 million from other taxes and \$7 million in payments in lieu of taxes. The total is 13 percent of planned tax revenues from all projects. Large cities received \$49 million of those payments, and \$14 million was received by small cities.

TABLE 3-14
TAX AND RELATED REVENUES RECEIVED
(Dollars in Millions)

	<u>Planned</u>	<u>Received</u>	<u>Percent</u>
All Projects:			
Property Tax	\$303	\$35	12%
Other Taxes	150	21	14
PILOT	18	7	39
Total	<u>\$471</u>	<u>\$63</u>	<u>13%</u>
Projects at Closeout or Completion			
Property Tax	\$38	\$14	37%
Other Taxes (inc. PILOT)	24	9	38
Total	<u>\$62</u>	<u>\$23</u>	<u>37%</u>

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

Another source of revenue to distressed jurisdictions from UDAG projects is the payback of UDAG loans by private sector participants. Grantees report that cumulative **paybacks** amounted to \$45 million by the end of FY 1983. Of that amount \$25 million had been paid to large cities while small cities had received \$20 million.

HOUSING.

Over its first six years, the UDAG program had planned to provide close to 88,000 housing units as shown in Table 3-15. Of these, almost 42,000 were to be new units while more than 46,000 involved rehabilitation. Thirty-nine percent of all housing units were intended for persons of low to moderate income. Eighty-five percent of all planned housing units are located in large cities.

TABLE 3-15
PLANNED HOUSING UNITS

<u>Item</u>	<u>FY 1983</u>	<u>FY 1978-1983</u>
New Construction	13,371	41,782
Rehabilitation	4,460	46,078
Total	<u>17,831</u>	<u>87,860</u>
Percent New Construction	75%	48%

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

Planned Housing. The average number of units planned in Action Grant projects has remained relatively constant throughout the program at about 14,650 units per year. The 17,800 planned units associated with FY 1983 projects reflect the overall increase in program activity during that fiscal year. In FY 1983 there was a sharp reversal in the relationship between planned new units and units to be rehabilitated. While new units account for 48 percent of all planned units over the life of the program prior to FY 1983, they represent 75 percent of total planned units in FY 1983 projects. The average of housing for low- and moderate-income persons for all program years is 39 percent.

Housing Performance. Table 3-16 shows that 27,300 units had been completed by the end of FY 1983. Of this number, over 12,300 new units of housing had been constructed and 14,250 units had been rehabilitated. The total of completed units is 31 percent of all planned units. More than 14,000 (over one-half) of the completed units had been designated for persons of low to moderate income.

TABLE 3-16
COMPLETED HOUSING UNITS

	<u>Planned</u>	<u>Completed</u>	<u>Percent</u>
<u>All Projects :</u>			
Housing Units	87,860	27,329	31%
Low/Mod Units	33,937	14,243	42
<u>Projects at Closeout or completion</u>			
Housing Units	8,995	5,070	56
Low/Mod Units	4,582	3,286	72

SOURCE: U. S. Department of Housing and Urban Development, community Planning and Development, Office of Management, Data Systems and Statistics Division, Action Grant Information System.

BENEFITS TO MINORITIES

Action Grant projects provide permanent employment and other benefits for minority persons and opportunities for the involvement of minority-owned firms and businesses in project-related activities as summarized in Table 3-17.¹²

Minority Employment. Grantees in about one-half of all UDAG projects have designated almost 66,000 planned new permanent jobs for minority persons. This is 16 percent of the total of all planned new jobs. Communities reported that over 25,000 (38 percent) of the planned permanent jobs for minority persons actually had been created.

Minority Contracts. Cities reported that in 770 (60 percent) of the 1,300 UDAG projects that had reached the stage of letting contracts by the close of

FY 1983, there was an involvement of minority-owned firms as contractors or sub-contractors. The activities of these firms include construction contracting and the provision of architectural, engineering design, consulting and other services. Minority-owned firms have received 17 percent of the number of all contracts and sub-contracts awarded, the total value of which is more than \$600 million or seven percent of the dollar amount of all awards made to private sector businesses.

Other Minority Participation or Benefits. Minority individuals or **minority-owned firms** are identified as having a financial interest in 285 projects--15 percent of all projects. The financial interest can involve an ownership role or equity position in the project, a specific set aside of space to be leased, or a specific set aside of construction contracts. In addition, **almost one-quarter** of all projects include planned benefits for minorities, other than jobs and ownership, such as loans to minority persons to purchase or rehabilitate residential structures.

TABLE 3-17

MINORITY BENEFITS

<u>Item</u>	<u>Percent</u>
Percent of Projects with P lanned N ew Permanent Jobs for Minority Persons	49%
Percent of P lanned N ew Permanent Jobs Designated for Minority Persons	16
Percent of Planned N ew Permanent Jobs for Minority Persons Actually Created	38
Percent of Projects with Involvement of Minority Contractors in Projects Which Had Awarded Contracts	59
Percent of the Number of Contracts Awarded to Minority Firms	17
Percent of the Value of Contracts Awarded to Minority Firms	7
Percent of Projects with Minority Financial Interest	15
Percent of Projects with Other Benefits for Minorities	24

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

PROJECT CHARACTERISTICS

This section describes the characteristics of projects funded through the Action Grant program. Included is information on the distribution of projects by type of activity, the sources of funds contributing to total project development costs, the location of projects within communities, and energy-related projects.

TYPES OF PROJECTS

Action Grant projects contribute to industrial, commercial and housing development. Each Action Grant project may undertake these development activities singly or in combination--the latter typically a mix of housing and commercial development. Historically, commercial and industrial activities are shown in Table 3-18. Commercial projects account for 38 percent of the number of grant awards and industrial projects for 36 percent. Fifteen percent of awards assist the production of new or rehabilitated housing, and the remaining 11 percent aid mixed-use development projects.

TABLE 3-18

DISTRIBUTION OF UDAG PROJECTS, 1978-1983

<u>Item</u>	<u>Industrial</u>	<u>Commercial</u>	<u>Housing</u>	<u>Mixed</u>
All Projects*	36%	38%	15%	11%
1978-1979	36	33	13	18
1980-1981	31	43	16	10
1982-1983	43	36	14	7
Large	27	45	16	12
Small	48	30	14	9

*

Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

Industrial projects, despite a slight decline in the percentage of awards granted in the 1980-1981 period compared to 1978-1979, registered the sharpest increase in the percent of awards made in 1982-1983 and constituted the highest proportion of grants made in that period. In contrast, the relative share of awards made in support of commercial and housing projects increased through the early and middle years of the program, but has subsequently declined. Mixed use projects have experienced a steady decline in the share of awards over the life of the program.

Small city projects are more likely to be industrial than any other project type, while large city projects, on the whole, are more apt to be commercial in nature. Nearly half of all Action Grant projects located in small cities are industrial and forty-five percent of all large city projects involve commercial development.

Average total development costs per project and the average amount of UDAG funds that contributed toward this total vary widely among project types and program years. Although the program-wide average project cost is \$12.6 million, including \$1.6 million in UDAG funds, commercial and mixed-use projects are typically larger than industrial or housing projects. Average total development costs for commercial projects are about \$16.2 million with UDAG funds comprising \$2.1 million of this amount. Housing projects average only \$8.0 million in total costs, supported by \$940 thousand in UDAG funds. Since the inception of the program, total development costs per project, including the Action Grant component, have steadily declined. Planned expenditures per project in the 1978-79 program years averaged approximately \$14.0 million, with Action Grant funds accounting for \$1.9 million of the total. Projects funded in 1982-83, however, averaged \$8.9 million in total cost with an average \$1.0 million in UDAG funding.

Commercial Projects. The 38 percent of Action Grant projects contributing to local commercial development involves the planned new construction or rehabilitation of retail and office space, hotel facilities, and a number of other types of for-profit and non-profit enterprises. These projects range from large downtown complexes embracing multiple commercial uses to neighborhood nursing homes. Almost two-thirds of commercial projects include a retail component and about 45 percent of the projects provide for the development of commercial office space. Action Grant awards to this type of development plan to produce over 44 million square feet of retail space and 86 million square feet of office space. Twenty-one percent of the commercial projects involved the construction or renovation of hotel facilities, to result in the development of 39,000 rooms. Fully 29 percent of all commercial projects, however, involve other types of facilities including cultural centers and theatres, or those which provide specialized services such as film and sound studios, or social services such as job training, sheltered workshops, and nursing homes.

Commercial project development occurs through the construction of entirely new facilities, the expansion of existing facilities, or the renovation of occupied or previously-vacant buildings. Almost 70 percent of commercial projects include the construction of new facilities, and the expansion of existing commercial facilities is characteristic of 15 percent of commercial projects. Nearly one-half of all commercial projects include some degree of rehabilitation. This renovation involves the upgrading of facilities currently employed for commercial purposes, or in the creative re-use of abandoned structures, sometimes incorporating a historic preservation component, as shown in Table 3-19.

TABLE 3-19

HISTORIC PRESERVATION
(Dollars in Millions)

<u>Item</u>	<u>All Projects</u>	<u>With HP</u>	<u>Percent</u>
Projects*	1,379	135	10%
UDAG	\$ 2,176	\$ 91	4
Private	14,838	449	3
Other Public	918	38	4
Total	\$17,932	\$578	3%

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

One-tenth of the 1,379 UDAG projects with signed grant agreements have contributed to the rehabilitation and preservation of historic structures. Over \$91 million, or four percent of UDAG funds, have been planned to be expended in support of the renovation of buildings deemed to have local historic significance, often in conjunction with downtown revitalization projects. Private dollars involved in such activities total \$449 million, or three percent of planned private funds. Funds from other public sources devoted to this use comprised four percent of total other public fund commitments. In total, over \$578 million in project funding has included some historic preservation component. This three percent share of total project expenditures has remained fairly constant over the life of the program.

Industrial Facilities. Over one-third of all Action Grant awards aid in the creation of new production capacity in a wide range of industries. As shown in Table 3-20, thirty-seven percent of the over 700 individual firms assisted with Action Grants are metal fabrication and machinery and equipment manufacturing enterprises. Fifteen percent of the firms are engaged in the production of chemicals, plastics and other synthetic materials, thirteen percent are wood and paper products companies, and 11 percent are in food and food processing. The remaining firms are distributed across a broad spectrum of economic sectors.

TABLE 3-20

FIRMS IN INDUSTRIAL PROJECTS, 1978-1983

<u>Economic Sector</u>	<u>Percent of Awards*</u>
Metals/Machinery & Equipment	37%
Chemicals/Plastics	15
Wood/Paper Products	13
Food & Food Processing	11
Textiles/Appare	17
Wholesale Trade	7
Agriculture/Mining/Transport	6
Other	14
Total	100%

*

Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

Approximately one-half of the firms participating in the program are new to the community in which the facilities are located, thus contributing to the expansion of the economic base of the community, or serving to soften the impact of plant closings. The assistance provided to firms already located in the city receiving an Action Grant may be used to expand existing facilities and provide jobs new to the area or induce firms contemplating relocation to remain in the community and continue to provide employment locally.

Analysis of recently-funded industrial projects indicates that about one-third of these projects included the start-up of completely new firms or the creation of new branch plants by parent corporations. Fifty percent of all firms assisted were independent firms rather than corporate branches. Firms assisted are, in general, medium-sized, employing a pre-UDAG award average of 305 workers.

The construction of completely new production facilities was an aspect of 43 percent of the awards benefitting industrial firms. Twenty-six percent of the awards provided for plant expansions, and about one-third of the awards included the rehabilitation of existing facilities. These activities plan for the development of more than 79 million square feet of industrial space, 43 percent through renovation.

Action Grant assistance contributes not only to the immediate expansion of production capacity, but in some cases provides for future industrial development. In addition to a number of structures to be constructed or rehabilitated on a speculative basis, the provision of grant funds will enable the site and infrastructure improvements necessary for the development of over 4,000 acres of industrial park land.

Housing Projects. Approximately one-quarter of all Action Grant projects include the construction or rehabilitation of housing units. In 15 percent of UDAG projects, this is the only activity undertaken with project funds. An additional 11 percent of the projects incorporate mixed-use development activities, typically including a housing component coupled with some form of commercial development. Over the life of the program, two-thirds of all planned housing units have been associated with projects which involve only housing while one-third of the planned units have been created or rehabilitated in conjunction with some other activity.

As shown in Table 3-21, housing development projects differ widely in terms of the construction and occupancy characteristics of their units. Housing-only projects are far more likely to involve the rehabilitation of existing units rather than the production of new housing. Rehabilitated units account for 72 percent of all housing units in housing-only projects in contrast to 43 percent in mixed-use projects. In addition, the bulk of the units funded through housing-only projects are owner rather than renter-occupied, whereas the reverse is true in mixed-use projects. Sixty-four percent of the housing units assisted in housing-only projects are owner-occupied. In mixed-use projects, 69 percent of the units planned are intended for rental use. These differences reflect the purposes and types of structures likely to be assisted in each project type. Most often, the primary purpose of mixed-use projects is commercial revitalization. The housing units supported through such projects are typically located in multi-story structures partially devoted to commercial use. In contrast, single-purpose housing projects generally are intended to contribute to the revitalization of neighborhoods through the rehabilitation of existing, owner-occupied structures.

TABLE 3-21

CHARACTERISTICS OF PLANNED HOUSING UNITS BY PROJECT TYPE

<u>Units</u>	<u>Mixed-Use</u>	<u>Housing-Only</u>
New Construction	57%	28%
Rehabilitation	43	72
	<u>100%</u>	<u>100%</u>
Owner-Occupied	31	64
Renter-Occupied	69	36
	<u>100%</u>	<u>100%</u>

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

Table 3-22 provides additional information on the occupancy characteristics of planned housing units in UDAG projects. Since the inception of the program, 69 percent of all planned units have been owner-occupied while 31 percent have been intended for rental purposes. However, the relative proportion of owner-occupied to rental units has shifted dramatically over time. In the first two program years, the housing assisted was almost equally divided between owner-occupied and renter-occupied units. By FY 1982-83, over 80 percent of all planned units were owner-occupied. In part, this reflects the decline in the share of UDAG awards made in support of mixed-use development projects.

Of the planned new units, somewhat over half, or 54 percent, have been intended for sale to eventual owners. In contrast, 79 percent of the rehabilitated units have been owner-occupied. The average sale price of newly-constructed owner-occupied units has been approximately \$51,000, which was substantially less than the nation-wide average over the same time period. The planned rehabilitation cost of owner-occupied dwellings has averaged \$22,000, indicating a fairly high percentage of projects involving a moderate-to-substantial level of rehabilitation.

TABLE 3-22
OCCUPANCY CHARACTERISTICS OF PLANNED HOUSING UNITS

<u>Units</u>	<u>Owner-Occupied</u>	<u>Rental</u>	<u>Total</u>
All Projects*	63%	31%	100%
1978-79	51	49	100
1980-81	70	30	100
1982-83	84	16	100
New Construction	54	46	100
Rehabilitation	79	21	100

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

FUNDS IN UDAG PROJECTS

This subsection discusses the sources and uses of Action Grant project funds. Findings are based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

Sources of Funds. UDAG projects must include funds from private sector sources in addition to the Action Grant itself, and may include funds from other Federal and State agencies or local public sector sources.

Table 3-23 shows that, historically, the private sector has provided 83 percent of the total planned development costs of Action Grant projects, far in excess of the minimum program standard of a leveraging ratio of private investment to UDAG dollars of 2.5:1. Action Grant dollars have contributed an additional 12 percent of total funding, and other public funds comprise the remaining five percent.

TABLE 3-23
SOURCES OF PROJECT FUNDS, 1978-1983

Projects	Private	UDAG	Other Public
All Projects*	83%	12%	5%
1978-79	84	11	6
1980-81	82	13	5
1982-83	84	12	4
Large	82	12	6
Small	83	13	4
Industrial	89	9	2
Commercial	80	13	7
Housing	80	17	3
Mixed	79	14	7

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

There is only minor variation in this pattern in respect both to fiscal year of award and city type. There is some variation by project type, however. Private investment provides 89 percent of total planned investment in industrial projects as compared to 80 percent each for commercial, housing, and mixed projects. As a consequence, industrial projects rely less on UDAG funds (9%) and other public monies (2%) than other project types. Housing projects show the highest proportion of UDAG funds (17%) and a lower than average use of other public sources of financial assistance (3%). Commercial and mixed projects display a pattern close to that for all projects.

Sources of Private Investment. The private investment in UDAG projects consists of those funds obligated to be expended by private sector parties, whether it be private equity, loans from private sector lenders, or (non-UDAG) loans subsidized by public agencies. (See Table 3-24.)

Unsubsidized private expenditures have averaged 76 percent of the total private sector share in UDAG projects, while 24 percent of the private sector contribution has received some form of public sector subsidy.

TABLE 3-24

SOURCES OF PRIVATE INVESTMENT, 1978-83

	<u>Unsubsidized</u>	<u>Subsidized</u>
All Projects*	76%	24%

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

Local city and county agencies account for 68 percent of the total subsidized private debt. In addition to Industrial Revenue Bonds, subsidy mechanisms include Housing Development Bonds, and direct below-market-rate loans to private investors. State agency subsidies constitute an additional 15 percent of subsidized private funds. Federal agencies, most notably the Small Business Administration and the Economic Development Administration, are providing 17 percent of this type of funding, generally through direct loans or loan guarantees.

Uses of Action Grants. Action Grant funds may be used in several ways: to directly benefit private sector parties through below-market-rate loans, rehabilitation loans, interest subsidies, land write-downs and on-site improvements; to provide infrastructure development or improvement which, while project-related, generates additional public benefits; and to make relocation payments to individuals and businesses affected by project activities.

TABLE 3-25

USES OF UDAG FUNDS, 1978-83

<u>Item</u>	<u>Direct Incentives</u>	<u>Infrastructure Development</u>	<u>Relocation</u>
All Projects*	72%	26%	2%
1978-1979	53	43	4
1980-1981	84	15	2
1982-1983	87	12	1

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

As Table 3-25 shows, direct incentives account for 72 percent of total planned Action Grant expenditures. Twenty-six percent is earmarked for infrastructure improvements and two percent for relocation payments.

UDAG for Direct Incentives. Over the life of the program, the percentage of UDAG funds employed as direct incentives has increased steadily. In contrast to early program years, the share of UDAG monies expended to directly benefit private sector participants has risen from 53 percent in 1978-1979 projects to 87 percent of the funds awarded in 1982-1983. Funds devoted to infrastructure or relocation uses have consequently declined, from a combined 47 percent of funds in 1978-1979 to 13 percent for projects announced in 1982-83.

UDAG Funds as Direct and Repayable Incentives. In total, UDAG funds extended as loans to private entities, or used for the construction of facilities from which lease revenues will be derived, account for 56 percent of all Action Grant funds awarded. These loan or lease repayments are then available for reuse by recipient jurisdictions in the pursuit of community development objectives.

The use of UDAG funds as a repayable incentive has increased dramatically since the early years of the program. Whereas approximately one-quarter of UDAG funds awarded in 1978-79 included an obligation to repay on the part of the private sector developer, 82 percent of Action Grant funds in projects announced during 1982-83 was to be recaptured. Funds otherwise to be used for direct incentives consist largely of project site improvements, rehabilitation grants, and interest subsidies. The two latter uses are generally in support of the rehabilitation or financing of housing for low- and moderate-income persons.

[§]
Based on an analysis of recent project awards, approximately one-quarter of such grants have provided for an additional mechanism for the recapture of UDAG funds. This involves the taking of an equity position by the city in the project under development. As consideration for the use of UDAG funds to make the project feasible, the sponsoring jurisdiction can be guaranteed a percentage of the revenues generated by the project. Typically, private sector developers are granted several years grace before such payments are to be made, and only those revenues over a preferred rate of return to the developer are subject to local participation. Thus, in return for sharing in the project's risk, the public sector directly shares in the project's profits.

UDAG for Infrastructure Development. UDAG funds for infrastructure are divided fairly evenly among the construction or improvement of water and sewer lines, streets, parking facilities, and a combined category of "other off-site improvements" including pedestrian malls and walkways and other public-access facilities. Although the use of UDAG funds for infrastructure development has declined over time as a proportion of total funds used, the distribution among uses has remained relatively constant.

Sources of Other Public Funds. Project funds in the form of grants from public agencies comprise five percent of total project costs taken over the life of the Action Grant program, as was shown in Table 3-25. Table 3-26 shows that, as is true of private loan subsidies, the bulk of other public grant funds are local contributions, totalling 74 percent of all non-UDAG

grant funds. An additional 14 percent of other public funds is contributed by Federal agencies, and the remaining 12 percent is being provided by State programs.

TABLE 3-26
SOURCES OF NON-UDAG PUBLIC INVESTMENT, 1978-83

<u>Item</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
All Projects*	14%	12%	74%
Industrial	18	30	52
Commercial	13	9	78
Housing	3	3	94
Mixed	19	13	68

* Based on an analysis of 1,379 projects with signed grant agreements as of September 30, 1983.

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

Industrial projects rely more heavily on State (30%) and Federal (18%) sources of non-UDAG public funds than other project types. In contrast, local public agencies account for 94 percent of other public funds in housing projects. The pattern for commercial and mixed projects is reasonably close to that for all projects.

Use of Local, State, and Non-UDAG Federal Funds. The changing pattern of use of other public grant funds varies somewhat from that of UDAG funds. Other public funds used for direct incentives comprise only 35 percent of total public funds in contrast to 72 percent of UDAG funds. Use of public funds has recently shifted away from the provision of direct incentives. In the last two program years, direct incentives constituted 28 percent of other public funds as compared to 42 percent in 1981-82. This trend is largely in consequence of the change in the investment pattern characteristic of local funds expenditures. While direct incentives have risen from an initial 15 percent of State-provided project funds to almost 50 percent and with Federal Grant funds now almost solely employed as direct incentives, the use of local funds as direct incentives in 1982-83 comprised 22 percent of local funds in contrast to 43 percent in 1980-81.

LOCATION OF PROJECTS

This subsection describes the locational characteristics of Action Grant projects, reporting the distribution of projects among distressed communities receiving Action Grant awards, distribution among regional parts of the country, and the location of projects within communities.

Distribution of Projects Among Distressed Communities. Only those jurisdictions meeting minimum standards of physical and economic distress are eligible to submit applications for project funding in the UDAG program. To this extent, all awards are targeted to cities experiencing higher than average rates of population growth lag or decline, per capita income change, persons in poverty, and older housing stock. In addition, when considering project applications once submitted, HUD is statutorily required to give primary consideration to the comparative community distress levels in making funding decisions.

Among large cities, the one-third most distressed communities received the bulk of Action Grant awards and dollars, as shown in Table 3-27. Sixty-four percent of UDAG funds and 62 percent of grant awards have gone to the most distressed communities. Moderately-distressed communities received approximately one-quarter of the funds and projects, the least-distressed communities were awarded the remaining 13 percent of funds and 12 percent of awards.

TABLE 3-27

DISTRIBUTION OF PROJECTS AMONG ELIGIBLE LARGE CITIES BY DISTRESS

	<u>One-Third Most Distressed</u>	<u>One-Third Moderately Distressed</u>	<u>One-Third Least Distressed</u>
Percent of Awards	64%	24%	12%
Percent of Dollars	62	25	13

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

Small city awards displayed a similar, though less strong, pattern of funds targeting. Forty-three percent of these funds were directed to the one-third most distressed of the small cities eligible to participate and 29 percent of funds were awarded in moderately-distressed cities of the same size. Thirty-four percent of funds, but a somewhat smaller share of the number of awards, were distributed to the least-distressed communities.

Regional Distribution. Although community distress is considered as the primary criterion to be considered in the review of those project applications meeting minimal funding criteria, no such preference is given to project regional location. However, the proportion of Action Grant funds awarded in various regions has corresponded roughly to each region's percentage of the total population residing in UDWG-eligible jurisdictions as shown in Table 3-28.

TABLE 3-28

COMPARATIVE REGIONAL DISTRIBUTION

	<u>North- East</u>	<u>North Central</u>	<u>South</u>	<u>West</u>
Percent of Total UDAG- Eligible Population	28%	28%	30%	14%
Percent of Total Action Grant Funds	35	28	27	10

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

Cities located in the Northeast, with 28 percent of the total UDAG-eligible city population, have received 35 percent of UDAG funds awarded. Cities in the North Central and South received 28 percent and 27 percent of Action Grant funds, respectively, while the remaining 10 percent of funds were awarded to cities in the West--the latter two regions receiving somewhat less than their proportion of the UDAG-eligible population.

Location Within Communities. Approximately one-third of UDAG-funded projects are located in the Central Business District (CBD) of the community sponsoring the project. The remaining projects are located elsewhere in the community, including in some cases, sites beyond jurisdictional boundaries. Large city projects are more apt to be located in downtown areas than are small city developments, due in part to the commercial thrust of large city projects. Thirty-nine percent of large city projects are undertaken within the Central Business District, contrasted with only 24 percent of small city projects.

Over 60 percent of the commercial projects, and one-half of the mixed-use projects (typically characterized by heavy commercial components) are found in downtown locations while only five percent of the industrial projects are located there. Housing projects are also far less likely to be located in downtown areas.

There has been a slight, but noticeable trend away from awards made in support of projects located in city Central Business Districts. Over one-third of awards announced in the early years of the program are located in CBDs, while only 26 percent of recent projects have this characteristic.

Status of Project Land. Approximately two-thirds of UDAG projects have required site improvements prior to development. These improvements have entailed the clearance of substandard structures or the provision of basic infrastructure services to sites previously undeveloped.

However, since the inception of the program, clearance activities have become substantially less likely to be characteristic of project development. About 44 percent of projects in early program years included demolition of existing structures. Only 17 percent of projects undertaken in recent years have required clearance prior to construction, in part due to a decline in the proportion of downtown commercial development projects as well as to a general increase in projects involving rehabilitation rather than new construction.

Thirty-seven percent of commercial projects and 44 percent of mixed-use projects have involved clearance of existing structures, and only 10 percent of such projects are sited on previously undeveloped land. In contrast, 17 percent of industrial projects have required some clearance, while 22 percent are located on previously unused sites.

The demolition and clearance activities discussed above have resulted in the relocation of 6,900 households and 2,400 businesses over the life of the program.

ENERGY-RELATED PROJECTS

Three percent of all active and completed projects include some energy-related component. These projects range from residential and commercial building weatherization loan pools to district heating systems to the industrial production of gasohol. Energy-related projects are about evenly split between large and small city locations. Neighborhood projects (including housing and some commercial development) constitute 46 percent of energy-related awards, industrial projects 41 percent, and commercial projects 13 percent.

FOOTNOTES

- 1 Section 110(b) of the Housing and Community Development Act of 1977, Public Law 95-128, approved October 12, 1977. Amended Title I of the Housing and Community Development Act of 1974 and added Section 119.
- 2 Distressed communities are those cities and urban counties which meet the appropriate criteria of economic distress as specified in HUD regulations at 24 CFR, Part 570, Subpart G, Section 570.452. The minimum standards used by HUD are derived by using the best and most recent available data for the community as a whole, allowing for comparisons between cities and urban counties of the same size class. The following categories are used as indicators of economic distress: (a) percentage of housing constructed prior to 1940, (b) per capita income change, (c) percentage of poverty, (d) population growth lag/decline, and when available, (e) job lag/decline, and (f) unemployment. Location in a Labor Surplus Area was added in 1984. To qualify as distressed, a jurisdiction must meet the specific minimum standard established by HUD for at least three of those categories which apply to its population size.
- 3 Section 104(a), Section 119(b) of the Housing and Community Development Act of 1974 as amended, Public Law 96-153, approved December 21, 1979.
- 4 Housing and Community Development Amendments of 1981, Public Law 97-35, Section 308(a) (1981), amending Section 119(a) of the Housing and Community Development Act of 1974, as amended.
- 5 Although Congress initially appropriated \$458.0 million for the UDAG program for FY 1982, it also authorized HUD to use up to five percent of that amount for other purposes. The Department fully exercised that option which accounts for the figure of \$435.1 million shown as the FY 1982 appropriation. Subsequently, an additional \$38.6 million for the UDAG program from funds recaptured from terminated projects was reappropriated. This money would otherwise have been returned to the Treasury had Congress not extended from three years to four years the period in which UDAG funds from a fiscal year's appropriation must be obligated. Thus, the total budget authority for FY 1982 was \$473.7 million.
- 6 Program regulations should be consulted for more information on how the UDAG program is administered. See Subpart G of 24 CFR Part 570. The currently applicable regulations were published in the Federal Register on January 23, 1982.
- 7 The characteristics of projects at the time of the announcement of preliminary application approval are contained in the Action Grant Information System (AGIS) data file maintained by the Data Systems and Statistics Division, Office of Management, Community Planning and Development. The AGIS file also contains information on project status and accomplishments as reported quarterly by grantees.

- 8 The characteristics of projects for which both HUD and the grantee have signed a Grant Agreement are contained in the Grant Agreement Data Base which is updated annually by the Economic Development Analysis and Evaluation Division, Office of Program Analysis and Evaluation, Community Planning and Development. The Grant Agreement Data Base contains information on 1,379 active or completed projects for which Grant Agreements had been mutually- executed as of the end of FY 1983.
- 9 An Action Grant project is "Closed Out" when HUD and the grantee determine that the activities to be carried out by both the grantee and private sector participants, as defined in the grant agreement, are complete and that all costs to be paid with grant funds have been incurred. At that time the grantee enters into a Grant Closeout Agreement with HUD. Projects are "Complete" and a Certificate of Project Completion is issued when a final audit has been approved, all responsibilities and requirements under the grant agreement and applicable laws and regulations have been carried out satisfactorily, and any performance requirements called for in the Grant Closeout Agreement have been met.
- 10 The UDAG Closeout Procedures Handbook, published in April 1983, now requires that once a project is closed out, grantees are to submit an Annual Post Grant Closeout Report until such time as a Certificate of Project Completion is issued. This Report will provide information on the attainment of project benefits as of September 30 of each year.
- 11 Information on the level of government providing tax abatements is derived from an analysis of 40 recent UDAG projects with signed grant agreements in which tax abatement occurs.
- 12 Minorities include the following racial and/or ethnic groups: Black, Non-Hispanic; American Indian or Alaskan Native; Hispanic; and Asian or Pacific Islander. Minority-owned firms or businesses are those in which 50 percent or more of the company is owned by minority persons as defined above.

EXHIBIT
URBAN DEVELOPMENT ACTION GRANT PROGRAM
PLANNED INVESTMENT AND BENEFITS

PROGRAM TOTALS BY FISCAL YEAR

<u>ITEM</u>	<u>FY 1978</u>	<u>FY 1979</u>	<u>FY 1980</u>	<u>FY 1981</u>	<u>FY 1982</u>	<u>FY 1983</u>	<u>TOTAL</u>
Number of Projects	123	257	289	371	346	537	1,923
Large (#)	75	121	164	224	221	296	1,101
Small (#)	48	136	125	147	125	241	822
Large (%)	61	47	57	60	64	55	57
Small (%)	39	53	43	40	36	45	43
UDAG Dollars	\$ 276M	\$ 420M	\$ 565M	\$ 602M	\$ 398M	\$ 731M	\$ 2,993M
Large (\$)	\$ 226M	\$ 323M	\$ 435M	\$ 457M	\$ 326M	\$ 561M	\$ 2,330M
Small (\$)	\$ 50M	\$ 97M	\$ 130M	\$ 145M	\$ 72M	\$ 170M	\$ 663M
Large (%)	82	77	77	76	82	77	78
Small (%)	18	23	23	24	18	23	22
Private Investment (\$)	\$1,745M	\$ 2,557M	\$ 2,863M	\$ 4,038M	\$ 2,365M	\$ 3,623M	\$17,191M
Ratio to UDAG Dollars	6.3	6.1	5.1	6.7	5.9	5.0	5.7
State and Local (\$)	\$ 195M	\$ 205M	\$ 201M	\$ 333M	\$ 124M	\$ 109	\$ 1,167M
Other Federal (\$)	\$ 104M	\$ 130M	\$ 61M	\$ 54M	\$ 54M	\$ 40M	\$ 443M
Total Investment (\$)	\$ 2,320M	\$ 3,312M	\$ 3,691M	\$ 5,028M	\$ 2,940M	\$ 4,503	\$21,794M
New Permanent Jobs	48,416	70,869	76,804	80,244	51,100	76,986	405,019
UDAG \$ Per Job	\$ 5,705	\$5,929	\$ 7,362	\$ 7,449	\$ 7,792	\$ 9,493	\$ 7,390
Low/Moderate Income (%)	62	54	59	56	59	45	55
Construction Jobs	43,218	59,774	45,441	66,682	36,225	59,441	10,781
Total Housing (Units)	13,139	12,279	16,317	13,981	14,313	17,831	87,860
New Construction (%)	55	38	43	37	31	75	48
Low/Moderate Income (%)	64	49	43	39	25	19	39
Total Taxes (\$)	\$ 33M	\$ 86M	\$ 70M	\$ 132M	\$ 40M	\$ 108M	\$ 471M

Note: Totals are adjusted relative to previous annual reports to account for project terminations.

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

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CHAPTER 4: REHABILITATION PROGRAMS

INTRODUCTION

This chapter contains information on the FY 1983 operation of the major housing rehabilitation programs administered by HUD's Office of Community Planning and Development. The chapter is divided into three major parts: Part One describes the Rental Rehabilitation Demonstration; Part Two describes the Urban Homesteading program; and Part Three describes the Section 312 Rehabilitation Loan program.

OVERVIEW

RENTAL REHABILITATION DEMONSTRATION

The Rental Rehabilitation Demonstration is a precursor of the Rental Rehabilitation Grants program enacted by Congress in the Housing and Urban-Rural Recovery Act of 1983. The Demonstration encourages States and localities to develop rehabilitation strategies to deal with small rental properties. The Demonstration is also founded on the premise that the rental subsidy to lower-income tenants should be separated from the subsidy for rehabilitating the property. This separation of subsidies marks a major departure from most other publicly-funded housing programs.

Fourteen States and 185 local governments are currently administering locally-designed Demonstration programs. These communities have allotted approximately \$46 million from their CDBG grants to the Demonstration and propose to renovate more than 11,000 rental units. HUD, in turn, has committed more than 6,500 Section 8 Existing Housing Certificates in order to minimize displacement of existing low- and moderate-income tenants in the renovated units.

As of November 30, 1983, participating communities had selected 1,303 properties with 6,706 units for inclusion in the program, had closed loans on 754 properties with 3,778 units, had begun construction of 678 properties with 3,341 units, and had completed rehabilitation on 332 properties with 1,273 units. These figures represent a sharp acceleration in program progress during the 1983 calendar year.

The typical property in the Demonstration is small, at least partially occupied prior to rehabilitation, and in need of moderate rehabilitation. The median number of units in completed Demonstration buildings in the first 148 completed Demonstration projects is 2.2, and the average number is 3.6. Before rehabilitation, the average occupancy rate for Demonstration units was 77 percent; the average rate after rehabilitation for those same rehabilitated units was 95 percent occupied. The average per unit rehabilitation cost of completed properties was \$8,013, the average per unit public subsidy was \$3,488, and \$1.81 of private funds were leveraged for every public dollar invested. The average per unit rehabilitation cost varied considerably from property to property and from community to community. For instance, in about 30 percent of the cases, the average rehabilitation cost per unit was above \$10,000.

Tenants in Demonstration buildings tend to be poorer, older, and are more likely to be members of racial minorities than the American population as a whole. Nine-tenths of the pre-rehabilitation tenants had incomes below 80 percent of the median incomes in their respective SMSAs, 36 percent were minority group members, and 20 percent were elderly. There was almost no change in the relative proportions of each of these groups living in Demonstration properties before and after rehabilitation.

Only about ten percent of the households living in Demonstration buildings prior to rehabilitation had moved by the time rehabilitation had been completed. One reason why little permanent relocation has apparently occurred is that actual post-rehabilitation rents in the Demonstration rehabilitation buildings have generally not exceeded the Section 8 Existing Fair Market Rents (FMRs) in the participating communities. Eighty-two percent of the Demonstration units after rehabilitation had rents below the FMRs, and only six percent of the actual rents after rehabilitation were more than \$50 greater than the fair market rents. The average post-rehabilitation rent increase for all completed Demonstration units was \$42 per unit.

URBAN HOMESTEADING PROGRAM

The Urban Homesteading program (Section 810) permits the transfer (without payment) of unoccupied one-to-four unit Federal properties to communities with approved homesteading programs. Local governments, in turn, offer the properties at nominal or no cost to homesteaders who agree to repair them within three years and to live in them for at least five years. Since 1975, Congress has appropriated \$67 million, including \$12 million for FY 1983, to support the acquisition of Federal properties for local Urban Homesteading programs. Those monies so far have reimbursed the HUD mortgage insurance and housing loan funds, the Veterans Administration, and the Farmers Home Administration for 7,446 properties in 102 communities. In addition, 53 localities have incorporated 855 locally-acquired properties into their homesteading programs, and 19 communities have purchased 287 Federal properties other than through Section 810 for homesteading. Of the 8,588 homesteading properties that have been obtained from both Federal and local sources over the life of the program, 1,185 were added during FY 1983. Section 810 properties and especially HUD-owned Section 810 properties remain the dominant source of suitable properties, comprising 83 and 74 percent respectively of all properties acquired during the year. So far, few VA- and FmHA-owned properties have been transferred to communities for homesteading. Only 164 VA and 14 FmHA properties have been conveyed.

Fifteen communities entered the program during FY 1983, making 122 communities in all with HUD-approved Urban Homesteading programs. Of the approved programs, 94 localities actually operated programs during the year. Four of the remaining programs had been suspended, and 24 were currently inactive,, principally due to the absence of appropriate Federal and/or local properties.

Homesteading communities have so far conditionally transferred 7,532 properties to homesteaders. Homesteaders actually reside in 6,897 of the buildings. Rehabilitation has begun on 7,263 properties and has been completed on 6,177 of them. Communities have conveyed fee simple title to 2,985 homesteaders who had completed their residency requirements.

Rehabilitation finance information for a large group of approved communities indicates that almost half (49 percent) of the rehabilitation financing provided for Section 810 properties in those communities was in the form of Section 312 loans. Another 28 percent came out of CDBG funds, and the remainder derived from a variety of sources, both private and public. CDBG funds are also the principal source of administrative assistance for most local programs and have also been used frequently to buy local properties for homesteading.

The Housing and Urban-Rural Recovery Act of 1983 authorizes the Department to conduct two Demonstration programs during 1984 and 1985 that directly affect Urban Homesteading. One Demonstration is intended to test the use of HUD-owned multifamily properties for homesteading. The other is intended to determine the feasibility of providing assistance to State and local governments in purchasing one-to-four-family properties for conveyance to lower-income families.

SECTION 312 REHABILITATION LOAN PROGRAM

The Section 312 Rehabilitation Loan program provides low interest loans for the rehabilitation of single-family and multifamily residential, mixed-use, and non-residential properties. Since its inception, the Section 312 program has awarded 90,170 loans totalling \$1.162 billion. Prior to FY 1982, the Section 312 program primarily assisted owners of single-family properties; since then, most assistance has gone to multifamily properties.

During FY 1983, the program awarded 811 loans amounting to \$44.864 million to property owners in 145 communities. Of that sum, 205 loans totalling \$33.41 million were distributed for multifamily housing rehabilitation. The priority for distribution of multifamily monies for FY 1983 was to support communities making good progress in the Rental Rehabilitation Demonstration. The other 598 loans, amounting to \$11.455 million, were distributed for single-family residences in homesteading areas. Three-fifths of this amount went to homesteaders for property rehabilitation. The remainder went to other homeowners in homesteading areas to promote neighborhood revitalization.

The FY 1983 loans will support the renovation of 3,541 dwelling units, including 720 single-family and 2,821 multifamily units. The average per unit Section 312 loan amount was \$11,843 for multifamily loans and \$15,909 for single-family loans.

Until FY 1982, all Section 312 loans were made at a three percent interest rate. At that point, HUD instituted variable interest rates dependent on the type of housing and owner income. In FY 1983, only borrowers whose incomes were at or below 80 percent of the median income for that metropolitan area were to obtain loans at the three percent rate. All other single-family owner-occupant borrowers received loans at nine percent. Loans to renovate multifamily and investor-owned single-family rental properties also bore a nine percent interest rate. The only exception was where private rehabilitation funding equalled or exceeded Section 312 support, in which case the rate was to be five percent. Available information indicates that 52 percent of all FY 1983 loans were made at three percent, 43 percent at nine percent, and five percent at the five percent rate. That 70 percent of the

single-family loans were made at three percent indicates that at least that proportion of single-family loan recipients met the CDBG criterion for low- and moderate-income benefit.

Congress has appropriated no funding for the program since FY 1981, so the FY 1983 program was supported entirely from loan repayments, recovery of prior year commitments, and the uncommitted balance which was left from the previous year. The Housing and Urban-Rural Recovery Act of 1983 extended authority for the program for another year, through FY 1984. Given the recent enactment of the Rental Rehabilitation Grants program, the Department has proposed to terminate the Section 312 program during FY 1985 and to transfer the program's assets and liabilities to the Departmental Revolving Fund (Liquidating Programs).

PART ONE: THE RENTAL REHABILITATION DEMONSTRATION

INTRODUCTION AND BACKGROUND

This section of the chapter describes the Rental Rehabilitation Demonstration, its background and current status and the recent developments that will affect its future. This section is divided into seven parts: principal features of the Demonstration, recent program developments, program participation, program progress, current status of the program in terms of the characteristics of completed units, investor and subsidy characteristics, and tenant characteristics and issues.

Since the late 1970s, local governments have been actively involved in property rehabilitation programs, but most of this effort has been directed to rehabilitating owner-occupied properties. Small rental properties represent a significant portion of the deteriorating housing stock in many localities and comprise a major source of housing for low- and moderate-income households. The Demonstration offers States and localities the opportunity to develop rental rehabilitation strategies to address these properties.

The Rental Rehabilitation Demonstration was a precursor of the Rental Rehabilitation Grants program enacted by Congress in the Housing and Urban-Rural Recovery Act of 1983. There are two essential precepts of the Demonstration. First, it separates financial subsidies for property rehabilitation from rental subsidies to lower-income tenants. Second, it permits local rental markets to operate freely without any rent restrictions

* Data in this section concerning local participation and progress largely derive from monthly progress information collected by HUD field staff and sent to the CPD Office of Urban Rehabilitation. Information about completed units, tenant characteristics, rents, and relocation are taken from forms submitted to HUD Central Office by HUD field offices upon completion of a rehabilitated property. This information is supplemented by findings from field visits to 33 participating communities and telephone discussions with community development officials in 131 participating communities conducted during the Summer of 1983.

or similar controls imposed by HUD, State, or local governments that differ from those applicable to structures undergoing comparable rehabilitation without assistance. Under the Demonstration, State and local governments may use CDBG or other State or local public funds within their control to provide front-end subsidies to projects so that operating costs, debt amortization, and reasonable profit can be achieved at market rentals. The Section 8 Existing Housing regulations, which forbid the targeting of such certificates to specific properties, are waived to permit eligible lower-income tenants residing in these properties to receive Section 8 Existing Housing certificates from a special allocation and thus to remain in the rehabilitated units, or find alternative housing, subject to all other Section 8 Existing Housing regulations.

The Rental Rehabilitation Demonstration has no funds associated with it other than what participating communities commit to it, usually from their CDBG allocation, and the Section 8 certificates that HUD has specifically set aside for the Demonstration. HUD has thus far conducted two rounds in the Demonstration. The 23 localities of the first round, which began in 1981, consigned \$7.5 million of their Block Grant funds to subsidize conventional rehabilitation financing of rental properties. HUD, in turn, made a special allocation of approximately 715 Section 8 Existing Housing certificates for tenant subsidies. Of these certificates, 205 had been used as of November 30, 1983.

Fourteen States and 162 local governments entered the program in 1982 for participation in the second round. Those jurisdictions committed about \$38.5 million of their CDBG funds to the Demonstration. HUD, in turn, allotted approximately 6,000 Section 8 Existing certificates to them of which 1,064 have been used.

RECENT PROGRAM DEVELOPMENTS

Two major developments occurred during 1983 that have implications for the future of the Rental Rehabilitation Demonstration, passage of a new Rental Rehabilitation Grants program and announcement of a Third Round of the Demonstration program.

THE RENTAL REHABILITATION GRANTS PROGRAM

On November 30, 1983, President Reagan signed into law the Housing and Urban-Rural Recovery Act of 1983. This Act contained provisions for two new rental housing programs, the Rental Housing Development Grants program and the Rental Rehabilitation Grants program. The latter program, for which the Rental Rehabilitation Demonstration is a prototype, is intended to provide standard affordable housing for lower-income tenants in areas where there is an inadequate supply of such housing. The Act requires the allocation of funds by formula to cities over 50,000, urban counties, and States. It stipulates that the formula should incorporate such factors as low-income renter population, overcrowding of rental housing, and the extent of physically inadequate housing stock.

As in the Demonstration, communities are encouraged to design their local programs in response to local needs. Grantees should, in particular, exercise

wide discretion in determining the type and level of subsidy to be offered property owners. The program is designed to maximize the leveraging of private capital and other private resources through efficient program design and management.

The legislation includes specific restrictions concerning the amount and kinds of rehabilitation permitted, the kind of properties and neighborhoods that should be assisted, tenant protection, and low- and moderate-income benefit, such as:

1. Communities must restrict rehabilitation to work needed to correct substandard conditions, make essential improvements, and repair major systems in danger of failure.
2. Assistance must be given only to properties which will be used principally for rental residential purposes.
3. Assisted properties must be located in neighborhoods in which the median income is no greater than 80 percent of the SMSA median income.
4. Grant funds may not finance more than 50 percent of the development costs of an individual rehabilitation project; neither may grant funds exceed \$5,000 per unit except for adjustments that may be made for high cost areas.
5. Rehabilitation must not produce involuntary displacement of very low-income households (e.g., for a family of four, less than 50 percent of area median income) by households that are not very low-income.
6. Owners may not convert units to condominiums for at least ten years.
7. Owners must agree not to discriminate against tenants receiving housing assistance or (except for elderly housing projects) tenants with children. Benefit is measured at the time of initial tenant occupancy of the unit.
8. All assistance should benefit lower-income (i.e., less than 80 percent of area median income) households. This requirement may be reduced from 100 percent lower-income benefit to 70 percent if the community certifies that a program cannot be developed without the reduction. It may be lowered to 50 percent if HUD determines that a further reduction is necessary.
9. The Department must assure that an "equitable share" of grant funds is allocated to provide housing for families, including large families with children, and that priority is given to projects with substandard units occupied by very low-income families.
10. No rent control requirements may be imposed on units assisted by this program unless they were imposed prior to the enactment of this legislation and they applied generally both to units affected and unaffected by this legislation.

The subsidy for low-income tenants is separated from the subsidy to the owner in order to ensure that the owner bears some risk in his or her investment. Section 8 Existing Housing certificates and vouchers will be made available to participating communities to help lower-income persons who cannot afford the rents after rehabilitation. The amount of assistance for tenants receiving vouchers will be based on a payment standard (based on existing housing fair market rents) rather than on actual unit rent.

Like the CDBG program, States, if they so choose, may administer Rental Rehabilitation Grant funds available for nonformula areas within their jurisdictions. HUD will administer funds for such areas within a State if the State elects not to participate in the program.

The 1983 Act authorized \$150 million annually for FYs 1984 and 1985 for the Rental Rehabilitation Grants program. The Rental Rehabilitation Grants program is expected to assist in the repair of at least 60,000 units during FYs 1984-1986.

ANNOUNCEMENT OF A THIRD DEMONSTRATION ROUND

In January 1984, the Department published a notice inviting applications for the Third Round of the Rental Rehabilitation Demonstration. This final round of the Demonstration is open to States and units of general local government that are currently participating in addition to those applying for the first time. The Department will make approximately 8,000 Section 8 Existing Housing certificates available to the communities that commit CDBG or other public funds to leverage private investment in the repair of smaller (usually one to 30 units) rental properties. One Section 8 certificate will be allocated for about every \$5,000 in public funds committed, subject to the availability of Section 8 Existing funds.

The Third Round is, in all important respects, a continuation of the Demonstration begun three years ago. There are no substantial differences between this round and earlier rounds. The only new provision requires that a property, in order to be considered eligible for assistance, must be substandard (i.e., fail to meet the Section 8 Housing Quality Standards or a locally determined standard) before rehabilitation and requires a minimum expenditure of \$1,000 per unit to correct substandard conditions.

DEMONSTRATION PARTICIPATION

There are currently 199 States and general units of local government participating directly in the Rental Rehabilitation Demonstration. (See Table 4-1). Twenty-three communities entered the Demonstration in 1981 as First Round participants. Those communities committed themselves to budget a total of \$6.7 million in CDBG funds to the Demonstration and planned to rehabilitate about 1,200 units in the program. HUD, in turn, agreed to provide enough Section 8 Existing Housing certificates to help 714 low- and moderate-income households living in buildings rehabilitated in the Demonstration and to offer technical assistance for program design.

TABLE 4-1
DIRECT PARTICIPATION IN THE
RENTAL REHABILITATION DEMONSTRATION

	FIRST ROUND COMMUNITIES	SECOND ROUND COMMUNITIES
<u>Entitlement</u>		
Metro City	20	118
Urban County	2	20
<u>Non-Entitlement</u>		
City/Town	1	23
County	--	1
<u>States</u>	--	14
Total	23	176

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

In 1982, 176 communities, including 14 States, were added to the program as part of the Second Round. These participants agreed to budget CDBG funds totalling \$38.5 million in order to rehabilitate approximately 10,000 Demonstration units. HUD, in turn, committed 6,000 Section 8 certificates to them for the Demonstration.

As Table 4-1 suggests, the Demonstration is predominantly a larger city program. Seventy-eight percent of the communities directly participating in the program had 1980 populations greater than 50,000; 27 percent had populations greater than 250,000; and 13 percent contained more than 500,000 people.

Entitlement communities that have entered the program are somewhat more likely to be economically distressed than entitlement communities as a whole. While approximately half of all entitlement communities (metropolitan cities and urban counties) meet the UDAG criteria for city distress and, thus, are eligible to receive UDAG funds, 59 percent of the participating communities do so. Thirty-four percent of the Demonstration communities meet the UDAG criteria for high distress (i.e., a UDAG distress ranking of five or more), as compared with 23 percent of all entitlement communities.

Approximately 96 communities* are currently participating as part of the 14 State programs. State-based participants tend to be smaller jurisdictions. Eighty-six percent of the communities taking part in State programs are small cities, towns, boroughs, or counties. In addition, 16 entitlement communities (13 metropolitan cities and three urban counties) participate within State programs.

DEMONSTRATION PROGRESS

This section provides information on progress for the Demonstration as a whole.

As of November 30, 1983:

- o 1,303 properties with 6,706 units had been selected for processing in the Demonstration.
- o Loans on 754 properties with 3,778 units had been closed.
- o 678 properties with 3,341 units had reached the construction phase.
- o Rehabilitation of 332 properties with 1,273 units had been completed.

Like most new programs, progress in the Demonstration began s'lowly but accelerated sharply during 1983, its second year of existence. For example, at the end of January 1983, loans had been closed on properties with 505 units, rehabilitation had begun on properties with 323 units, and rehabilitation had been completed on properties of 106 units. By the end of the next ten-month period, the number of units for which loans had been closed increased 648 percent, the number of units on which rehabilitation had begun increased 934 percent, and the number of units on which rehabilitation had been completed increased 1,104 percent.

Although there has been significant progress in the Demonstration as a whole, there is still a sizeable group of program participants that have not progressed beyond the first stages of their rental rehabilitation processes. As Table 4-2 indicates, almost one-third of the Demonstration communities still had not moved beyond project selection. As would be expected, Second Round communities, which started later, were, as a group, behind their First Round counterparts. For example, while 83 percent of First Round communities had completed the rehabilitation of some units, 41 percent of Round Two communities had completed units as of November 30, 1983.

* This figure is considered approximate because there is still some change in State program participation as some communities enter and others drop out of various State programs.

TABLE 4-2

PROPORTION OF DEMONSTRATION COMMUNITIES WHICH HAVE REACHED
VARIOUS STAGES OF PROGRAM PROGRESS, AS OF NOVEMBER 30, 1983*

<u>Stage of Activity</u>	<u>Round One</u>	<u>Round Two</u>	<u>Total</u>
	(%)	(%)	(%)
Units Selected	91	93	93
Units with Loans Closed	87	70	73
Units Under Construction	87	66	69
Units Completed	83	41	47
	(n=23)	(n=152)	(n=175)

*

Does not include communities in State programs.

SOURCE: Monthly Progress Reports. Compiled by the Office of Program Analysis and Evaluation.

CHARACTERISTICS OF COMPLETED DEMONSTRATION PROPERTIES

PROPERTY AND UNIT SIZE

As originally designed, the **Demonstration** was to involve the rehabilitation of investor-owned rental properties of five to 30 units. The notice for Round One specified that smaller properties could not be assisted through the Demonstration. Subsequent practice permitted smaller properties, however, and the notice for the Second Round set no size requirement at all.

The Demonstration, thus far, has principally rehabilitated very small rental properties. Completed Demonstration properties contain an average of 3.6 rental units. The median number of rental units in those buildings is 2.2 and the most frequent sizes of properties were two and one units, comprising 28 and 27 percent of the completed buildings respectively. Only eight of the first 148 properties rehabilitated had more than eight units. The largest building so far rehabilitated through the Demonstration is a 38-unit project.

The great majority of the completed **Demonstration** units (n=533) are either one- or two-bedroom units, comprising 47 and 34 percent of the total respectively. In contrast, one-bedroom units make up 32 percent of the nation's rental units (based on data from the 1978 Annual Housing Survey), and two-bedroom units comprise another 41 percent. Both efficiencies and larger units are proportionally less common in the Demonstration than in the nation generally. Efficiencies, three-bedrooms, and four- or more bedroom units constitute three, 12, and one percent respectively of completed Demonstration units and six, 17, and four percent respectively of the national inventory.

The **Demonstration** is, of course, primarily a residential rehabilitation program, but commercial units may be rehabilitated as part of a larger residential property. Thus far, very few commercial units have been renovated. Of the 148 completed properties for which there are data, only four buildings with five total commercial units have been rehabilitated through the **Demonstration**.

Only in a few instances has the Demonstration produced any increase in units through **physical** restructuring of buildings. Only 14 units in six structures have been added to the housing stock through division of larger units.

OCCUPANCY STATUS

One initial premise of the Demonstration was that **it** should focus on occupied and partially occupied buildings. Rehabilitation of vacant buildings was to be permitted but not encouraged. The original notice for First Round applicants made that explicit statement. Supplementary guidance indicated that, as a general rule, 50 percent or more of selected properties should be occupied. The Second Round notice reiterated the same focus but specified no policy on vacant buildings.

Prior to **rehabilitation**, the average occupancy rate for completed Demonstration units was 77 percent. The average occupancy rate after rehabilitation for those same units was 95 percent. Twenty-eight of the 148 completed structures for which information is available were totally vacant prior to renovation. (Half of those were single-unit rental properties). Fifteen additional buildings were partially vacant prior to rehabilitation. After rehabilitation, only eight structures remained partially unoccupied, and five structures, including three single-unit properties, were totally vacant.

COST OF REHABILITATION

The Demonstration set no explicit limits, high or low, on how much **rehabilitation** could be done on Demonstration properties. This absence of explicit limits was based on the premise that communities should be able to design their programs in response to local perceptions of need. On the other hand, some of the basic goals of the program (**i.e.**, minimization of displacement, minimization of windfall profits for investors, and the 50 percent guideline on the amount of public subsidy) did place certain practical limits on how much renovation could be done.

Table 4-3 provides detailed information on the costs and leveraging ratios associated with the **first** 148 properties that were rehabilitated through the Rental Rehabilitation Demonstration. For those completed properties, the average per unit rehabilitation cost was \$8,013, the average per unit public subsidy provided was \$3,488, and \$1.81 of private funds were leveraged for every public dollar invested.

The mean rehabilitation cost per unit indicates wide variation in how much rehabilitation was done on Demonstration units. Tables 4-4 and 4-5 present distributions of average rehabilitation costs for all Demonstration properties (**n=148**) and communities (**n=50**) for which **information was available** on completed units. Average per unit rehabilitation costs on Demonstration buildings ranged from \$117 to \$47,500. Average per unit rehabilitation costs by **community** ranged from \$945 in one middle-sized city in the Midwest to \$28,500 in a large Southern city. If "moderate rehabilitation" is assigned an average cost of \$10,000 per unit, about 30 percent of the average rehabilitation costs for both properties and **communities** are above that average. Of course, local housing costs and conditions affect the appropriateness of that \$10,000 limit.

TABLE 4-3

**SUMMARY COST FIGURES FOR THE FIRST 148 PROPERTIES
COMPLETED IN THE DEMONSTRATION.....**

Number of properties	148
Average per unit rehab cost	\$8,013
Median per unit rehab cost	\$6,300
Average per unit public subsidy for rehabilitation construction	\$3,488
Median per unit public subsidy for rehabilitation construction	\$2,572
Average amount of private money leveraged per public dollar invested	\$1.81
For 137 projects that used CDBG funds:	
Average per unit rehab costs paid from CDBG funds	\$3,654
Median per unit rehab cost paid from CDBG funds	\$2,250
Average amount of private money leveraged per CDBG dollar invested	\$1.80

SOURCE property data Sheets. Compiled by the Office of program Analysis
and Evaluation.

TABLE 4-4

**AVERAGE REHABILITATION COST PER COMPLETED UNIT
FOR DEMONSTRATION COMMUNITIES**

AVERAGE REHABILITATION COST PER UNIT (\$)	FREQUENCY OF PARTICIPANT COMMUNITIES	
	(n)	(%)
\$1 - 2,500	9	18%
2,501 - 5,000	10	20
5,001 - 10,000	17	34
10,001 - 15,000	7	14
15,001+	7	14
Totals	50	100%

SOURCE: Property Data Sheets. Compiled by the Office of Program Analysis
and Evaluation.

TABLE 4-5

AVERAGE REHABILITATION COST PER COMPLETED
UNIT FOR DEMONSTRATION PROPERTIES

AVERAGE REHABILITATION COST PER UNIT	FREQUENCY OF COMPLETED PROPERTIES		AVERAGE PERCENT OF REHAB COSTS FROM PUBLIC SOURCES
(\$)	(n)	(%)	(%)
\$1 - 2,500	33	22%	29%
2,501 - 5,000	28	19	26
5,001 - 10,000	42	29	29
10,001 - 15,000	28	19	30
15,001+	17	11	32
Totals	148	100%	30%

SOURCE: Property Data Sheets. Compiled by the Office of Program Analysis and Evaluation.

Although there are a variety of ownership patterns in the Demonstration, data from various sources (forms filled out on completed projects, site visits, and telephone discussions) yield a predominant type. This type is the small,

LOCAL SUBSIDY MECHANISMS

One of the key principles of the Rental Rehabilitation Demonstration is that a subsidy for the cost of renovating rental property be provided so that the property can rent at the prevailing market rents (which are within Fair Market Rents) and still cover the cost of the debt service and be profitable to the property owner. The Demonstration offers communities broad latitude regarding the structure of their subsidy mechanisms but does encourage them to leverage at least one dollar of private money for every public dollar provided as a subsidy.

The most prevalent forms of rehabilitation subsidy employed by participating Demonstration communities are ones involving reduction of the principal needed for rehabilitation financing. In 81 percent of all communities (n=164), public money is offered to property owners to pay for some of the costs of

fixing their properties. These owners thus need to borrow a smaller portion of the total cost from commercial lending institutions. Most cities employing principal reduction as a method use loans (83 percent); fewer communities utilize grants (11 percent) or some combination of grants and loans (6 percent). Almost two-thirds of the communities using principal reduction loans provided for deferred repayment. Another third had direct loans requiring repayment commencing immediately after rehabilitation was complete. Participation loans, which are similar to direct loans except that a lending institution administers a community's portion of the overall financing, have so far been seldom used.

The other basic form of rehabilitation subsidy is the interest subsidy, used by 12 percent of the participating communities. In offering interest subsidies, communities enter into formal agreements with one or more financial institutions. The lender lends the full amount that the property owner needs to repair the property, and the community pays the lender a portion of the interest that would be due on the loan. Thus, the property owner receives one loan from the lender at below market interest rate.

The remaining seven percent of Demonstration communities have not yet formalized a specific type of subsidy mechanism. However, because officials in these communities want to achieve some progress in the Demonstration immediately, they are attempting to negotiate subsidies with interested owners on a case-by-case basis. In practice, these individual subsidies ordinarily take the form of some type of principal reduction subsidy.

TENANT ISSUES

TENANT CHARACTERISTICS BEFORE AND AFTER REHABILITATION

Tenants in Demonstration buildings tend to be poorer, older, and are more likely to be members of racial minorities than the American population as a whole. Nine-tenths of the tenants who lived in such properties prior to rehabilitation were below 80 percent of the median incomes in their respective SMSAs. Thirty-six percent of the tenants before rehabilitation were minority group members. That proportion is more than twice the comparable proportion (17 percent) for the total national population (based on 1980 census figures). One-fifth of the tenant population before rehabilitation were more than 65 years of age. This compares to an elderly population of 11 percent for the nation at large.

The aggregate differences in the income, minority, and age characteristics of Demonstration tenant households before and after rehabilitation are very small. (See Table 4-6). As proportions, post-rehabilitation households are slightly more likely to be minority and slightly less likely to be elderly than their pre-rehabilitation counterparts. Almost no change is apparent in the income distribution of tenants before and after renovation.

TABLE 4-6

**SOC 10-ECONOMIC CHARACTERISTICS OF HOUSEHOLDS IN
DEMONSTRATION PROJECTS BEFORE AND AFTER REHABILITATION**

	<u>PRE-REHABILITATION</u>		<u>POST-REHABILITATION</u>	
	(%)	(n)	(%)	(n)
<u>INCOME*</u>				
Less Than 50% of Median	53	227	51	257
50-80% of Median	37	158	35	175
80%+ of Median	11	46	14	69
		(n=431)		(n=501)
<u>MINORITY</u>	36	159	38	193
<u>ELDERLY</u>	20	87	17	87
		(n=439)		(n=509)

* Under the CDBG program, low income is defined as less than 50% of the median income of that SMSA. Moderate income is defined as 50 to 80% of the SMSA median income.

SOURCE: property data Sheets. Compiled by office of Program Analysis and Evaluation.

RELOCATION IN THE DEMONSTRATION

One of the principal objectives of the Demonstration was to show that CDBG-funded rental rehabilitation can be undertaken without causing substantial involuntary displacement of low- and moderate-income tenants. Section 8 Existing subsidies constitute the principal Demonstration resource for preventing involuntary displacement resulting from escalations of post-rehabilitation rents.

Thus far, only about ten percent of the people living in Demonstration buildings prior to rehabilitation have moved subsequently for any reason." Forty-two households out of 439 households prior to renovation had subsequently moved. All of these moves took place in 21 buildings in 13 communities. The other 37 communities reporting finished projects indicated that no permanent moves had yet occurred.

* The HUD forms used in the Demonstration from which this information is taken do not distinguish between voluntary and involuntary moves. As a result, there is no basis for determining whether "displacement" in the Department's definition (i.e., involuntary movement resulting from rehabilitation) has actually occurred.

Of the households that had moved, all were low- and moderate-income and 76 percent had incomes less than 50 percent of the area median. Thirty-one percent of those who moved out received Section 8 Demonstration certificates, another 21 percent received other re?ocation assistance, and the remainder were reported to have received no assistance.

ACTUAL AND FAIR MARKET RENTS IN THE DEMONSTRATION

Table 4-7 illustrates how post-rehabilitation rents for Demonstration units compare with pre-rehabilitation rents. For the first 148 properties rehabilitated through the Demonstration, three percent of the units had lower rents after rehabilitation had been completed, 29 percent of the rehabilitated units had the same rent, and 68 percent of the units had higher rents after rehabilitation had been completed.* Post-rehabilitation rent increases varied somewhat by bedroom size, but the average post-rehabilitation rent increase was \$42 per unit. Prior to rehabilitation, the average rent for Demonstration units was \$210 per unit, and after rehabilitation was completed, this average rent increased to \$252 per unit.

TABLE 4-7

COMPARISON OF POST-REHABILITATION MONTHLY RENTS FOR DEMONSTRATION UNITS WITH PRE-REHABILITATION MONTHLY RENTS

TYPE OF UNIT	NUMBER OF UNITS WITH POST-REHABILITATION RENTS THAT WERE:			AVERAGE RENT INCREASE AFTER REHABILITATION
	Higher	Same	Lower	
Efficiency	8	2	0	+\$8
1 Bedroom	136	73	9	+\$33
2 Bedrooms	111	38	3	+\$52
3 Bedrooms	39	15	0	+\$57
4 Bedrooms	6	2	0	+\$64
Total Number of Units	300	130	12	+\$42
Percent of Units	68%	29%	3%	

Average rent before rehabilitation -- \$210.00

Average rent after rehabilitation -- \$252.00

N= 132 completed projects.

SOURCE. Property Data Sheets. Compiled by the Office of Program Analysis and Evaluation.

* Three percent of the post-rehabilitation rents were lower. Lower post-rehabilitation rents resulted in most instances from the separation of utility payments from rents. No systematic information is available, however, on the utility costs in those buildings.

One reason why little permanent relocation has apparently taken place in the Demonstration is that actual post-rehabilitation rents in the rehabilitated buildings have generally not exceeded the Section 8 Existing Fair Market Rents (FMRs) in the participating communities. As a result, the Section 8 certificates can work to minimize displacement. Comparison of actual and fair market rents before and after rehabilitation yields several conclusions. (See Figures 4-1 and 4-2).

The majority of actual rents of Demonstration units prior to rehabilitation were well below FMRs. Ninety-three percent of the units had rents below the FMRs. Sixty-eight percent of the rents were more than \$50 below, and 42 percent were more than \$100 below Fair Market Rents.

Not only did the proportion of rents below the FMRs decrease somewhat after rehabilitation, but the percentage of rents well below the FMRs decreased dramatically. Eighty-two percent of the units after rehabilitation had rents below the FMRs. Forty-seven percent were more than \$50 below, and 20 percent were more than \$100 below the Fair Market Rents.

On the other hand, a small but perceptible portion of the actual rents both prior to and after rehabilitation were above the FMRs for the area. About seven percent of the rents prior were greater than the FMRs, and 19 percent of the rents after were greater.

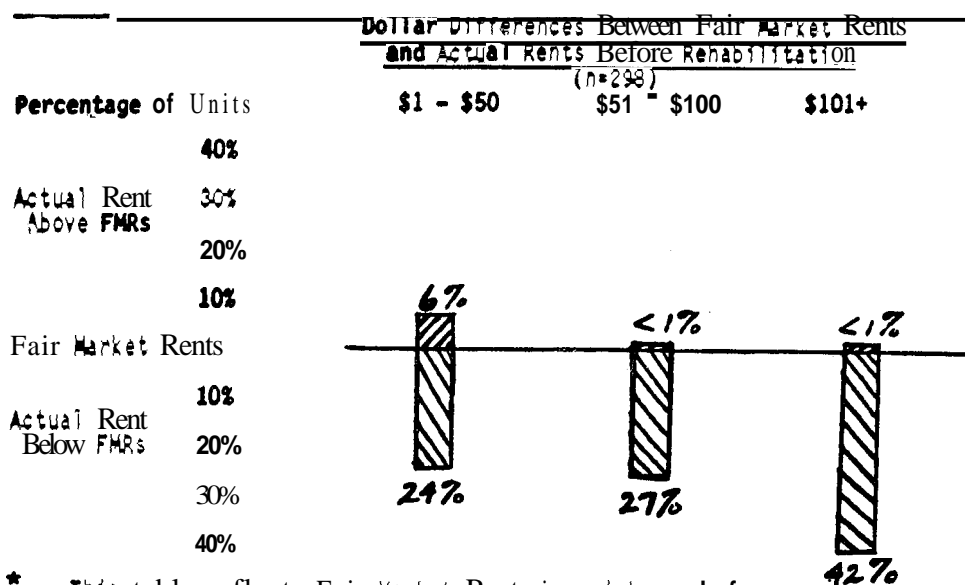
A very small percentage of the actual rents before and after rehabilitation (about one percent before and six percent after) were more than fifty dollars greater than the fair market rent. Eight percent of the total units carried rents prior to rehabilitation that were more than 10 percent greater than the FMRs. Sixteen percent of the completed Demonstration units ($n=180$) for which there is information had rents above the FMRs for those areas. Of those 28 units with rents exceeding FMRs, rents exceeded 10 percent of the FMRs in 13 of them. All 13 units were in four communities.

FAIR HOUSING REQUIREMENTS

Where CDBG funds are used to help finance rehabilitation in the Demonstration program, the recipient must comply with all of the CDBG program requirements, including civil rights requirements.

The Second Round of the Rental Rehabilitation Demonstration included requirements for affirmative fair housing marketing. That is, the property owner assisted through the Demonstration had to ensure that rehabilitated units would be marketed for rental in a manner to affirmatively further fair housing and that he/she would carry out the marketing efforts consistent with the advertising and other outreach approaches described in the Affirmative Fair Housing Marketing regulations as described in 24 CFR Part 200. The requirements for affirmative marketing apply to all units advertised for rental in properties rehabilitated. Furthermore, the affirmative marketing requirements apply to vacant units and to units that become available through turnover.

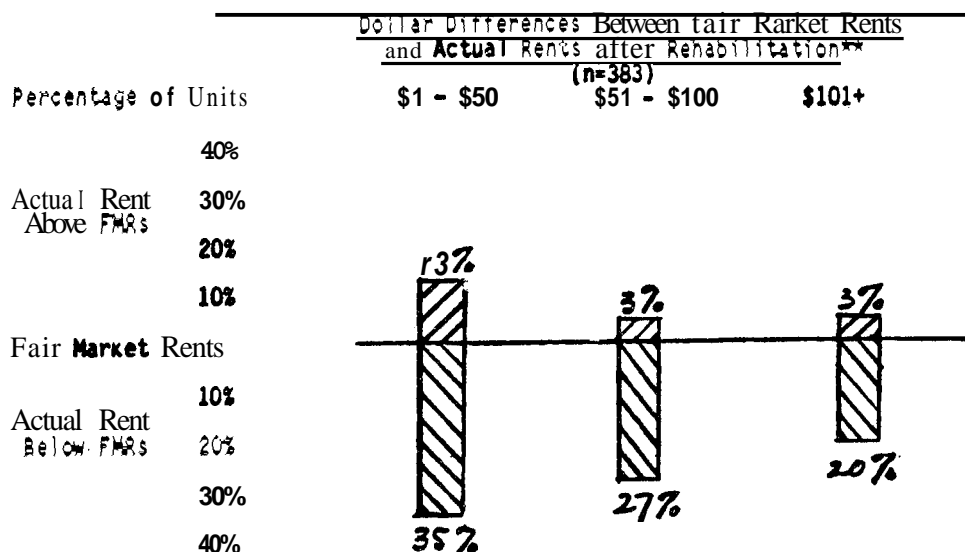
FIGURE 4-1
COMPARISON OF FAIR MARKET RENTS
AND ACTUAL RENTS BEFORE REHABILITATION*



* This table reflects Fair Market Rents in existence before revisions announced in October 1983. This table also does not take into account exceptions to the FMRs which may have been granted by HUD Area Offices.

SOURCE: Rental Rehabilitation Demonstration Applications and Property Data Sheets.

FIGURE 4-2
COMPARISON OF FAIR MARKET RENTS
AND ACTUAL RENTS AFTER REHABILITATION*



* This table reflects Fair Market Rents in existence before revisions announced in October 1983. This table also does not take into account exceptions to the FMRs which may have been granted by HUD Area Office.

** There was no difference between actual rent and fair market rent for three percent of the units.

Rental Rehabilitation Demonstration Applications and Property Data Sheets.

While requirements of the Uniform Relocation Act are not applicable to displacement occurring as a result of this program, policies and procedures for displacing and relocating tenants from properties to be rehabilitated must be consistent with Title VI, Title VIII, and Executive Order 11036. Displaced tenants must receive information on replacement housing resources consistent with these nondiscrimination requirements. Moreover, grantees must provide a choice in housing for displaced persons consistent with the grantee's responsibility to affirmatively further fair housing in its CDBG program.

PART TWO: THE URBAN HOMESTEADING PROGRAM

INTRODUCTION

Section 810 of the Housing and Community Development Act of 1974, as amended, authorizes the transfer (without payment) of unoccupied one-to-four family residences owned by HUD, the Veterans Administration (VA), and the Farmers Home Administration (FmHA) to communities with homesteading programs approved by HUD. Local governments, in turn, offer the properties at nominal or no cost to homesteaders who agree to repair them within three years and to live in them for a minimum of five years.* Approved Urban Homesteading programs must be part of a coordinated approach toward neighborhood improvement which includes the upgrading of community services and facilities. Section 810 funds are used to reimburse the respective Federal agencies for the value of the units transferred to communities for homesteading.

This section of the chapter reports on Urban Homesteading program activity both during FY 1983 and since the inception of the program. It is divided into five parts: introduction, recent program developments, program funding and expenditures, homesteading properties, and local participation and progress.

* Prior to FY 1984, the time limits were 18 months for repair and three years for occupancy.

RECENT PROGRAM DEVELOPMENTS

HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983

The Housing and Urban-Rural Recovery Act of 1983 took several steps to broaden the range of properties available for homesteading, to narrow the eligibility for households obtaining homesteading properties, and to enhance the possibility that sweat equity, i.e., homesteader participation in the rehabilitation process, could be used in the program. The Act:

1. Authorizes \$12 million for the program for FY 1984.
2. Extends the rehabilitation deadlines and occupancy periods for homesteading, thereby allowing the kinds of time that sweat equity projects might require. The Act lengthens the required occupancy period for homesteaders from three to five years and the deadline for rehabilitation completion from 18 months to three years after initial conveyance.
3. Requires HUD to ensure that localities establish homesteader selection procedures that give special priority to applicants whose current housing fails to meet health and safety standards, who currently pay more than 30 percent of their income for shelter, and who have little likelihood of obtaining improved housing within the foreseeable future without homesteading. The Act further requires that communities exclude current homeowners from participating as potential homesteaders and that communities give positive consideration in the selection procedures to an applicant's capacity to do substantial rehabilitation work himself/herself and the applicant's ability to secure assistance such as materials, labor, or financing from private sources, community organizations, or other sources.
4. Authorizes the establishment of a multifamily homesteading demonstration program during 1984 and 1985 using HUD-owned multifamily properties. Community participants must ensure that 75 percent of the occupants of the renovated buildings will be lower-income families.
5. Authorizes up to \$1 million annually for FYs 1984 and 1985 for a demonstration program to test the feasibility of providing assistance to State or local governments for the purchase of one-to-four family properties to be conveyed to lower-income families.

MANAGEMENT INITIATIVES

During FY 1983, the Department took several specific actions to improve future management of the program. All the actions were to become effective during FY 1984. In order to enhance internal controls in the program pursuant to OMB Circular A-123, HUD developed new program management systems on a HUD Regional basis in the areas of fund control, resource allocation, performance evaluation, and monitoring. The Department also established more streamlined application procedures which place greater reliance on local certifications and HUD monitoring to ensure compliance. Finally, close-out procedures were instituted to drop local programs which have become inactive or infeasible from the rolls of active localities.

FAIR HOUSING AND EQUAL OPPORTUNITY REQUIREMENTS

Under the Urban Homesteading program, a participating community must **submit** certifications that **it** will:

1. Not discriminate upon the basis of race, creed, color, handicap, sex, or national origin in the sale, lease, or rental or in the use of occupancy of the property conveyed in accordance with 24 CFR Part 590;
2. Comply with the requirements of Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968; and
3. Comply with Section 504 of the Rehabilitation Act of 1973 which prohibits discrimination against the handicapped in any program or activity receiving Federal financial assistance.

Furthermore, **if** the local urban homesteading agency acquires real property for an urban homesteading program approved under 24 CFR Part 590, **it** must also comply with HUD relocation and acquisition regulations at 24 CFR Part 42.

PROGRAM FUNDING AND EXPENDITURE

Communities use Section 810 funds to reimburse HUD, the VA, and the FmHA for the value of Federally-owned properties transferred to localities under Section 810. The Section 312 Rehabilitation Loan program, the CDBG program, other public programs such as loans from State housing finance programs, and private monies have provided the principal sources of rehabilitation financing for homesteaders. CDBG funds also support local homesteading program administration and property acquisition.

SECTION 810 FUNDING AND EXPENDITURES

Since 1975, Congress has appropriated \$67 million to support the acquisition of Federal properties for Urban Homesteading programs. This includes \$12 million Congress appropriated for the program in FY 1983. An additional \$12 million has been appropriated for Urban Homesteading in FY 1984.

By September 30, 1983, the Department had allocated a cumulative total of \$65.5 million in Section 810 funds to approved **communities**. The size of a **community's** allocation is calculated on the basis of the expected number of available HUD, VA, and FmHA properties in the community which would be suitable for homesteading, the average "as-is" value of such properties in the jurisdiction, and the timeliness and cost-effectiveness of the community's past homesteading performance.

As of the end of FY 1983, \$55.678 million of Section 810 funds had been expended or 83 percent of cumulative appropriations to that point. Of that amount, \$9.039 million was spent during FY 1983.

REHABILITATION FINANCING

While the Urban Homesteading program transfers properties to homesteaders without substantial cost, the homesteader is obligated to pay for or do whatever renovation is necessary to bring the property up to required local standards. Throughout most of the program's life, Section 312 Rehabilitation Loan funds have constituted the principal source of rehabilitation assistance in the program. In recent years, however, communities have sought out other forms of assistance, both public and private, to replace Section 312, since the future of Section 312 as a funding source for urban homesteading is uncertain. The Department concentrated all Section 312 single-family loan funding in FYs 1982 and 1983 in HUD-approved Urban Homesteading areas. During FY 1983, 598 Section 312 single-family loans totalling \$11.5 million were made in Urban Homesteading areas. Sixty percent of those loans were made specifically to homesteaders; the remainder went to non-homesteaders in homesteading areas to further neighborhood revitalization efforts. Homesteading-related Section 312 activity occurred during the year in 70 Urban Homesteading communities, 73 percent of the communities with active programs. The average Section 312 loan per property was \$19,155, and the average loan per unit was \$15,909.

Rehabilitation finance information for a large group of Urban Homesteading participants* indicates that almost half (49 percent) of the rehabilitation financing provided for Section 810 properties in those communities was in the form of Section 312 loans. Another 28 percent of renovation support came out of CDBG monies. The remaining 21 percent came from a variety of sources, both private and public: personal funds, conventional loans, State housing finance agency monies, bond funds, and other local sources.

CDBG ASSISTANCE

Community Development Block Grant funds are used in a variety of ways in addition to rehabilitation financing to assist homesteading programs. CDBG monies comprise the principal source of administrative support for most local programs. Moreover, some localities used CDBG funds to purchase local properties which were used for homesteading purposes.

* HUD field offices now submit annual reports to HUD Central Office on rehabilitation financing sources for Section 810 properties. FY 1983 data had been submitted thus far by 19 of the 25 Area Offices in which there had been Section 312 homesteading-related activity during that fiscal year. The field offices reporting accounted for 76 of the 122 approved homesteading communities and 49 percent of all Section 312 financing for Section 810 properties during the year. Area Offices do not report financing sources for rehabilitation of non-homesteading properties in homesteading areas.

HOMESTEADING PROPERTIES

FEDERAL INVENTORY

Until 1980, the HUD inventory of single-family properties was the sole source of properties available for transfer at no cost to local homesteading programs under Section 810. The national inventory of HUD-owned properties has decreased dramatically from its high point of 75,000 properties at the end of FY 1974 to 16,304 properties by the end of FY 1983. The transfer of HUD properties to local homesteading programs has accounted for a very small (less than 3 percent) part of all HUD properties disposed of since 1975, although the proportions are considerably greater for some homesteading communities and areas.

The HUD inventory of acquired properties has declined in absolute numbers, but many properties are still acquired each year and thus are potentially available for homesteading. During FY 1983, for example, the Department acquired 27,772 properties. The overall inventory still declined, however, because sales surpassed acquisitions.

Depending upon circumstances, HUD-owned properties may be too few, too quickly sold on the open market, situated outside designated homesteading areas, or simply inappropriate for homesteading. For example, of the 24 inactive

HUD is currently working with both agencies to identify what other steps might be appropriate to promote the transfer of VA and FmHA properties. In this vein, several State governments are initiating their own homesteading programs in order to take advantage of FmHA properties, and several other States are considering establishment of such programs. In addition, the Veterans Administration has sent directives to its field offices to encourage their participation in homesteading and to enhance coordination between the VA and localities with suitable VA-held properties.

PROGRAM-WIDE PROPERTY ACQUISITION

By the end of FY 1983, Section 810 funds had been used to reimburse the HUD mortgage insurance and housing loan funds, VA, and FmHA for 7,446 properties

in 102 of the participating localities. (See Table 4-8). In addition, 53 participating localities had incorporated 855 locally-acquired properties into their homesteading programs. Nineteen communities utilized 287 Federal properties purchased from sources other than Section 810. Homesteading communities have, over the life of the program, accumulated 8,588 properties for homesteading purposes.

TABLE 4-8
NUMBER AND SOURCE OF HOMESTEADING PROPERTIES
FY 1976 - FY 1983

	<u>FYs 1976-1982</u>	<u>FY 1983</u>	<u>TOTAL</u>
Section 810	6,457	989	<u>7,446</u>
(HUD)	(6,387)	(881)	<u>(7,268)</u>
(VA)	(60)	(104)	(164)
(FmHA)	(10)	(4)	(14)
Other Federal	256	31	287
Locally Acquired	690	165	855
Totals	<u>7,403</u>	<u>1,185</u>	<u>8,588</u>

SOURCE: Urban Homesteading Quarterly Reports.

During the 1983 fiscal year, 1,185 additional properties became available for homesteading from all sources. Section 810 properties and especially HUD-owned Section 810 properties remained the dominant source of suitable properties. Section 810 properties made up 83 percent of all newly-acquired properties, and HUD-owned Section 810 properties made up 74 percent of that whole.

The average value of the Section 810 homesteading properties transferred to communities during FY 1983 increased only slightly from the corresponding value for the previous fiscal year, from \$11,005 to \$11,366.*

LOCAL HOMESTEADING PROPERTY SOURCES

Most urban homesteading communities currently depend on Federal, principally HUD, properties for their homesteading production. Fifty-four percent of the approved programs have used no properties other than Federal ones for homesteading. Thirty-two percent of homesteading communities have used Federal and local properties in various proportions to advance their homesteading goals. Eleven percent have employed only local properties, and the remainder (three percent) have acquired no properties thus far.

* The average value reflects the relationship between funds obligated and properties transferred. This figure is based on Section 810 property figures provided by the Office of Finance and Accounting. These data are based on closing documents received as of September 30, 1983.

LOCAL PROGRAM SIZE AND PROPERTY ACQUISITION

Local homesteading programs are roughly of three sizes (See Table 4-9). About one-third of local programs are very small with ten or fewer properties acquired for homesteading over the life of their programs (n=42 communities). Many of these localities have only entered the program in the last two years. Others, either for lack of suitable properties for homesteading or for other reasons, have not moved beyond this point. Another third of local programs (n=38) have obtained more than ten but fewer than 50 properties. The final third of homesteading communities (n=42) have sizeable programs with more than 50 properties. Thirteen communities had processed at least 200 properties since the inception of their respective homesteading efforts.

Communities also have acquired properties during FY 1983 at varying magnitudes. One quarter obtained no homesteading properties throughout the year. Another 29 had acquired less than five properties. The rest had secured from 11 to 54 properties for homesteading purposes.

TABLE 4-9

LEVELS OF PROPERTY ACQUISITION FOR LOCAL HOMESTEADING PROGRAMS FY 1983 AND CUMULATIVELY

NUMBER OF PROPERTIES ACQUIRED	PERCENTAGE OF APPROVED HOMESTEADING PROGRAMS	
	FY 1983 (%)	CUMULATIVELY (%)
0	25%	3%
1 - 5	29	20
6 - 10	18	11
11 - 25	14	16
26 - 50	12	16
51 - 100	2	11
101 - 200	--	13
201+	--	11
Totals	100% (n=122)	101% (n=122)

URBAN HOMESTEADING PARTICIPATION AND PROGRESS

LOCAL HOMESTEADING PARTICIPATION

As of the end of FY 1983, HUD had approved 122 communities, 110 cities and 12 counties, for participation in the Urban Homesteading program.

Fifteen communities, 14 cities and one county, entered the program during FY 1983. The new entrants tended to be medium-sized and distressed. They ranged in population size from 18,000 to 541,000 with a median population of

94,000. Twelve of the 14 new cities met the UDAG threshold of community distress, and five qualified on that basis as highly distressed. Of the 15 new communities, nine had received HUD properties, three had received VA properties, and two had used local properties to begin their programs. One had not yet received any properties.

Of the 122 approved communities, 94 actually operated programs during FY 1983. Of the 28 inactive programs, four had been suspended by HUD and the remainder had not signed annual program participation agreements with HUD.*

LOCAL HOMESTEADING PROGRESS

Once a community receives a property for homesteading, the property must move through a series of steps before the homesteader actually owns it. The steps need not always follow in this order, but each milestone must be reached: (1) homesteader selection; (2) conditional transfer of the property from the community to the homesteader; (3) commencement of renovation; (4) occupancy by the homesteader; (5) completion of rehabilitation; and (6) fee simple conveyance, the permanent transfer of the property to the homesteader after five years of occupancy. Table 4-10 gives the status of the properties that have moved through the homesteading process from FY 1976 through FY 1983.

The differences in the number of properties at various stages of the process reflect the on-going nature of local homesteading programs and the duration of each property's course through the homesteading process. In communities with effective programs and continuing streams of appropriate properties, properties are continuously being acquired even as others are being renovated. In addition, the three year span between original occupancy and fee simple conveyance (which applied to these homesteaders) plus whatever time elapsed before original occupancy indicates that the process for any property is long relative to the age of the homesteading program itself.

Over the life of the Urban Homesteading program, based on all properties acquired for homesteading from whatever source (n=8,588 properties), 88 percent of all properties acquired had been transferred conditionally to homesteaders, 80 percent were occupied by homesteaders, renovation had begun on 85 percent, and renovation had been completed on 72 percent. Fifty-nine communities had been in the program long enough to have transferred final title to at least some of their homesteaders; and 2,985 homesteaders had become homeowners by completing their probationary periods (three years for homesteaders reflected in this table).

*

Two of the four suspended communities were excluded for Urban Homesteading program mismanagement, one for fair housing noncompliance, and one resulting from suspension of all CDBG activities. The overwhelming reason for program inactivity was lack of appropriate Federal or local properties. Twenty-three of the 24 inactive communities mentioned the absence of properties as the principal reason for homesteading inactivity. Several communities also mentioned the unavailability of rehabilitation financing.

TABLE 4-10

STATUS OF URBAN HOMESTEADING PROPERTIES
AS OF SEPTEMBER 30, 1983
(Cumulative Totals)

COMMUNITIES ^a	PROPERTIES TRANSFERRED TO COMMUNITIES			COMMUNITIES TO HOMESTEADERS ^b	PROPERTIES OCCUPIED ^b	REHABILITATION	
	HUD	VA	FmHA			STARTED ^b	COMPLETED ^b
Akron, OH.....	15	10	0	20	20	20	20
Anderson, SC.....	6	0	0	12	10	12	10
Athens, OH.....	0	0	0	8	8	8	7
Atlanta, GA.....	167	0	0	167	146	163	146
Babylon, NY.....	12	0	0	11	11	11	11
Baltimore, MD.....	81	0	0	66	63	66	59
Bayamon, PR.....	25	0	0	10	2	10	2
Benton Harbor, MI...	15	0	0	18	15	17	14
Berkeley, MO.....	19	1	0	19	8	12	8
Birmingham, AL.....	14	0	0	0	0	0	0
Boston, MA.....	47	0	0	45	45	49	49
Bradford, PA.....	0	0	0	5	3	5	3
Bridgeton, NJ.....	4	0	0	0	0	0	0
Brookhaven, NY.....	70	0	0	77	70	77	70
Broward County, FL..	37	0	0	25	21	25	21
Buffalo, NY.....	61	0	0	46	32	38	31
Camden, NJ.....	78	8	0	67	62	45	17
Canton, OH.....	0	2	0	1	0	1	0
Chicago, IL.....	388	0	0	384	303	298	218
Cincinnati, OH.....	109	14	0	159	131	169	143
Columbia, SC.....	4	0	0	1	0	1	0
Cleveland, OH.....	57	13	0	59	49	53	44
Columbus, OH.....	394	1	0	391	325	391	302
Compton, CA.....	39	0	0	39	39	39	39
Dade County, FL.....	110	0	0	80	80	80	80
Danville, VA.....	2	0	0	0	0	0	0
Dallas, TX.....	372	0	0	372	371	372	371
Davenport, IA.....	1	0	0	5	3	5	3
Dayton, OH.....	154	19	0	131	116	130	114
Decatur, GA.....	107	0	0	113	113	113	113
Decatur, IL.....	10	0	0	0	0	0	0
DeKalb County, GA...	33	0	0	33	33	33	33
Des Moines, IA.....	12	2	0	7	5	7	3
Detroit, MI.....	170	9	0	99	77	99	77
Duluth, MN.....	0	3	0	0	0	0	0
East Liverpool, OH..	0	0	0	15	15	15	15
East St. Louis, IL..	170	0	0	122	100	102	100
Ferguson, MO.....	2	0	0	0	0	0	0
Flint, MI.....	100	0	0	86	83	83	53
Freeport, NY.....	83	0	0	107	103	107	103
Gary, IN.....	385	0	0	342	282	280	151
Genesee County, MI..	4	0	0	0	0	0	0
Grand Rapids, MI....	1	1	0	0	0	0	0
Hartford, CT.....	0	0	0	16	16	16	16
Haverhill, MA.....	0	0	0	3	3	3	3
Hazel Park, MI.....	6	0	0	0	0	0	0

COMMUNITIES ^a	PROPERTIES TRANSFERRED TO COMMUNITIES			COMMUNITIES TO HOMESTEADERS ^b	PROPERTIES OCCUPIED ^b	REHABILITATION	
	HUD	VA	FmHA			STARTED	COMPLETED ^b
Hempstead, Village of. NY.....	50	0	0	60	53	53	53
Highland Park. MI....	28	3	0	22	19	22	19
Indianapolis. IN.....	284	6	0	297	255	297	218
Islip, NY.....	355	0	0	368	356	356	356
Jackson. MI.....	9	2	0	8	8	9	8
Jacksonville. FL.....	6	0	0	0	0	0	0
James City County. VA.....	0	0	14	14	5	8	7
Jefferson County. KY	57	0	0	56	45	47	45
Jennings. MO.....	25	0	0	18	18	18	8
Jersey City. NJ.....	16	0	0	14	14	14	14
Joliet, IL.....	44	0	0	48	46	48	46
Kansas City. MO.....	182	6	0	159	144	159	144
Kenosha. WI.....	6	0	0	3	1	0	0
Lansing. MI.....	3	1	0	1	1	1	1
Lawrence. MA.....	0	0	0	5	5	5	5
Lebanon. PA.....	0	0	0	10	9	9	9
Los Angeles City. CA.....	24	0	0	22	22	22	22
Los Angeles County. CA.....	1	0	0	0	0	0	0
Louisville. KY.....	43	5	0	35	33	35	33
Luzerne County. PA..	0	0	0	1	1	1	1
Madison Heights. MI.	2	0	0	2	2	2	2
Milwaukee. WI.....	348	0	0	355	342	355	312
Minneapolis. MN.....	101	0	0	204	203	204	188
Montgomery County. OH.....	48	7	0	46	37	46	37
Moorhead. MN.....	0	2	0	0	0	0	0
Mt. Holly. NJ.....	4	0	0	4	4	4	4
Nanticoke. PA.....	0	0	0	1	1	1	1
Nassau County. NY...	113	0	0	132	132	132	132
New Haven. CT.....	5	0	0	20	20	20	20
Newark. NJ.....	9	0	0	2	2	2	2
Newport News. VA....	17	0	0	17	16	17	16
New York City. NY...	29	0	0	29	29	29	29
Oakland. CA.....	120	2	0	121	118	118	118
Omaha. NE.....	31	1	0	35	32	35	32
Palm Beach County. FL.....	63	0	0	57	57	57	57
Paterson. NJ.....	4	0	0	4	3	4	3
Philadelphia. PA.....	425	17	0	399	399	392	361
Phoenix. AZ.....	92	0	0	106	106	131	116
Pine Lawn. MO.....	32	0	0	27	27	26	25
Pinellas County. FL.	10	0	0	10	10	10	10
Piqua, OH.....	1	0	0	2	2	2	2
Plainfield. NJ.....	20	0	0	13	12	13	10
Port Huron. MI.....	6	0	0	4	4	4	4
Portland. OR.....	23	0	0	16	12	14	12
Pottsville. PA.....	0	0	0	2	2	2	2
Racine, WI.....	13	0	0	11	7	8	0

COMMUNITIES ^a	PROPERTIES TRANSFERRED TO COMMUNITIES			COMMUNITIES TO HOMESTEADERS ^b	PROPERTIES OCCUPIED	REHABILITATION	
	HUD	VA	FmHA			STARTED ^b	COMPLETED ^b
Richmond, VA	6	0	0	5	4	5	4
Roanoke, VA	0	0	0	3	3	3	3
Rochester, NY	207	1	0	225	220	225	142
Rockford, IL	156	0	0	193	178	193	165
Saginaw, MI	49	1	0	47	42	47	42
St. Louis, MO	104	0	0	81	65	73	34
St. Paul, MN	1	0	0	221	221	221	180
St. Petersburg, FL..	111	0	0	96	90	95	90
Shamokin, PA	0	0	0	15	8	15	8
Sioux City, IA	11	1	0	11	10	11	10
South Bend, IN	140	2	0	139	128	130	94
Springfield, MA.. ...	24	3	0	80	80	80	80
Springfield, OH.. ...	23	0	0	10	9	11	8
Syracuse, NY	0	0	0	0	5	0	0
Tacoma, WA	58	0	0	58	58	58	58
Tampa, FL	34	2	0	22	22	22	22
Toledo, OH	154	10	0	167	158	158	89
Trenton, NJ	0	3	0	3	0	0	0
Warner Robbins, GA..	30	0	0	30	30	30	30
Warren, OH	16	0	0	14	10	14	9
Wilmington, DE	107	0	0	113	112	113	112
Xenia, OH	6	0	0	6	5	6	5
Yonkers, NY	0	0	0	7	0	0	0
York, PA	0	0	0	34	32	35	32
Youngstown, OH	18	8	0	31	30	31	27
Totals.	7,268	164	14	7,532	6,897	7,263	6,177

^a HUD has approved 122 localities to date. While Sunbury and Wilkes-Barre, Pennsylvania; Salem, Oregon; and Steubenville, Ohio are excluded from the preceding table, they are approved localities and have only been excluded because historically they have not requested nor received any Federal properties and no local activity has occurred. Harvey, Illinois is excluded because it is newly approved and activity has not yet occurred.

^b A number of localities with HUD-approved Urban Homesteading programs use locally-acquired properties and other Federal properties which have not been purchased with Section 810 funds. The last four columns of the table include all properties acquired from any source.

PART THREE: SECTION 312 REHABILITATION LOAN PROGRAM

INTRODUCTION

Section 312 of the Housing Act of 1964, as amended, authorizes the Secretary to make loans for the rehabilitation of single-family and multifamily residential, mixed-use, and non-residential properties. To be eligible, properties must be located in designated areas (i.e., Urban Renewal, Code Enforcement, or Urban Homesteading) areas or the rehabilitation must be necessary or appropriate to the **execution** of an approved Community Development program under Title I of the Housing and Community Development Act of 1974, as amended. There are no national applicant income requirements, but **communities** are statutorily **required** to give priority to low- and moderate-income families and individuals. The program is proposed for termination in 1985 with future rehabilitation assistance to be available under the CDBG and Rental Rehabilitation Grants programs.

This part of the chapter reports on Section 312 program activity on a cumulative and Fiscal Year 1983 basis. It is divided into three parts: introduction, recent program developments, and current program status.

RECENT PROGRAM DEVELOPMENTS

HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983

The Housing and Urban-Rural Recovery Act of 1983 amended previous Section 312 legislation in two respects. First, **it** extended authority for the program for another year, through FY 1984. (The Department proposes to terminate the program during 1985 and to transfer the program's assets and liabilities to the Departmental Revolving Fund (Liquidating Programs). Future rehabilitation assistance would be **available** under the CDBG and Rental Rehabilitation Grants programs.)

Second, the 1983 legislation barred the Department from (a) requiring that a certain proportion of Section 312 assistance be utilized for any particular type of dwelling unit and (b) linking receipt of Section 312 funds to any Federal housing or **community** development program except Urban Homesteading. This provision was drafted in response to HUD policies which tied FY 1983 Section 312 **multifamily** funding priorities to progress in the Rental Rehabilitation Demonstration.

CHANGES IN THE ALLOCATION SYSTEM

The Department assigned Section 312 funds for FY 1983 to HUD Regional Offices in two categories:

1. Urban Homesteading Program - Section 312 funds were assigned for rehabilitating single-family properties of one-to-four **dwelling** units in support of local Section 810 Urban Homesteading programs. This included both Section 810 properties and other non-homesteading properties located in approved homesteading areas.

2. Multifamily Program - The Department allocated the bulk of Section 312 program funds to the HUD Regions for multifamily loans. The priority for the use of such monies in Fiscal Year 1983 was in support of localities and States making good progress in the Rental Rehabilitation Demonstration. The recipient State or local government had to agree to meet specific Demonstration milestones (e.g., a specified number of Demonstration projects with bank commitments or projects under construction) before its Section 312 funds would be released. In addition, in order to accommodate a limited number of requests for multifamily funds from localities outside the Demonstration, each Region was permitted to use up to 20 percent of its allocation for rehabilitating multifamily projects in non-Demonstration localities. Moreover, the Department encouraged leveraging of private financing for rehabilitation of multifamily and mixed-use projects.

CHANGE OF VARIABLE INTEREST RATE

Until FY 1982, all Section 312 loans were made at a three percent interest rate. Beginning in FY 1982, all loans were made at below market interest rates, but only single-family loans made to owner-occupants whose family incomes were at or below 80 percent of the median income for that metropolitan area were to be at the three percent rate. All other single-family owner-occupant borrowers received loans at 11 percent. For FY 1983, the 11 percent rate was changed to nine percent.

Similarly, loans to renovate multifamily and investor-owned single-family rental properties, which bore 11 percent interest rates in the preceding fiscal year, bore nine percent interest rates during FY 1983. The exception was in instances where private rehabilitation funding equalled or exceeded Section 312 support, in which case, the interest rate was to be five percent.

Available information (based on a 30 percent subset of FY 1983 loans) indicates that 70 percent of the single-family loans (and 52 percent of all loans) were made at three percent; 30 percent of the single-family loans and about 80 percent of the multifamily loans carried nine percent interest rates (thereby comprising 43 percent of all loans); and only 20 percent of the multifamily loans (and five percent of all loans) were made at the five percent rate.

NEW CASH MANAGEMENT SYSTEM

The Department designed and initiated installation of a new cash management check system for Section 312 loans which is scheduled to begin in 1984. The new system streamlines and automates drawdown of Section 312 funds from the U.S. Treasury, loan settlement, construction closeout, and loan servicing. The expected result is a system that both responds more quickly to borrower needs and enhances public control of the program.

CURRENT PROGRAM STATUS

PROGRAM FUNDING

Congress has appropriated no funding for the Section 312 program since FY 1981. As a result, the FY 1983 program was supported entirely from loan

repayments and other income (\$78.386 million), recovery of prior year commitments (\$8.96 million), and the unobligated balance left from FY 1982 (\$24.5 million). A total of \$111.846 million was consequently available for FY 1983 loans and related expenses.

Actual FY 1983 budget reservations for the Section 312 program were less than originally estimated. The Department reserved \$44.864 million, about 53 percent of the amount originally projected to be reserved. That left a balance of \$57.222 million unreserved at the end of the fiscal year.

A number of factors help explain this shortfall in loan reservations. First, the Department was late in assigning Section 312 funds in 1983 because Regional Offices were required to submit plans before fund assignment would occur. Second, as part of the Department's emphasis on improved loan underwriting, HUD Headquarters encouraged field offices to take a more thorough approach to year-end loan reviews, especially on large multifamily loans. Finally, the Departmental priority to link Section 312 funding to Rental Rehabilitation Demonstration participation probably ensured that some communities which had just become involved with the Demonstration could not reserve Section 312 multifamily funds in FY 1983.

Loan servicing and operating costs in the Section 312 program decreased 20 percent from FY 1982 (\$7.648 million) to FY 1983 (\$6.094 million).

Since its inception, the Section 312 program has awarded 90,170 loans totalling \$1.162 billion for the rehabilitation and occasional refinancing of housing. During FY 1983, the program awarded 803 loans amounting to \$44.864 million. Of that sum, 205 loans totalling \$33.410 million were distributed for multifamily housing rehabilitation. The other 598 loans, amounting to \$11.455 million, were distributed for single-family residences in homesteading areas. Three-fifths of the single-family amount went to homesteaders to assist them in rehabilitating their properties. The remainder went to other homeowners in homesteading areas in furtherance of neighborhood revitalization.

The concentration of Section 312 loans in multifamily properties reflects a policy shift which had taken effect in FY 1982. Prior to that, the Section 312 program had been predominantly single-family in emphasis.

Funding of the Section 312 program varies dramatically from HUD Region to HUD Region (See Table 4-11). The bulk of the funding for FY 1983 was concentrated in the Eastern half of the nation. Distribution of multifamily reservations followed generally the distributional pattern of Section 312 funding as a whole. Region V (Chicago) and Region II (New York) received 70 percent of the single-family funding, reflecting, in part, the large number of active homesteading communities in those areas.

TABLE 4-11

SUMMARY OF SECTION 312 FUND USE
BY PROGRAM CATEGORY AND HUD REGION, FY 1983

HUD REGION	SUPPORT OF SINGLE-FAMILY UNITS IN HOMESTEADING AREAS		SUPPORT FOR MULTIFAMILY UNITS		TOTAL	
	\$	%	\$	%	\$	%
I (Boston)	186,800	2	6,018,200	18	6,205,000	14
II (New York)	2,906,600	25	6,674,800	20	9,581,400	21
III (Philadelphia)	411,550	4	4,067,800	12	4,479,350	10
IV (Atlanta)	1,194,950	10	4,070,450	12	5,265,400	12
V (Chicago)	5,107,000	45	3,432,050	10	8,539,050	19
VI (Dallas)	---	---	78,000		78,000	
VII (Kansas City)	1,273,000	11	2,554,950	8	3,827,950	9
VIII (Denver)	---	---	806,250	2	806,250	2
IX (San Francisco)	128,150	1	2,852,550	9	2,980,700	7
X (Seattle)	246,600	2	2,854,600	9	3,101,200	7
Totals	\$11,454,650	100%	\$33,409,650	100%	\$44,864,300	101%

* Less than one percent.

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

SECTION 312 LOAN FEATURES

During FY 1983, the Department made 803 loans of which 598 were single-family and 205 were multifamily. These loans will assist the rehabilitation of 3,541 dwelling units (720 single-family and 2,821 multifamily).

The average Section 312 multifamily loan in FY 1983 was \$162,972, and the average single-family loan was \$19,155. Average per unit loan amounts were \$11,843 per multifamily unit and \$15,909 per single-family unit. These figures correspond closely to per unit loan amounts for the preceding year.

DEBT COLLECTION

Debt collection remained an area of high Departmental priority during FY 1983. Section 312 loans are serviced through a number of contracts and subcontracts. The Federal National Mortgage Association (FNMA) and its 56 private servicers administer 88 percent of the outstanding loans. HUD Headquarters manages the remaining loans, including defaulted loans and new loans, through a private contractor.

As of the end of FY 1983, there were 60,009 active Section 312 loans with unpaid balances totalling \$660.5 million (See Table 4-12). Through aggressive servicing, automation of the loan collection system, and consolidation of various loan servicing functions, the Department has been able to maintain the proportions of delinquent loans (12.3 percent of all loans and 15.8 percent of the total unpaid balance) and seriously delinquent loans (i.e., 31 days or more delinquent; 7.1 percent of all loans and 9.6 percent of the total unpaid balance) at levels similar to the preceding fiscal year. This levelling of delinquencies occurred despite a continuing influx of new loans into the

collection system and economic conditions which increased delinquency rates nationally on conventional mortgage loans.

TABLE 4-12
STATUS OF ACTIVE SECTION 312 LOAN PORTFOLIO*
(Dollars in Thousands)

STATUS	(AS OF JULY 31, 1982)				AS OF NOVEMBER 30, 1983			
	#OF LOANS	%	UNPAID BALANCES \$ AMOUNT	%	#OF LOANS	%	UNPAID BALANCES \$ AMOUNT	%
Current	56,982	88%	\$615,100	86%	52,604	88	\$556,100	84%
Delinquent:	7,694	12	100,400	14	7,405	12	104,400	16
3 months or less	(4,500)	(7)	(77,700)	(11)	(4,441)	(7)	(61,000)	(9)
More than 3 months	(3,194)	(5)	(22,700)	(3)	(2,964)	(5)	(43,400)	(7)
Total	64,676	100.0%	\$715,500	100.0%	60,009	100.0%	\$660,500	100.0%

* This table does not reflect loans involved in legal actions. FNMA data are as of October 31, 1983. HUD data are as of November 30, 1983.

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

Collections for FY 1982 for both HUD- and FNMA-held Section 312 loans totalled \$77.2 million.

As of November 30, 1983, in addition to the active loans, another 2,908 Section 312 loans representing \$35.9 million remained involved in legal actions. The two largest categories of legal actions were foreclosures, which comprised 42 percent of the loans involved in legal actions and accounted for \$23 million, and judgments, which made up 38 percent of the loans in legal actions and accounted for \$4.5 million. Bankruptcies, pending charge-offs, and acquired properties constituted the bulk of the remaining loans and unpaid balance.

Under new foreclosure procedures, 957 loan cases were assigned to foreclosing agents during FY 1983, indicating a marked acceleration in such assignments. The Departments of HUD and Justice, however, were unable to process the backlog of 1,115 judgments during the fiscal year.

CHARACTERISTICS OF PARTICIPATING COMMUNITIES

Changes in the magnitude of the Section 312 program and shifts in Departmental priorities concerning loan distribution have produced a dramatically different Section 312 loan allocation pattern in the last two years than that of earlier years. Property owners in only 145 communities received Section 312 loans in FY 1983 in contrast to 549 two years previously. Uncertainty regarding the

future of the program, the emphasis on multifamily housing, and the restriction of much of program funding to communities with either Rental Rehabilitation Demonstration or Urban Homesteading programs probably contributed to this effect.

Seventy communities (48 percent of the **communities** participating in the Section 312 program) received single-family loans as part of their Urban Homesteading programs during FY 1983. Eighty-nine communities (61 percent of the communities participating in the Section 312 program) received **multifamily** loans during the year. Two-thirds ($n=60$) of the localities obtaining such loans received them in conjunction with their participation in the Demonstration program. Fifteen jurisdictions received both single-family and **multifamily** support in FY 1983.

On average, individual localities with single-family Section 312 loans in FY 1983 obligated \$163,638, accounting for an average of 8.5 loans and 10.2 units per locality. In contrast, communities with multifamily Section 312 loans in the same year obligated an average of \$375,389, accounting for 2.3 loans and 31.7 units per locality. Amounts obligated by communities ranged from \$5,800 to \$911,300 for single-family loans and from \$10,000 to \$2,177,900 for **multifamily** loans.

FY 1983 Section 312 loans went disproportionately to distressed **communities**. Eighty-nine percent of the large cities and urban counties that received such loans met the UDAG criteria for community distress; 59 percent were, based on the UDAG standard, highly distressed (i.e., had a UDAG distress ranking of five or more). In addition, 64 percent of the smaller communities receiving Section 312 loans during FY 1983 qualified for UDAG eligibility based on their levels of distress.

CHARACTERISTICS OF LOAN RECIPIENTS

During FY 1983, Section 312 single-family loans principally went to households which were young, poor, and from minority backgrounds. Based on available information, two-thirds of the recipient households were 40 years of age or younger and one-third was 30 and younger.* Conversely, nine percent of those obtaining such loans were more than 60 years of age. Sixty-one percent of the households receiving Section 312 single family loans in 1983 were minority members.

Because Section 312 single family loans may now only be given out at three percent interest where an owner-occupant has a household income at or below 80 percent of the area median income, the proportion of three percent loans is a reliable indicator of the income levels of recipients. Seventy percent of **all** single-family loans in FY 1983 were at three percent.

* These findings are based on all 1983 Section 312 single-family loan applications received by HUD Central Office and entered into the Data Systems and Statistics Division data base. The subset contains 338 or 57 percent of **all** FY 1983 Section 312 single-family loan applications.

APPENDIX A

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ALABAMA</u>							
Birmingham	Second mortgages to purchasers of single-family homes. Program will assist those not affording current interest-rate financing.	\$1,400,000	\$4,756,090	\$0	-0-	100	\$97,754
Birmingham	Loan to developer to help renovate downtown building. Investment will provide new tax revenue for city, serve as catalyst for area and create new permanent jobs.	\$450,000	\$4,950,000	\$0	30	-0-	\$32,900
Birmingham	Low-interest loan to hotel partnership for rehabilitation of vacant historic hotel into first-class office space.	\$1,030,000	\$4,136,265	\$0	125	1,579	\$30,625
Clanton	Loan to newly-formed corporation to purchase capital equipment for metal building manufacturing plant.	\$250,000	\$700,995	\$25,000	40	-0-	\$513
Clanton	Low-interest loan to glove manufacturing company to help build new industrial facility.	\$182,000	\$504,845	\$0	50	-0-	\$774
Guntersville	Low-interest loan to hotel corporation to help expand hotel with needed recreational and marina facilities.	\$183,750	\$3,004,950	\$0	84	-0-	\$26,000
Huntsville	Loan to corporation to assist in industrial plant expansion on site adjacent to its facility.	\$775,000	\$10,000,000	\$0	500	-0-	\$122,762

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City.</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ALABAMA</u> (continued)							
Huntsville	Financial assistance to major consumer electronic products manufacturing company to help construct building and purchase capital equipment.	\$625,000	\$6,501,830	\$0	250	-0-	\$314 ,100
Lafayette	Loan to developers to provide infrastructure in downtown area for restored historic buildings. Investment to also finance legal cost of bond issuances for project.	\$219,400	\$894,000	\$54,600	35	-0-	\$50
Ozark	Second mortgages to low- and moderate-income households to purchase new single-family homes	\$387,600	\$1,319,200	\$0	-0-	38	\$3,126
Ozark	Low-interest loan to motel partnership to help acquire land and build 100-room hotel.	\$470,000	\$3,246,894	\$0	75	-0-	\$44,756
Selma	Loan to textile manufacturing company to help renovate existing building in industrial park and purchase production equipment.	\$465,000	\$1,657,353	\$0	250	-0-	\$5,675
Selma	Financial assistance to lock company, city's largest employer, to help expand operations and move into new markets.	\$1,220,000	\$4 ,700,000	\$0	193	-0-	\$4,320

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ALABAMA</u> (continued)							
Sulligent	Loan to axle manufacturing company to help finance acquisition of new capital equipment to keep plant in operation.	\$822,285	\$2,469,980	5200,000	147	-0-	\$62,586
Troy	Loan to shirt manufacturing company to purchase capital equipment for relocated plant.	\$157,000	\$499,479	\$0	95	-0-	\$18,525
<u>ARIZONA</u>							
Bisbee	Financial assistance to developers to help renovate historic structures into one- and two-bedroom apartments and leasable commercial space.	\$375,000	\$1,150,000	\$0	30	-0-	\$16,500
Bisbee	Below-market interest rates loan to developer to help finance construction of new shopping center. City to participate in proceeds from annual operations and sale or refinancing of center.	\$540,000	\$2,091,000	\$0	90	-0-	\$34,971
Guadalupe	Grant to town to finance construction of water and sewer lines to assist in air controlling vents manufacturing plant expansion. Investment will also provide loan to company for site acquisition and portion of capital investment.	\$160,000	\$610,330	\$194,000	22	-0-	\$11,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
ARIZONA (continued)							
Nogales	Financial assistance to musical instruments manufacturing company to help construct EPA-required, on-site treatment facilities for plant's electroplating process. Investment will prevent closing its electroplating operation.	\$210,000	\$567,400	\$0	-0-	-0-	\$0
Surprise	Loan to developer to help construct office building.	\$134,000	\$626,000	\$0	36	-0-	\$7,116
Surprise	Loan to furniture company to help construct additional retail store.	\$126,000	\$536,000	\$0	17	-0-	\$17,807
Surprise	Loan to developer to fund advances required by local utilities to cover installation of necessary electric and telephone services to assist in development of mobile home park.	\$557,000	\$5,478,000	\$0	23	-0-	\$46,446
Williams	Financial assistance to manufacturing company to help purchase equipment to rehabilitate plant producing low- and medium-frequency crystals.	\$54,000	\$226,800	\$0	15	-0-	92,800
Ash Flat	Financial assistance to operating room medical-equipment manufacturing company to purchase fixed-capital equipment to help renovate facility. Investment will reopen facility vacant over seven years and create enormous employment opportunities.	\$4,550,000	\$21,982,927	\$0	349	-0-	\$150,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ARKANSAS</u> (continued)							
Pine Bluff*	Financial assistance to developer to help construct large hotel with parking spaces, plus provide funds to renovate kitchen and banquet facilities within adjoining Convention Center facility. Developer to enter into management agreement with City for use of Convention Center facility.	\$750,000	\$10,005,000	\$0	129	-0-	\$187,043
<u>CALIFORNIA</u>							
Alameda City	Financial assistance to developer for public off- and on-site infrastructure, to help development of office and retail space and boat berths. Investment to support first phase of revitalization of abandoned shipyard within the city.	\$1,836,000	\$18,115,140	\$162,000	372	-0-	\$238,850
Exeter	Below-market-interest-rate loan to developer for 12-year period to help construct local shopping center providing new jobs. City will participate in annual cash flow from operations and sale or refinancing of shopping center.	\$610,000	\$2,777,000	\$0	124	-0-	\$86,165

*
Terminated

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>CALIFORNIA</u> (continued)							
Lindsay	Below-market-interest-rate loan to developer for 12-year period to help construct shopping center providing new jobs. City will participate in proceeds from annual operations and sale or refinancing of shopping center.	\$594,000	\$2,979,600	\$0	130	-0-	\$91,780
Los Angeles	Financial assistance to actors theatre association to help renovate and construct four-theatre complex at an historic bank building site. Project includes renovation and restoration of the historic building and development of adjoining new building.	\$2,466,000	96,681,000	\$3,150,000	251	-0-	5131,000
Los Angeles	Financial assistance to developer to help construct larger supermarket facility and provide additional warehousing and office space. Project to remove seven buildings not up to City's earthquake standards.	\$840,000	\$2,563,000	\$0	65	-0-	5108,231
Los Angeles	Financial assistance to partnership to help construct shopping center to include supermarket and drug store.	\$1,204,000	\$5,442,000	\$950,000	292	-0-	\$265,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>CALIFORNIA</u> (continued)							
Los Angeles	Loan to Los Angeles YMCA to help develop central city facility with parking in Bunker Hill Redevelopment area. Facility to focus on health, education, fitness and recreational activities for city employees, youth and senior citizen residents.	\$1,545,000	\$8,447,000	\$0	116	-0-	\$0
Maywood	Financial assistance to reimburse City for land acquisition and related costs in excess of fair market disposition price to development company. Investment to help construct supermarket and drug store.	\$2,400,000	\$6,995,000	\$474,000	214	-0-	\$148,000
Merced	Low-interest loan to developer to help rehabilitate under-utilized office building to include retail space. City to share in annual project cash flow and net sale or refinancing procedures.	\$100,000	\$333,000	\$50,000	20	-0-	\$58,000
San Diego	Loan to developer to help rehabilitate historic downtown hotel and construct new, adjacent parking garage providing jobs for low- and moderate-income residents in Pockets of Poverty area. Repayment and property tax increases to also benefit residents.	\$4,800,000	\$29,143,000	\$1,200,000	398	-0-	\$513,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>COLORADO</u>							
Colorado Springs	Low-interest second mortgage loans to purchasers of town-houses located in City's Pocket of Poverty area to reduce monthly payments so that families with 80 percent of median income can qualify.	\$275,000	\$1,541,600	\$68,750	-0-	32	\$13,228
Denver	Loan to non-profit corporation to help develop Warren Village II, mixed-use development of housing, child care and counseling services for very low-income, single parents. Project to include training opportunities for residents and business services for small businesses in area.	\$925,752	\$2,724,721	\$5,003,100	60	106	\$3,600
Durango	Loan to limited partnership to assist in rehabilitation of historic two-story structure to include new restaurant, existing retail shop and nine one-bedroom apartments. Project will create new jobs, increase tax revenues to city and provide needed rental housing in central business district.	\$150,000	\$499,550	\$0	33	-1	\$23,205
Pueblo	Financial assistance to tubular products plant to help construct building, purchase, installation of production and storage rack systems plus tooling equipment for machining and testing oil tubular products.	\$250,000	\$723,721	\$0	44	-0-	\$5,333

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>CONNECTICUT</u>							
New Haven	Financial assistance to developer to help rehabilitate 13-story downtown building scheduled for demolition as market-rate apartment units, office and retail space. Percentage of apartment units to be available for low- and moderate-income persons.	\$1,150,000	\$4,821,373	\$0	36	74	\$30,840
New Haven	Financial assistance to developer to help construct project consisting of office and retail space, residential units, and underground parking. Concurrently, City will construct public parking garage across the street.	\$4,020,000	\$17,900,000	\$1,500,000	156	43	\$257,060
<u>DELAWARE</u>							
Milford	Financial assistance to developer to help construct 60-room motel and expand existing restaurant to include banquet facilities.	\$497,250	\$1,643,252	\$0	25	-0-	\$3,000
<u>DISTRICT OF COLUMBIA</u>							
Washington	Financial assistance to joint venture to help rehabilitate vacant four-story warehouse into modern and efficient leasable office space.	\$554,028	\$2,114,921	\$0	67	-0-	\$148,825

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>FLORIDA</u>							
Jacksonville	Financial assistance to joint venture developers to help acquire, renovate and expand convention, lodging and restaurant building into first-class Holiday Inn. Project involves construction of new rooms, additional convention facilities and renovation of existing recently bankrupt Quality Inn.	\$1,400,000	\$6,324,610	\$0	206	-0-	\$14,214
Jacksonville	Second mortgages to qualified buyers of single-family houses to be built in four subdivisions within City. Twenty percent of homes reserved for minority families.	\$870,000	\$2,700,000	\$0	-0-	88	\$28,900
Miami	Financial assistance to limited partnership and local developer to help construct 150-bed acute-care general hospital to serve Liberty City and Edison-Little River sections of neighborhood.	\$3,000,000	\$19,733,044	\$0	150	-0-	\$0
<u>GEORGIA</u>							
Atlanta	Second mortgage to developer to help renovate hotel. Project to bring new tax revenues to City, create new jobs and serve as redevelopment catalyst in area.	\$1,000,000	\$7,038,000	\$0	103	-0-	\$360,912

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
GEORGIA (continued)							
Augusta	Loan to minority developer to help renovate historical inn in area adjacent to downtown into residential, commercial, mixed-use project.	\$1,430,000	\$3,742,160	\$0	40	102	\$60,000
Brunswick	Second mortgages to low- and moderate-income residents to purchase new townhouses near central business district in predominantly minority residential area.	\$405,000	\$1,116,802	\$0	-0-	35	\$14,913
Calhoun	Financial assistance to industrial carpet manufacturing company to expand and acquire four acres of undeveloped land adjacent to present facility and construct another plant.	\$339,000	\$4,298,845	\$0	60	-0-	\$22,869
Columbus	Second mortgages to eligible low- and moderate-income households to purchase homes under City's Mortgage Assistance Program.	\$2,061,000	\$6,849,017	\$0	-0-	200	\$122,752
Hartwell	Loan to developer to assist in restoration of Hartwell-to-Bowersville historic excursion train. Investment will provide railroad turntable equipment, renovation of building and necessary land acquisition.	\$54,000	\$135,000	\$0	28	-0-	\$7,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>GEORGIA</u> (continued)							
Hartwell	Loan to container company to help expand existing plant to include construction of building and purchase of new plastic molding equipment useful in air cargo transportation business.	\$795,000	\$2,416,500	\$0	5	-0-	\$12,000
La Grange	Loan to printed paper board products manufacturer to purchase additional manufacturing equipment to assist existing and new facilities located in industrial park. Investment will create permanent, full-time jobs.	\$365,000	\$5,189,400	\$0	36	-0-	\$25,807
La Grange	Second mortgage loans to low- and moderate-income families to purchase townhouses. Owner will pay three percent of purchase price per unit for down payment.	\$86,036	\$279,675	\$0	-0-	11	\$1,170
Louisville	Loan to developer to help construct two-story motor lodge.	\$154,350	\$501,293	\$0	14	-0-	\$3,600
Milledgeville	Financial assistance to developer to help construction of motel providing needed accommodations for visitors to city.	\$495,000	\$2,183,569	\$0	35	-0-	\$50,967
Savannah	Loan to developer to help renovate existing railroad shed into tourist center.	\$1,806,416	\$6,236,000	\$7,380,000	30	-0-	\$11,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
GEORGIA (continued)							
Thomaston	Loan to printing company to purchase equipment to assist in construction of new printing facility in industrial park.	\$1,000,000	\$13,241,300	\$0	120	-0-	\$13,900
Thomson	Loan to fibre products company to purchase equipment to help new plant expansion. Investment will expand automotive plastic parts line into automatic group.	\$1,242,000	\$4,776,067	\$0	130	-0-	\$1,000
Thomson	Financial assistance to developer to help expansion of existing motel to include construction of new rooms, restaurant, lounge, and meeting rooms.	\$210,000	\$960,338	\$0	20	-0-	\$4,008
Unadilla	Loan to community participants to fill financing gap in construction of high-quality horse-arena complex. Predicated upon this investment, local company to construct inn to accommodate visitors associated with arena.	\$422,000	\$3,434,880	\$0	75	-0-	\$40,473
Valdosta	Second mortgage loans to qualified median-income buyers to purchase single-family houses.	\$520,000	\$1,875,000	\$0	-0-	50	\$18,750
Valdosta	Low-interest second mortgage loans to medium-income purchasers of three-bedroom homes.	\$217,500	\$600,000	\$0	-0-	21	\$6,423

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>GEORGIA</u> (continued)							
Wadley	Financial assistance to lumber manufacturing plant to purchase capital equipment to help expanding operation.	\$313,000	\$1,303,836	\$0	35	-0-	\$7,800
Warrenton	Financial assistance to iron works manufacturing company to purchase machinery and equipment for new plant. Investment will help company expand and utilize new technology in metal castings and diversify its product line.	\$2,050,000	\$9,963,218	\$0	235	-0-	\$8,028
<u>ILLINOIS</u>							
Chicago	Second mortgage loan to developer to help finance renovation of hotel building to conversion for primary use as securities and trading industry office and retail space. Building is adjacent to previous action grant development in South Loop area.	\$1,095,000	\$11,691,933	\$0	297	-0-	\$966,607
Chicago	Financial assistance to developer to help renovate vacant, commercial space into restaurant located in printing house row historic building.	\$155,000	\$503,000	\$0	62	-0-	\$55,307

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
ILLINOIS (continued)							
Chicago	Financial assistance to confectionery company to help expand existing building and purchase new manufacturing equipment.	\$1,350,000	\$7,828,794	\$0	110	-0-	\$171,094
Chicago	Construction/permanent mortgage loan to genetic engineering company to help construct pilot plant and install equipment.	\$2,14 ,000	\$11,622,557	\$0	100	-0-	\$314,506
Chicago	Financial assistance to health center to help develop geriatric center in rehabilitated vacant office building. Investment will provide skilled nursing beds and apartments for the elderly.	\$1,47 ,000	\$10,109,984	\$0	175	120	\$683,635
Chicago	Loan to developer to help construct shopping center in 90-percent minority community. Investment will generate significant number of neighborhood jobs and land reclamation will return it to tax roles.	\$925,000	\$6,079,230	\$0	156	-0-	\$294,799
Chicago	Financial assistance to partnership to help consolidate its existing operations for remanufacture and sale of large, liquid handling pumps. Investment will build and equip new facility consisting of crane bay, shop and office areas. Parking and landscaping area also to be developed.	\$365,000	\$1,270,957	\$0	36	-0-	\$74,445

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ILLINOIS</u> (continued)							
Chicago	Loan to granite-cladding fabrication company to assist in renovating building in near West area to fully automated plant.	\$725,000	\$2,819,116	\$213,000	86	-0-	\$35,020
Chicago	Loan to developer to help provide tenant improvements in commercial area of FHA Section 220 development project comprised of newly constructed, residential rental units, commercial space, and a marina.	\$3,075,000	\$52,460,903	\$0	800	446	\$690,318
Flora	Construction/permanent mortgage loan to joint venture to help form new automotive interior and exterior lighting components manufacturing facility adjacent to existing plant in industrial park.	\$475,000	\$1,720,777	\$470,000	100	-0-	\$4,504
Galesburg	Loan to railroad company to help construct highway bridge to extend over railroad yard replacing inadequate subway road. Investment to trigger construction of two support facilities on 121-acre tract --a diesel service/repair complex and intermodal facility.	54,000,000	\$24,856.43	1 \$2,000,000	128	-0-	\$391,695
Goreville	Loan to auto supply company to help purchase new capital equipment for use in rehabilitated and expanded, machine shop portion of existing building.	\$44,000	\$138,777	\$0	8	-0-	94,701

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing units</u>	<u>Estimated Local Tax Revenue</u>
<u>ILLINOIS</u> (continued)							
Kankakee*	Loan to warehouse company to help construct home office building located on 26-acre site to include maintenance shop, dispatch operations and freight warehousing. Loan funds to also build road connecting facility to northland Industrial Park.	\$246,000	\$1,330,228	\$0	30	-0-	\$35,510
Madison County	Loan to automobile manufacturing company to purchase capital equipment to assist in rehabilitation of coating facility used to protect finished chassis during shipment. Reopening of plant at 50 percent capacity with room for expansion to provide jobs in high unemployment area.	\$2,540,000	\$23,692,771	\$0	300	-0-	\$16,674
Olney	Loan to Roadmaster manufacturing company for purchase of new product tooling and capital equipment to help upgrade recently acquired facility. Project to bring significant number of new jobs to City with high unemployment rate.	\$2,550,000	\$11,004,628	\$0	680	-0-	\$0
Peoria	Construction/permanent loan to steel and wire company to assist in acquiring and installing equipment for largest wire mill in the United States.	\$2,575,000	\$10,890,381	\$732,500	150	-0-	\$0

* Terminated

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ILLINOIS</u> (continued)							
Quincy	Loan to developer to help provide construction and permanent financing for Holiday Inn (Holidome) motel facility to include commercial building with meeting/convention space and dining, swimming, sauna, whirlpool and lobby bar facilities in motel edifice. Site located in tax increment district essential to master plan for downtown revitalization.	\$1,400,000	\$6,058,271	\$0	140	-0-	\$131,661
Rockford	Loan to partnership to finance part of restoration and conversion of East Rockford historic building (a former meat packing plant) to a restaurant with an additional kitchen and surface parking lot.	\$136,500	\$515,179	\$0	41	-0-	\$30,073
Salem	Construction/permanent loan to packaging firm to assist in construction of industrial facility and new administrative offices, renovation of existing building, installation of automatic sprinkler system and capital equipment.	\$630,000	\$2,476,713	\$295,178	30	-0-	\$29,971

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>ILLINOIS</u> (continued)							
Vienna	Financial assistance to developer to purchase capital equipment to help development of newly constructed inn containing hotel, restaurant, lounge, and coffee shop.	\$129,600	\$599,486	\$0	30	-0-	\$5,785
Waukegan	Loan to developer to help renovate vacant, former department store in downtown area for reuse as factory-outlet retail mall and office center.	\$925,000	\$4,083,265	\$0	130	-0-	\$128,884
<u>INDIANA</u>							
Crawfordsville	Construction/permanent mortgage loan to manufacturing company to help construct research and development operation and rehabilitate an existing facility.	\$903,000	\$3,927,837	\$0	157	-0-	547,967
Elkhart	Loan to plating works company to purchase capital equipment for new building being constructed to house water treatment equipment. Installation of new equipment will comply with new EDA standards for metal plating waste.	\$6 ,800	\$242,917	\$0	1	-0-	\$4,080

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>INDIANA</u> (continued)							
Evansville	Loan to partnership to assist in renovation of vacant former store for conversion to retail and office use in the Consumer Mall development located in central business district.	\$820,000	\$3,121,487	\$0	160	-0-	\$98,971
Evansville	Loan to finance corporation to assist in construction of 86,000 square foot office building.	\$747,000	\$9,263,325	\$0	97	-0-	\$215,986
Greensburg	Second mortgage loan to tool and die company to acquire new site. construct new industrial building and related site improvements, and purchase new capital equipment. Investment to provide for company's expansion and consolidation from two present locations in area into single facility at new site.	\$94,500	\$400,000	\$0	15	-0-	\$11,719
Hammond	Construction loan to developer to help renovate former four-story department store and develop parking spaces in downtown area for lease to various merchants.	\$1,300,000	\$5,823,832	\$300,000	250	-0-	\$475,511
Hammond	Loan to steel service center to purchase new equipment necessary for plant expansion.	\$1,079,440	\$6,759,721	\$0	150	-0-	\$100,405

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>INDIANA</u> (continued)							
Indianapolis	Loan to developer to assist in construction of medical office building and correct serious drainage problem affecting area.	\$1,132,380	\$11,850,000	\$100,000	347	-0-	\$322,793
Lafayette	Loan to land developer and its general partner to provide infrastructure to allow development of 150-bed nursing home facility, buildings for office/commercial use and residential lots.	\$630,000	\$3,879,900	\$0	150	-0-	\$61,448
Lafayette	Second mortgage to developer to construct new office building in Saw Mill Run Development.	\$130,000	\$806,184	\$0	30	-0-	\$15,961
Madison	Loan to motel partnership to assist in construction of 120-room motel facility located near State Road Bypass Y62 to include full-service restaurant, lounge, meeting rooms, banquet facilities and swimming pool.	\$630,000	83,103,153	\$0	116	-0-	\$18,799
North Vernon	Construction/permanent loan to forge company to assist in construction of two industrial buildings on a 9-acre tract and installation of capital equipment to include nine forge furnaces. Expansion will enable company to meet market demands for larger forgings from stainless steel and aluminum.	\$500,000	\$1,756,630	\$0	100	-0-	\$6,712

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
IOWA							
Des Moines	Financial assistance to developer to build three-level retail development, 14-story office tower and renovation of existing seven-story office building atop West end of Walnut Mall. City will build and own three skywalks connecting mall to other developments in area.	66,280,000	\$37,133,000	\$750,000	764	-0-	\$953,000
Des Moines	Financial assistance to developers for construction of three-story office building in East Side Business District. Project will aid in redevelopment process underway in this area.	\$420,000	\$1,465,008	\$0	42	-0-	\$41,782
Des Moines	Loan to developer to assist in renovation of an historic downtown six-floor warehouse building. Conversion will include office and retail space on first floor, construction of seven-floor atrium and parking structure attached to building.	\$1,550,000	\$6,125,000	\$0	185	-0-	\$158,000
Iowa City	Second mortgage loan to developer to assist in construction of eight-story room hotel located on one of City's redevelopment parcels in central business district.	\$2,081,000	\$10,024,000	\$70,000	178	-0-	\$268,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>IOWA</u> (continued)							
Iowa Falls	Loan to plastic containers manufacturing firm to purchase capital equipment for new plant being constructed in the Midwest. Expansion will provide jobs over the next three years.	\$1,425,000	56,530,000	\$944,000	140	-0-	\$55,000
<u>KANSAS</u>							
Parsons	Financial assistance to persons with incomes below 90 percent of median income to write-down cost of new single-family homes. Funds available to each eligible purchaser repayable at resale.	\$105,000	5312,000	\$85,500	-0-	10	\$3,700
<u>KENTUCKY</u>							
Hopkinsville	Financial assistance to automotive components manufacturer to help purchase new machinery to allow company to operate under industry's new approach.	\$291,320	\$1,467,998	\$0	325	-0-	\$41,025
Lexington-Faye	Financial assistance to developer group to help rehabilitate historic Furniture Block to an office, restaurant and retail complex. Project will provide new jobs for Pockets-of-Poverty residents, low- and moderate-income and minority persons.	53,090,000	\$11,125,000	53,795,000	479	-0-	\$203,488

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>LOUISIANA</u>							
Baton Rouge	Financial assistance to developer partnership to help restore, renovate and convert five existing historic buildings for retail and office uses. Investment will also construct new buildings for commercial uses and purchase railroad box cars for conversion into usable commercial retail space.	52,400,000	\$13,521,097	\$750,000	305	44	\$244,376
New Orleans	Downpayment assistance and principal reduction subsidies for FHA permanent mortgages to buyers earning less than \$21,000 per year to make new townhouses affordable.	\$882,000	\$2,473,235	\$0	-0-	74	\$0
New Orleans	Loan to developer to assist in rehabilitation of downtown Masonic Temple building. Investment will add new office space and create permanent jobs.	\$2,225,000	\$10,026,972	\$0	250	-0-	\$118,695
New Orleans	Principal reduction subsidies for maximum of 25 percent on principal amount on permanent mortgages to buyers earning less than \$25,300 per year to make new three-bedroom townhouses affordable.	\$708,170	\$1,856,040	\$0	-0-	48	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
LOUISIANA (continued)							
New Orleans	Principal reduction subsidies of 26 percent of principal amount of permanent mortgages insured by FHA to buyers earning less than \$23,500 per year to make newhomes affordable.	\$311,000	\$900,673	\$0	-0-	23	\$0
New Orleans	Principal reduction subsidies up to maximum of 26 percent of amount of permanent mortgages insured by FHA to buyers earning less than \$23,300 per year to make new homes affordable.	\$1,075,000	\$3,004,470	\$0	-0-	76	\$0
New Orleans	Financial assistance to buyers earning less than \$21,000 per year to make new 3-bedroom single-family homes affordable. Investment will reduce permanent mortgage amount by 20 percent and cover closing costs.	\$374,435	\$1,018,197	\$0	-0-	34	\$0
<u>MAINE</u>							
Avon	Loan to rubber-puzzle manufacturing company to assist in construction of large, modern facility and purchase capital equipment.	\$246,000	\$673,383	\$0	68	-0-	\$8,185
Bangor	Loan to developer to assist in renovation of vacant downtown, historic commercial building.	\$80,000	\$720,000	\$179,000	13	36	\$14,540

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

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MAINE (continued)							
Bangor	Grant to City for new lighting, landscaping and street improvements downtown. Architectural firm partnership will renovate building in area.	\$150,000	\$750,000	\$100,000	15	-0-	\$21,400
Bangor	Financial assistance to limited partnership to help acquire, rehabilitate and convert vacant, commercial building into retail, restaurant space and market-rate one and two-bedroom apartments.	\$420,000	\$1,580,716	\$0	55	20	\$37,057
Eastport	Financial assistance to fish processing company to help purchase and equip vacant waterfront plant.	\$609,950	\$2,448,380	\$350,000	80	-0-	\$18,622
Portland	Loan to housing association to help convert two schools into rental apartments to subsidize debt service and provide reduced rents for low- and moderate-income tenants.	\$541,000	\$1,429,286	\$185,000	-0-	39	528,343
Saco	Loan to two companies to purchase equipment for new manufacturing plant and peat moss processing equipment at industrial park. Also financial assistance to City for railroad extension providing sidings for two companies to assist in development of new industrial building as well as new machinery for company to process salvaged scrap steel.	\$1,290,000	\$3,660,000	\$0	157	-0-	555,000

FISCAL YEAR 1983 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
<u>MARYLAND</u>							
Baltimore	Second mortgage loan to developer to help write-down cost of rehabilitating two vacant apartment buildings and create condominiums for sale to moderate-income families.	\$624,300	\$1,881,000	\$0	23	53	\$68,619
Baltimore	Second mortgage loan to developer to assist in rehabilitation of five properties to provide commercial space and rental residential units.	\$133,000	\$382,481	\$27,500	13	8	\$20,800
Baltimore	Second mortgage loans to moderate-income buyers to purchase new and rehabilitated townhouses.	\$614,065	\$1,815,000	\$0	-0-	50	\$48,000
Baltimore	Financial assistance to housing aid center in Franklin Square neighborhood to assist in renovating historic school into apartments for low-income families.	\$300,000	\$861,370	\$650,000	-0-	28	\$14,000
Baltimore	Second mortgage loans to moderate-income homebuyers to purchase newly constructed townhouses in inner-city neighborhood.	\$367,500	\$918,294	\$0	-0-	30	\$29,000
Baltimore	Financial assistance to city to help renovate historic high school building in Market Center area into a market-rate apartment complex with available parking.	61,490,000	\$7,770,162	\$0	8	98	\$199,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

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<u>MARYLAND</u> (continued)							
Baltimore	Financial assistance to developer to help renovate historic hotel into an inn providing rooms and a pub in Fells Point area. Funds will also enable City to undertake public improvements, including lighting, sidewalks and street-scaping.	\$378,000	\$1,692,500	\$120,000	30	-0-	\$41,800
Baltimore	Financial assistance to minority developer to help write-down cost of acquisition and rehabilitation of vacant units for sale as cooperatives to low- and moderate-income families.	\$532,000	\$1,332,000	\$440,000	-0-	44	\$26,500
Baltimore	Second mortgage loan to developer to assist in renovation of historic buildings into rental units for low- and moderate-income tenants and commercial rental units near Hollins Market.	\$750,000	\$2,457,871	\$0	9	50	\$20,000
Baltimore	Financial assistance to help write-down cost of home ownership of both new homes and rehabilitated units for low- and moderate-income persons.	\$450,000	\$1,286,047	\$274,398	-0-	36	\$37,724
Baltimore	Financial assistance to help rehabilitate historic hall in Mount Royal Cultural District. Tenants will be a restaurant/ club owned by jazz singer and the Baltimore Theater Project.	\$440,000	\$1,396,649	\$305,000	38	-0-	\$17,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

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<u>MARYLAND</u> (continued)							
Baltimore	Financial assistance to packaging corporation to help purchase site in industrial park, construct a building with manufacturing and office space and purchase capital equipment to manufacture shipping cases.	\$150,000	\$553,203	\$98,000	18	-0-	\$19,340
Baltimore	Financial assistance to minority developer to help construct 3-bedroom town-houses and write down the cost of home ownership for low- and moderate-income families.	\$125,000	\$363,000	\$143,484	-0-	11	\$9,876
Pocomoke City	Financial assistance to seafood company for freezer system and air conditioning in process area to help in expansion of new plant in industrial park.	\$125,000	\$406,635	\$340,000	22	-0-	\$4,370
<u>MASSACHUSETTS</u>							
Boston	Financial assistance to candy company to help initiate an equipment modernization program.	\$1,550,000	\$5,680,000	\$0	200	-0-	\$225,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MASSACHUSETTS</u> (continued)							
Boston	Low-interest, second mortgage loans to assist minority residents in two neighborhoods to purchase housing units. Developer will rehabilitate two vacant City-owned schools into 1 and 2-bedroom condominiums and construct 18 new units.	\$645,000	\$2,105,870	\$0	-0-	43	\$50,000
Boston	Loan to shipyard corporation to partially finance establishment of City's waterfront as center for ship-repair industry.	\$1,550,000	\$5,704,700	\$0	173	-0-	\$10
Boston	Low-interest second mortgage to help make newly rehabilitated and constructed co-op housing units affordable to families with incomes ranging from \$18,000 to \$22,000.	\$224,000	\$722,678	\$0	-0-	16	\$15,500
Boston	Financial assistance to development corporation to help acquire and rehabilitate the Old Municipal Building into retail, commercial and residential use.	\$340,000	\$930,635	\$0	38	11	\$29,000
Chelsea	Loan to tire and truck service company to help offset excessive building construction costs to consolidate and expand on City-owned industrial park site. Grant to City to cover cost of administering the funds.	\$300,000	\$1,427,675	\$0	17	-0-	\$15,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
MASSACHUSETTS (continued)							
Everett	Loan to men's leather jacket manufacturing company to assist in modern machinery purchase. Investment will enable company to produce goods at more competitive prices thereby reducing reliance on imports.	\$73,500	\$280,741	\$0	34	-0-	\$5
Everett	Loan to cable systems and assembly company to assist in purchase of an existing industrial facility, rehabilitate three buildings on the site and purchase new capital equipment.	\$515,000	\$1,455,885	\$0	164	-0-	\$13,000
Fall River	Financial assistance to metal products manufacturing company to help expansion to a third facility as well as purchase new drilling and welding equipment.	\$410,000	\$1,531,500	\$0	80	-0-	\$20,800
Gardner	Financial assistance to partnership to help purchase and rehabilitate historic downtown building.	\$141,000	\$428,900	\$0	6	-0-	\$8,150
Gardner	Loan to steel fabricating corporation to help purchase and equip renovated facility.	\$105,000	\$370,000	\$0	35	-0-	\$0
Haverhill	Low-interest loan to moving company to help purchase, improve, and expand transfer facility including warehouse, storage space and an office.	\$189,000	\$888,088	\$0	47	-0-	\$10,757

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>MASSACHUSETTS</u> (continued)							
Haverhill	Financial assistance to laboratory firm to help construct new manufacturing plant creating new jobs especially for low-and moderate-income area residents.	\$2,040,000	\$1 1,600,000	\$100,000	325	-0-	\$188,271
Lowell	Financial assistance to developer to help construct 250-room hotel and adjacent parking structure. Grant funds to be repaid to City.	\$5,600,000	\$21,861,532	\$3,450,000	230	-0-	\$75,000
Malden	Financial assistance to developer to help construct large-unit apartment project with parking garage and commercial area in central downtown area.	\$1,100,000	\$4,804,800	\$0	25	80	\$119,000
Malden	Financial assistance to developer to help construct second-story addition to existing one-story building providing commercial office space in central business district.	\$150,000	\$537,257	\$0	25	-0-	\$14,000
Methuen	Loan to company to assist in construction of building for lease to eight manufacturing firms.	\$820,000	\$4,272,095	\$0	120	-0-	\$72,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MASSACHUSETTS</u> (continued)							
New Bedford	Loan to fish processing firm to assist in acquisition and construction of three additional storage and processing buildings. Investment will allow company to expand into frozen-fish business.	\$1,000,000	\$4,514,000	\$0	200	-0-	\$48,500
Peabody	Grant to City to offset high building costs in city-owned industrial park. Investment will help to attract two new industries.	\$2,900,000	\$24,069,000	\$0	425	-0-	\$328,750
Peabody	Financial assistance to local developer to help construct three-story mixed-use building and rehabilitate adjacent historic house in downtown area into one structure containing retail space and apartments affordable to low- and moderate-income neighborhood residents.	\$850,000	\$2,323,500	\$0	20	19	\$37,400
Revere	Financial assistance to business development corporation to help renovate surplus downtown Post Office building into office condominiums.	\$105,000	\$263,000	\$177,000	7	-0-	\$24,280
Salem	Financial assistance to developer to help rehabilitate Masonic Temple building into retail and office space.	\$820,000	\$2,178,000	\$0	89	-0-	\$80,033

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MASSACHUSETTS</u> (continued)							
Somerville	Financial assistance to developer to help acquire City land, provide substantial site improvements and construct large, light manufacturing building for occupancy by high-tech corporation.	\$1,350,000	(65,007,400	\$0	200	-0-	\$99,150
Somerville	Financial assistance to photography studio to help renovate and expand existing building in Davis Square and purchase necessary photo processing equipment. Investment will provide leasable space and major public improvements for anticipated MBTA subway station opening.	\$210,000	\$684,254	\$0	13	-0-	\$9,800
Southbridge	Loan to developer for partial funding historical renovation of bank building to retail space and eight one-bedroom apartments.	\$85,000	\$340,000	\$0	6	8	\$5,000
Springfield	Below-market interest loan to tire company to help purchase and rehabilitate vacant three-story building providing industrial space for labor intensive firms.	\$1,175,000	\$584,976	\$0	160	-0-	\$7,500
Springfield	Financial assistance to predominantly low-income Hispanic residents and moderate-income homeowners to help purchase single-family homes.	\$274,216	\$685,540	\$362,000	-0-	20	\$12,471

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MICHIGAN</u>							
Bangor	Loan to minority wood/ upholstered furniture and cloth items manufacturing company to help purchase, renovate and equip vacant industrial facility near City's central business district.	\$235,000	\$721,500	\$0	52	-0-	\$27,507
Battle Creek	Financial assistance to City to help revitalize specific blocks in central business district in support of Kellogg Company's plan to build its new world headquarters in downtown.	\$10,533,000	\$62,735,000	\$0	230	-0-	\$857,060
Detroit	Financial assistance to manu- facturing company for purchase of new equipment to produce fibrous and thermoformed plastics used for interim trim packages principally for automotive industry.	\$300,000	\$1,434,448	\$0	65	-0-	\$32,797
Detroit	Financial assistance to tool company for renovation of recently acquired building to be used for manufacturing and fabricating of automated assembly machines, welders, tooling and precision factures serving automation, oil, electronics, plastics, farm implement and aircraft industries.	\$420,000	\$2,100,000	\$0	150	-0-	\$131,345
Detroit	Below-market rate mortgage loan to families earning \$32,000 annually to purchase new single- family detached homes.	\$108,000	\$335,000	\$267,840	-0-	10	\$232,520

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MICHIGAN</u> (continued)							
Detroit	Financial assistance to developer to help rehabilitate two historic buildings into office and retail space, condominium units, a health club and large three-level parking deck.	\$6,662,155	\$36,911,001	\$0	725	174	\$1,624,446
Detroit	Loan to cooperative center to help renovate existing space, and cover demolition/relocation expenses to open an enclosed parking lot.	\$1,131,000	\$4,365,123	\$0	125	-0-	\$165,912
Detroit	Financial assistance to corporation to rehabilitate and convert industrial building into finished office space.	\$1,000,000	\$4,722,000	\$0	90	-0-	\$59,697
Detroit	Financial assistance to developer to help in renovation of central business district historic building located near Wayne State University to be leased by non-profit hi-technology research and development center.	\$1,050,000	\$3,065,964	\$1,000,000	150	-0-	\$257,764
Flint	Financial assistance to City to acquire and clear land, and relocate households for implementation of production system at Buick plant.	\$11,969,700	\$233,854,000	\$0	1,453	-0-	\$3,567,842

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
MICHIGAN (continued),							
Flint	Financial assistance to joint venture to help provide 6 percent and 9 percent principal reduction write- downs for rehabilitation of owner-occupied residences. Investment to benefit qualified low- and moderate- and middle-income homemakers within targeted area.	\$525,000	\$2,000,000	\$0	-0-	241	\$27,270
Houghton	Financial assistance to developer to help expansion of downtown motel to include addition of 10 suites and construction of enclosed swimming pool and spa facility.	\$130,000	\$603,000	\$0	9	-0-	\$18,040
Houghton	Financial assistance to developer to help provide parking, skywalks, relocation of street, and other public improvements for renovation of bank. Project to also include renovation and reopening of medical clinic across the street from bank.	\$400,000	\$1,066,000	\$160,000	16	-0-	\$39,423
Lansing	Loan to City to assist in construction of high technology and research and development facility. Center to be built in nearby Meridian with 100 percent loan repayment agreement to City.	\$3,300,000	\$17,000,000	\$700,000	600	-0-	\$53,375

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
MICHIGAN (continued)							
Mackinac Island	Financial assistance to City to help construct new storage reservoirs and water mains to replace antiquated system. With improved fire protection, a holding company will undertake renovation of the Grand Hotel.	\$600,000	\$1,500,000	\$1,100,000	6	-0-	\$45,810
Mentor Twp.	Loan to synthetic gas manufacturing company to assist in construction of three-megawatt electric power generating facility. New energy-saving facility to be initial tenant in Township's new 80-acre industrial park.	\$849,000	\$10,000,000	\$370,500	102	-0-	\$181,912
Muskegon	Financial assistance to new partnership to help construct hotel/convention center providing link to other major developments in downtown Muskegon Mall, Frauenthal Theatre and L. C. Walker Arena.	\$4,350,000	\$13,650,000	\$4,300,000	203	-0-	\$265,000
New Haven	Financial assistance to foundry to assist in modernization including purchase and installation of capital equipment. Investment to provide expansion of present sewer system capacity and water supply system in Village.	\$738,000	\$8,350,000	\$0	150	-0-	\$35,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MICHIGAN</u> (continued)							
Pontiac	Financial assistance to plastic-film packaging manufacturer to assist in acquisition, site improvements, purchase and construction of plant in industrial center. Funds to be repaid to City at 15 percent rate over period of 17 years.	\$315,000	\$1,377,975	\$70,000	30	-0-	\$60,000
Ypsilanti	Financial assistance to developer to help rehabilitate, restore and expand vacant, historic and dilapidated railroad station to 160-seat restaurant.	\$145,000	\$576,988	\$0	26	-0-	\$10,665
<u>MINNESOTA</u>							
Cambridge	Construction/permanent loan to developer to help construct shopping mall containing department store and existing supermarket adjacent to central business district.	\$725,000	\$2,814,739	\$350,000	105	-0-	\$122,625
De1ano	Construction/permanent mortgage loan to audio-visual equipment corporation to assist in financing new office/warehouse and manufacturing facility situated on five-acre tract.	\$131,450	\$961,965	\$175,000	15	-0-	\$32,897

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MINNESOTA</u> (continued)							
Duluth	Construction/permanent mortgage loan to developer to assist in financing shopping center situated on 5.7-acre tract to include supermarket and drug store as primary tenants.	\$620,000	\$3,509,000	\$1,100,000	131	-0-	\$0
Duluth	Construction/permanent loan to developer to help restore historic former brewery to a luxury hotel with restaurants and conference center, a mini-brewery and museum, retail shops and offices. Project to include construction of a hotel/retail/office/tourist development.	\$3,235,000	\$9,313,671	\$1,000,000	327	-0-	\$90,890
Little Falls	Loan to boat manufacturing company to assist in acquisition of vacant facility, consisting of eleven buildings, and purchase of new capital equipment to expand operations.	\$262,500	\$716,191	\$85,000	70	-0-	\$0
Minneapolis	Construction/permanent mortgage loan to developer to help build homotel near prime retail and commercial center on air rights from City.	\$1,350,000	\$12,778,986	\$0	225	-0-	\$454,933

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MINNESOTA (continued)</u>							
Minneapolis	Construction and permanent financing to developer to assist in renovation of vacant factory headquarters complex into home furnishings mart and design center. Project to encompass net rentable office space, banquet and meeting facilities and construction of glass atrium connecting three of existing five buildings.	\$2,050,000	\$21,067,000	\$0	390	-0-	\$372,000
Minneapolis	Loan to developer to assist in renovating commercial building and vacant grain silos as apartments with a parking deck for low- and moderate-income renters.	\$1,990,000	\$12,023,470	\$0	58	176	\$0
Pipestone	Construction/permanent mortgage loan to marine corporation to help reopen its North facility located in industrial park adjacent to existing plant. Project includes renovation and remodeling of plant plus installation of capital equipment.	\$123,000	\$322,453	\$0	73	-0-	\$4,711
Rush City	Loan to manufacturer of electronic computer parts to assist in purchase of capital equipment and finance new facility in City's industrial park.	\$144,000	\$455,173	\$0	40	-0-	\$11,151

FISCAL YEAR 1983 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
<u>MINNESOTA</u> (continued)							
St. Paul	Construction/permanent mortgage loan to developer to assist in rehabilitation and restoration of historic Union Depot to include creation of office, restaurant and retail area at moderately priced rents.	\$858,000	\$4,531,677	\$0	109	-0-	\$35,951
St. Paul	Loan to local manufacturing firm to help acquire vacant gasoline facility to relocate the manufacturing and warehouse functions from its inadequate facilities.	\$1,175,000	\$4,013,939	\$0	20	-0-	539,036
Batesville	Loan to company to help purchase new equipment for establishment of small picnic-item manufacturing facilities.	\$600,000	\$2,896,971	\$0	175	-0-	\$8,313
Choctaw Indian	Financial assistance to Indian wire harness manufacturing company to help expand its facility including construction of building, and equipping it with new machinery and equipment.	\$600,000	\$2,126,725	\$0	185	-0-	\$0
Cleveland	Financial assistance to industrial fastening equipment manufacturing company to help expand including construction of new facility and purchase of new capital equipment.	\$1,300,000	\$8,005,558	\$0	129	-0-	\$10,141

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>MINNESOTA</u> (continued)							
Sunflower	Second mortgage to fish company to help purchase land, build catfish processing plant, with wastewater treatment facility and water supply.	\$1,650,000	\$4,725,470	\$311,273	375	-0-	\$5,130
<u>MISSOURI</u>							
Aurora	Second mortgage loan to nursing center to help construct new residential-care facility on site adjacent to present facility and purchase new equipment.	\$1 25,000	\$421,577	\$0	19	-0-	\$3,178
Cassville	Loan to conveyor-equipment manufacturing company to assist in development project by providing utilities for new manufacturing facility and purchasing capital equipment .	\$741,840	\$2,430,545	\$0	100	-0-	\$8,732
Farmington	Second mortgage loan to heavy-duty pack picnic and outdoor sports equipment manufacturing company to help relocate and construct new plant in City's industrial park.	\$214,000	\$787,000	\$616,000	44	-0-	\$1 1,000
Houston	Second mortgage loan to nursing center to help acquire site, construct new residential care facility and purchase capital equipment.	\$145,000	\$484,558	\$62,500	17	-0-	\$1,097

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
MISSOURI (continued)							
Kansas City	Loan to developer to help renovate local landmark hotel into first-class office building with leasable space providing new jobs in City.	\$840,000	\$10,325,000	\$0	301	-0-	\$122,650
Kansas City	Second deed of trust loans to moderate-income families to purchase single-family homes, duplex/condominium units, and townhouses.	\$613,000	\$3,830,000	\$0	-0-	92	\$7,000
Kansas City	Financial assistance to general partners to help redevelop five-block area for housing and retail use. Investment to provide moderate rents for one and two-bedroom apartments and attract residents back to downtown area.	\$6,550,000	\$21,275,000	\$5,750,000	125	385	\$30,000
Kansas City	Loan to developer to help renovate near downtown historic building into office/showroom space for design professions.	\$650,000	\$2,486,000	\$0	140	-0-	\$54,000
Maryville	Financial assistance to help expansion of chain manufacturing company for on-site waste-treatment facilities required by EPA for plant's electro-plating process.	\$1 30,000	\$604,356	\$0	33	-0-	\$12,312

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

State and City	Project Description	UDAG Dollars	Private <u>Investment</u>	Other Public Dollars	Estimated Total New <u>Jobs</u>	Estimated Housing <u>Units</u>	Estimated Local Tax <u>Revenue</u>
MISSOURI (continued)							
Memphis	Financial assistance to local businesses to help revitalize downtown district by replacing City water mains, repairing curbs and sidewalks and resurfacing affected streets.	\$227,000	\$568,549	\$100,000	39	16	\$27,000
St. Louis	Financial assistance to developer to help rehabilitate and restore historic downtown building into quality office space. Some support commercial and retail space to be on first floor.	\$1,875,000	\$8,144,000	\$0	284	-0-	\$71,200
St. Louis	Financial assistance to specialty chemical-products company to help rehabilitate and equip warehousing space and production facilities at newly acquired site providing jobs.	\$400,000	\$3,935,000	\$0	50	-0-	\$76,000
St. Louis	Financial assistance to developer to help restore residential units and rehabilitation of commercial area covering a number of buildings.	\$1,800,000	\$10,948,000	\$300,000	30	309	\$65,679
St. Louis	Financial assistance to general partnership to help construct rental housing units in urban renewal area. Investment to provide two-bedroom townhouse and garden-style units affordable to low- and moderate-income families.	\$1,800,000	\$6,409,000	\$750,000	8	175	\$24,756

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>MISSOURI</u> (continued)							
St. Louis	Financial assistance to general partnership to help convert old downtown warehouse to an apartment building with retail space.	\$920,000	\$2,311,000	\$0	39	54	\$23,000
St. Louis	Financial assistance to developer to help renovate building for reuse and construct new structure for a large convention hotel on an adjacent lot with health/recreation amenities and underground parking.	\$3,300,000	\$65,100,000	\$0	836	-0-	\$1,700,000
St. Louis	Financial assistance to developer to help renovate part of existing building from department store use to hotel.	\$5,000,000	\$51,036,519	\$0	1,583	-0-	\$1,230,534
St. Louis	Construction/permanent financing to help build moderately priced 2- and 3-bedroom townhouse-style condominium units on former public-school stadium site.	\$252,000	\$710,000	\$125,000	3	18	\$6,300
St. Louis	Financial assistance to partnership including a minority to help renovate historic district building for conversion to 1- and 2-bedroom apartments and commercial/office space.	\$1,262,000	\$4,493,000	\$0	38	83	\$134,791
<u>MONTANA</u>							
Chinook	Loan to motel corporation to assist in financing development of motel creating new jobs.	\$250,000	\$1,204,715	\$0	25	-0-	\$21,256

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEBRASKA</u>							
Beatrice	Loan to corporation to help construct gas line to an industrial park permitting manufacturer and distributor of lawn-mower equipment to build new production facility.	\$75,000	\$267,600	\$0	12	-0-	\$3,693
Omaha	Participation mortgage loan to developer to assist in construction of three-story enclosed mall shopping center with leasable space.	\$1,800,000	\$5,923,108	\$500,000	251	-0-	\$225,100
<u>NEW HAMPSHIRE</u>							
Concord	Financial assistance to developer to help provide private development for office and retail space, restoration of a building's facade as pedestrian entry and car parking.	\$1,600,000	\$8,203,000	\$0	118	-0-	\$155,000
Manchester	Loan to developer for acquisition of vacant 100-year old textile mill to assist in renovation into rental space for small, light industrial and research and development firms. Investment to retain existing jobs and develop new low- and moderate-income jobs.	\$500,000	\$2,179,500	\$0	300	-0-	\$29,718

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW HAMPSHIRE</u> (continued)							
Portsmouth	Financial assistance to developers to help construct a hotel, residential and office condominiums, an office building and a parking structure for tenants on two parcels of downtown urban renewal land.	\$5,575,000	\$24,401,789	\$0	400	36	\$361,160
Whitefield	Loan to knitted fashions company to purchase new equipment to assist in development of new plant in industrial park.	\$315,000	\$1,146,000	\$201,200	110	-0-	\$17,900
<u>NEW JERSEY</u>							
Bloomfield Twp	Loan to partnership to help renovate two three-story industrial buildings to office space for small businesses.	\$300,000	\$2,270,829	\$0	70	-0-	\$21,940
Camden	Second mortgage loan to developer to finance portion of construction cost for nursing home.	\$830,000	\$5,440,229	\$0	75	-0-	\$100,000
Camden	Loan to developers to assist in rehabilitation of vacant duplexes into apartments in newly-designated historic district.	\$523,000	\$1,478,114	\$949,200	-0-	36	\$9,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing units</u>	<u>Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
East Orange*	Financial assistance to low- and moderate-income property owners to subsidize the cost to rehabilitate their properties.	\$80,000	\$241,653	\$28,163	-0-	26	\$0
Elizabeth	Second mortgage loan to international manufacturer of comforters and pillows for plant construction in City's industrial park and purchase of capital equipment.	\$1,300,000	\$4,735,995	\$0	120	-0-	\$50,430
Elizabeth	Loan to State Economic Development Authority for site acquisition to help convert existing and new industrial space into modern industrial complex. Loans will also be made to two manufacturing companies to purchase space to begin operations.	\$2,541,100	\$8,776,930	\$7,060,000	641	-0-	\$342,851
Essex County	Financial assistance to joint venture to help provide Infrastructure to include a bridge, access road, utilities and site fill for private development of four industrial office buildings.	\$1,625,000	\$4,070,000	\$0	240	-0-	\$126,262

*
Terminated

FISCAL YEAR 1983 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
<u>NEW JERSEY</u> (continued)							
Hackensack	Financial assistance to developer to help construct Class A office building on University campus. Cash benefits derived after payment of fixed debt and expenses to increase University's endowment.	\$4,500,000	\$23,854,992	\$0	500	-0-	\$330,000
Hudson County	Second mortgage loan to developer to help renovate existing commercial building for textile and other small industrial tenants.	\$1,720,000	\$5,391,680	\$0	300	-0-	\$165,050
Jersey City	Financial assistance to City for infrastructure including roads, utilities, and parking to help mixed-use development along waterfront.	\$40,000,000	\$168,000,000	\$0	2,800	1,000	\$2,375,000
Jersey City	Loan to developer to help provide interior common-area improvements, new building entrance, site demolition, truck access road, deck and surface parking, new signage and lighting. Investment to trigger vacant building space renovation to house office and computer operations.	\$9,050,000	\$43,361,455	\$0	600	-0-	\$566,578
Jersey City	Loan to partnership to cover part of construction costs of 17-story office building.	\$3,800,000	\$30,045,707	\$975,000	780	-0-	\$625,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
Linden	Financial assistance to developer to provide a portion of construction and permanent financing of a retail complex.	\$525,000	\$2,354,936	\$0	113	-0-	\$30,699
Middle Twp	Second mortgage loan to developer to help construct new refrigerated warehouse for local wholesale grocery and institutional market distributor. Investment to provide employment for low- and moderate -income persons and transferees from existing outdated plant.	\$235,000	\$968,810	\$0	14	-0-	\$9,929
Millville	Loan to developer to purchase fixed equipment for radial keratotomy to assist in rehabilitation of existing medical office and outpatient facility. Investment to create new full time jobs and needed outpatient service at low cost to elderly patients.	\$152,000	\$753,495	\$0	7	-0-	\$4,140
Millville	Loan to non-profit hospital to rehabilitate buildings and facility systems that do not meet current building and life -safety codes. Portion of loan will be used to provide funds for project administration .	\$1,825,000	\$8,115,220	\$0	12	-0-	\$0
New Brunswick	Loan to pharmaceutical corporation to help purchase new capital equipment for fermentation processing facility.	\$1,833,000	\$17,427,479	\$0	148	-0-	\$29,079

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
New Brunswick	Portion of permanent financing to developer for 650-unit apartment complex making housing available to low- and moderate-income persons.	\$5,550,000	\$26,927,257	\$0	20	650	\$123,250
New Brunswick	Loan to limited partnership to assist in construction of new infill, two-story retail and office building. Grant to City to cover cost of relocation, clearance and demolition on the site.	\$3,600,000	\$12,209,864	\$2,781,000	249	-0-	\$115,800
Newark	Financial assistance to owner/developer to help expansion of six-story retail complex.	\$200,000	\$910,595	\$0	28	-0-	\$16,000
Newark*	Financial assistance to limited partnership to help renovate and convert vacant six-story high school to nursing home and medical-day-care center.	\$2,300,000	\$11,049,605	\$0	325	-0-	\$543,585
Newark	Financial assistance to minority, non-profit, local corporation to help renovate vacant church into medical offices and restaurant.	\$489,250	\$1,206,865	\$0	76	-0-	543,534
Newark	Financial assistance to developer to help construct warehouse and distribution center on eight-acre urban renewal site.	\$947,600	\$3,055,000	\$0	-0-	-0-	\$164,778

• Terminated

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
Newark	Financial assistance to development corporation to assist in construction of retail shopping mall in urban renewal area. Investment to provide space for merchants being relocated.	\$625,000	\$2,762,888	\$0	44	-0-	\$104,943
North Bergen	Financial assistance to limited partnership to partially finance insulation and heating system costs for rehabilitated industrial facility.	\$650,000	\$12,228,000	\$0	870	-0-	\$92,345
Orange	Financial assistance to developer to provide portion of construction costs and permanent financing for development of an industrial park.	\$412,000	\$1,505,389	\$0	51	-0-	\$35,987
Paterson	Loan to limited partnership for partial cost to renovate manufacturing facility and purchase capital equipment.	\$1,035,500	\$5,599,300	\$0	190	-0-	\$2,500
Penns Grove	Principal reduction subsidy to assist in homeowners' rehabilitation program to repair housing code deficiencies.	\$80,000	\$200,000	\$100,000	-0-	50	\$0
Pennsauken Twp	Financial assistance to prototype engraving company to renovate leased facility.	\$426,270	\$2,917,913	\$0	25	-0-	\$17,085

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
Plainfield	Subordinated mortgage loan to minority-owned firm to help convert two rehabilitated buildings to new headquarters. Company provides industrial janitorial services for large and small offices, military and government facilities.	\$128,750	\$522,052	\$0	40	-0-	\$9,755
Salem	Financial assistance to Port Authority to help install wooden pilings for a general cargo pier area, renovation of cargo, transient shed, construction of retaining wall, general site improvements and purchase of large dockside crane.	\$1,684,000	\$4,312,000	\$75,000	191	-0-	\$135,072
Union County	Financial assistance to joint venture to assist in development of downtown retail and office space.	\$350,000	\$1,277,850	\$69,950	38	-0-	\$29,000
Union County	Loan to employee-owned industrial firm to help purchase new capital equipment. Investment to keep company competitive and ensure retention of existing jobs plus permit hiring.	\$2,000,000	\$6,341,663	\$0	170	-0-	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW JERSEY</u> (continued)							
Vineland	Loans to businesses to help continue downtown revitalization begun under previous UDAG contract. Investment will allow businesses to improve property and upgrade operations.	\$142,425	\$406,500	\$0	51	42	\$5,215
<u>NEW MEXICO</u>							
Albuquerque	Loan to local, minority-owned, Mexican-food production industry to assist in construction of food processing and manufacturing plant. Investment to provide employment for low- and moderate-income residents in Pocket-of-Poverty area.	\$452,800	\$3,413,647	\$112,000	33	-0-	\$17,822
Lordsburg	Financial assistance to developer to help construct truckers' motel on site adjacent to truck stop. Investment to provide jobs for local residents and pay City two percent of gross room receipts in lieu of taxes.	\$286,000	\$864,478	\$0	33	-0-	\$6,833
Portales	Financial assistance to development corporation to help construct ethanol alcohol fuels production plant in industrial park.	\$3,825,000	\$1 1,649,973	\$150,000	22	-0-	\$1,712

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u>							
Albany	Loan to partnership to assist with site improvements and rehabilitation of vacant buildings owned by City located in historic district for residential use. Partnership to sell first 20 units and rent the others for five years.	\$1,615,000	\$6,050,000	\$0	15	144	\$75,650
Albany	Loan to local development corporation to assist in construction of new space for light industrial and office use.	\$1,000,000	\$3,647,398	\$1,446,300	45	-0-	\$20,629
Albany	Financial assistance to developer to assist in rehabilitation and conversion of vacant, historic theatre building into apartment complex.	\$245,000	\$977,704	\$350,000	-0-	16	\$5,000
Amsterdam	Loan to joint venture to help provide construction and permanent financing to acquire and rehabilitate historic, vacant school building into market-rate one and two-bedroom rental units.	\$240,000	\$77,130	\$0	-0-	24	\$4,500
Binghamton	Loan to developer to help construct new first-class 228-room hotel.	\$3,300,000	\$10,436,248	\$0	230	-0-	\$229,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
Binghamton	Loan to moving and storage company to help finance construction of new building to consolidate and house its expended operations.	\$350,000	\$2,186,926	\$0	33	-0-	\$47,250
Bolton	Loan to developer to assist in construction/permanent loan along with funds for administration to acquire and renovate historic hotel into year-round resort and convention facility.	\$5,275,000	\$28,229,641	\$0	303	-0-	\$85,000
Buffalo	Second mortgage loans to moderate-income families to help purchase new homes.	\$595,000	\$1,843,307	\$0	-0-	39	\$109,820
Buffalo	Loan to corporation to assist in construction of retail/office building. Project to connect with new hotel and other buildings in downtown area as part of City's pedestrian-walkway system.	\$710,000	\$2,778,209	\$0	54	-0-	\$44,676
Buffalo	Loan to limited partnership to assist in renovation of two vacant buildings to 1 and 2-bedroom market-rate apartments, along with restaurant and retail office space.	\$1,270,000	\$4,847,764	\$0	95	-0-	\$53,700

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
Cortland	Loan to manufacturing company to purchase and install new equipment. Company will acquire and renovate vacant facility adjacent to existing plant.	\$337,800	\$3,230,010	\$0	40	-0-	\$13,500
Erie County	Financial assistance to developer to help construct two buildings in industrial park for light manufacturing, warehouse and office use.	\$870,000	\$2,874,620	\$397,000	360	-0-	\$49,605
Erie County	Financial assistance to company to help purchase equipment for fully automated health and beauty-aid distribution center.	\$656,000	\$3,419,000	\$0	154	-0-	\$131,501
Erie County	Financial assistance to development agency to help construction of light-industrial facility for lease to food company to produce yogurt.	\$5,500,000	\$16,081,492	\$1,400,000	600	-0-	\$98,698
Fredonia	Grant to City to construct new water line and loan to processor of canned and bottled foods to assist in plant expansion and modernization of production lines.	\$896,000	\$8,453,242	\$0	92	-0-	\$17,821
Fulton	Loan to printing company to assist in purchase of equipment for use in expanded manufacturing facility.	\$1,229,000	\$4,714,509	\$0	91	-0-	\$30,513

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
Fulton	Financial assistance to newspaper company to help build new plant and purchase equipment to provide commercial printing services.	\$75,860	\$295,260	\$114,900	12	-0-	\$5,933
Fulton Town	Loan to manufacturing company to help finance construction of addition to existing facility.	\$133,252	\$461,102	\$260,000	114	-0-	\$17
Gloversville	Financial assistance to developer to help renovate vacant and deteriorating buildings as apartment complex with retail stores and office space. Housing to be rented to low- and moderate-income families.	\$300,000	\$935,413	\$0	25	17	\$22,692
Greenport	Financial assistance to only department store within 30-mile radius to help expand existing facility.	\$138,932	\$507,236	\$123,630	13	-0-	\$5,305
Hudson	Loan to high-tech manufacturing company to assist in purchase of new equipment to manufacture higher volume components for general use.	\$86,000	\$281,505	\$120,000	9	-0-	\$500
Hudson	Financial assistance to manufacturing company to help expand its industrial plant and purchase machinery and equipment for vinyl-film production.	\$513,000	\$1,825,195	\$640,000	56	-0-	\$47,500

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
Ithaca	Financial assistance to non-profit organization to help rehabilitate vacant school into rental apartments for low- and moderate-income families, office space and gym.	\$107,250	\$342,750	\$0	1	12	\$14,800
Kiryas Joel	Financial assistance to private group to help construct community commercial facility to include retail and office space.	\$690,000	\$1,775,000	\$180,000	83	-0-	\$7,000
Lockport	Loan to plastics injection-molding company to help expand its facilities and purchase new machinery and equipment.	\$389,761	\$1,282,815	\$445,295	100	-0-	\$11,007
Lockport	Financial assistance to manufacturing company for acquisition of machinery and equipment to help plant expansion.	\$309,600	\$1,196,089	\$0	40	-0-	\$7,482
Mount Vernon	Loan to developers to help renovate and rehabilitate office building and two small industrial buildings as well as help renovate existing parking space for additional parking.	\$527,127	\$2,375,238	\$0	145	-0-	\$17,038
New York City	Financial assistance to help renovate building for use as permanent showroom for trade association representing firms in merchandise and store fixtures business.	\$2,100,000	\$6,783,487	\$180,000	207	-0-	\$237,500

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT WARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
New York City	Financial assistance to developer to help renovate vacant theatre in Harlem. Investment will provide only first-run movie theatre within two miles of 125th Street.	\$800,000	\$2,478,124	\$300,000	61	-0-	\$162,782
New York City	Loan to developer to help finance construction of new homes for moderate-income families in five locations throughout the City.	\$4,872,000	\$17,759,056	\$1,059,400	-0-	325	\$0
New York City	Loan to iron works company to help rehabilitate existing facility, construct addition to plant and purchase new machinery and equipment.	\$525,000	\$1,357,728	\$460,000	53	-0-	\$82,125
New York City	Loan to company to help construct facility to finish and assemble art pieces at new location in South Bronx.	\$1,010,000	\$3,593,130	\$0	103	-0-	\$100,600
New York City	Financial assistance to Housing Partnership to help construct new homes for moderate-income families at five locations throughout the city.	\$1,404,405	\$5,833,606	\$760,434	-0-	130	\$0
New York City	Financial assistance to developer to help construct an office and retail building with garage in the Bronx.	\$15,000,000	\$37,600,000	\$0	1,111	-0-	\$518,600

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
NEW YORK (continued)						-	
New York City	Financial assistance to nationwide phone and mail-order machine tool distributor to help construct office, showroom and warehousing building in industrial park.	\$420,000	\$2,601,547	\$90,000	35	-0-	\$117,522
New York City	Financial assistance to developer to help construct office building.	\$464,500	\$8,848,650	\$0	67	-0-	\$219,621
New York City	Financial assistance to partnership to help renovate Town Hall.	6428,000	\$1,070,000	\$0	70	-0-	\$82,926
New York City	Loan to company to assist in rehabilitation of building for production of new software line and family-computer magazine.	\$385,350	\$4,408,145	\$0	58	-0-	\$619,413
New York City	Loan to joint venture corporation to help acquire and convert shopping facility into modern office building, housing primarily back-office tenants.	\$2,540,000	\$6,807,666	\$0	400	-0-	\$410,682
New York City	Loan to developer to assist in construction of two new industrial buildings on land leased from local development corporation.	\$3,700,000	\$9,731,711	\$1,700,000	380	-0-	\$272,895

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
New York City	Financial assistance to housing partnership to help build single-family dwelling units at prices affordable to moderate-income buyers.	\$1,680,000	\$4,326,660	\$20,000	-0-	112	\$99,000
Newburgh	Loan to corporation to help purchase machinery for refining of precious metals from industrial scrap.	\$77,500	\$264,843	\$90,500	9	-0-	\$0
Newburgh	Financial assistance to baking company to help renovate vacant facility and install machinery and capital equipment.	\$219,500	\$746,437	\$0	75	-0-	\$0
Newburgh	Financial assistance to City's industrial development agency to help construct building for lease to Teacher's Federal Credit Union.	\$91,500	\$285,164	\$0	13	-0-	\$5,860
Newburgh	Loan to company manufacturing and packaging sanitary portion-controlled ice cubes to purchase capital equipment to assist in start-up of new business plus small grant to City for loan administration.	\$154,500	\$581,073	\$0	25	-0-	\$3,460
Newburgh	Financial assistance to help acquire and construct new industrial building.	\$169,200	\$527,516	\$241,600	20	-0-	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

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<u>NEW YORK</u> (continued)							
Niagara Falls	Loan to developer to help construct 220-room motor hotel and restaurant.	\$3,003,000	\$8,315,375	\$0	271	0	\$301,946
Niagara Falls	Financial assistance to manufacturer of environmental controls for computer equipment systems to provide additional manufacturing, research and development, office and display space necessary to help develop new fail-safe power-control system.	\$442,500	\$1,617,809	\$0	99	-0-	\$9,900
Niagara Falls	Financial assistance to developer to help construct one-story retail facility and surface parking spaces for lease in City's central core area.	\$233,500	\$584,000	\$0	21	-0-	\$15,038
Niagara Falls	Loan to developers to help construct an industrial building designed to attract as tenants Canadian firms specializing in high technology and electronics production.	\$450,000	\$1,406,972	\$0	100	-0-	\$1,000
Ogdensburg	Loan to hardware company to assist in expansion of operations to include variety store and create additional parking.	\$130,000	\$376,297	\$0	20	-0-	\$16,344

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
NEW YORK (continued)							
Oneonta	Loan to developers to help renovate two downtown commercial buildings and complete an old urban renewal area project. City will build pedestrian bridge/arcade to connect buildings to municipal garage.	\$269,000	\$1,123,934	\$0	33	-0-	\$7,189
Orange	Financial assistance to wire and cable corporation to help construct and equip an addition.	\$618,700	\$2,326,090	\$800,000	78	-0-	\$50,705
Peekskill	Financial assistance to developer to help renovate abandoned school into apartments, health club and banquet facility.	\$815,000	\$3,160,263	\$0	26	56	\$60,000
Port Chester	Grant to City to reimburse costs of assembling land and relocating occupants of downtown buildings to be demolished. Investment will assist in construction of new facility for light manufacturing on site.	\$838,000	\$3,263,250	\$45,000	141	-0-	\$39,923
Port Jervis	Financial assistance to manufacturer of bakery and food service equipment to help expand facility and purchase capital equipment.	\$162,200	\$462,494	\$202,800	20	-0-	\$1,560

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>NEW YORK</u> (continued)							
Port Jervis	Loan to developer to help renovate and expand hotel facilities.	\$190,000	\$592,182	\$0	16	-0-	\$30,000
Potsdam	Loan to developers to assist in renovation of three buildings in central business district for commercial and residential use.	\$107,520	\$321,468	\$40,000	0	-0-	\$7,252
Rochester	Loan to technology firm to assist in purchase of capital equipment and machinery to begin production in leased facility of rigid disk drives for small computers as well as word processors and data terminals.	\$350,000	\$1,334,776	\$0	150	-0-	\$0
Rochester	Loan to computer hardware manufacturer to assist in rehabilitation and expansion of building.	\$1,635,000	\$4,927,000	\$0	235	-0-	\$115,833
Rochester	Loan to minority-owned business to help purchase, renovate, and reopen vacant supermarket. Store to serve neighborhood with inadequate supermarket facilities for senior citizens and low-income families lacking adequate transportation.	\$105,000	\$344,641	\$80,000	38	-0-	\$16,643

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
NEW YORK (continued)							
Rochester	Loan to manufacturing company to help acquire vacant facility for production of large, heavy-duty machine tools, and of systems used to manufacture automotive and defense-industry components.	\$2,800,000	\$8,180,000	\$600,000	300	-0-	\$23,755
Rochester	Grant to City to help expand downtown parking garage sparking renovation of office space in historic building. Owners will lease space in city garage.	\$2,540,000	\$7,622,000	\$1,260,000	250	-0-	\$90,272
Rochester	Loan to corporation to purchase capital equipment for newly constructed building to help expand its manufacturing operations.	\$655,000	\$2,274,218	\$665,000	85	-0-	\$33,900
Rochester	Financial assistance to developer to help purchase and renovate old Naval Armory, as 500-seat theatre for lease to non-profit professional theatre company.	\$630,000	\$2,660,913	\$0	58	-0-	56,620
Rochester	Loan to developer to assist in renovation of nine existing downtown buildings for commercial/residential use and a new parking facility.	\$1,640,000	\$6,909,742	\$0	127	-0-	\$142,199

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
NEW YORK (continued)							
Rome	Loan to developer to help rehabilitate old historic City Hall to office space with parking facilities.	\$78,000	\$447,860	\$36,000	36	-0-	\$24,405
Syracuse	Loan to developer to reduce interest costs to assist in construction of hotel and conference center condominium project and purchase rooms on behalf of City's economic development corporation.	\$3,800,000	\$16,650,000	\$0	289	-0-	\$293,707
Syracuse	Financial assistance to company to help construct industrial building on site located in industrial park plus purchase machinery and equipment .	\$232,550	\$724,426	\$471,000	20	83	\$29,890
Yonkers	Financial assistance to help provide extensive site improvements for first phase of planned office building/retail complex at Hudson River site. Private developer will renovate vacant power plant on property for offices and restaurant space.	\$1,520,000	\$4,500,000	\$1,411,360	133	-0-	\$56,000
Yonkers	Financial assistance to corporation to help construct addi- tional building, purchase/insta 11 equipment and machinery to manufacture small precision parts for electronics and tele- communications industries.	\$824,000	\$8,002,285	\$0	191	-0-	\$62,826

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>NORTH CAROLINA</u>							
Asheville	Financial assistance to developer for land acquisition, equipping plant on site, purchase and installation of metal working and tooling equipment, to help reuse of vacant industrial building.	51,205,000	54,071,500	\$0	121	-0-	\$54,528
Beaufort	Loan to developer to help construct hotel.	\$280,000	\$1.31 1,400	5226,000	27	-0-	514,000
Clinton	Loan to developer for equipment to assist in development of new dry cleaning and coin-operating laundry building in central business district and administrative fees for City.	\$105,000	\$314,628	\$0	21	-0-	\$1,127
Durham	Low-interest loan to public-private partnership to assist in construction of neighborhood shopping center on vacant urban renewal site. Investment will provide needed commercial services in City's minority community.	\$464,000	\$1,734,873	\$400,000	112	-0-	524,024
Hamlet	Financial assistance to developer to help construct a mall. Food chain and variety type business have signed leases for space.	5275,000	51,306,000	\$0	50	-0-	\$26,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>NORTH CAROLINA</u> (continued)							
Mayodan	Loan to developer for streets, site improvements, and to assist in construction of shopping center.	\$460,000	\$1,499,650	\$0	73	-0-	\$94,806
Norwood	Loan to company for purchase of capital equipment to operate new industrial facility to manufacture glass containers for drug and pharmaceutical trades.	\$1,425,000	\$19,689,579	\$0	396	-0-	\$292,100
Rockingham	Financial assistance to Canadian to ilet-t issue manufacturing company to help purchase, rehabilitate and equip existing industrial facility with paper-recycling mill and paper-converting plant.	\$1,515,000	\$6,275,303	\$139,500	138	-0-	\$29,964
Stoneville	Financial assistance to furniture company to help construct warehouse/shipping facility and purchase capital equipment. Investment will permit domestic manufacture of wood-furniture products now purchased from foreign suppliers.	\$610,000	\$2,250,216	\$0	85	-0-	\$18,855
<u>NORTH DAKOTA</u>							
Walhalla	Financial assistance to limited partnership to help construct on- and off-site improvements to help in development of ethanol fuel refinery.	\$4,644,000	\$33,296,704	\$0	80	-0-	\$25,000

FISCAL YEAR 1983 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
<u>OHIO</u>							
Akron	Financial assistance to company to help renovation of downtown store into mixed-use retail/office complex. Office space to be donated to non-profit corporation which will lease the space and provide funds for other downtown projects.	\$2,500,000	\$8,263,053	\$145,000	210	-0-	587,036
Akron	Financial assistance to developer to help renovation of ten-story historic downtown YWCA building into mixed-use facility to include private athletic club, offices and retail shops.	\$2,394,000	\$7,836,102	\$1,128,000	210	-0-	\$156,200
Akron	Second mortgage loans to purchasers of townhouses being built by historic canal for occupants earning a gross household income of \$45,000 or less.	\$1,550,000	\$6,599,596	\$1,100,000	2	100	\$180,063
Alliance	Loan to developer to assist in construction of 75-tenant shopping mall.	\$4,892,199	\$17,451,108	\$0	570	-0-	\$209,500

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
OHIO (continued)							
Bellefontaine	Financial assistance to developer to help construct new waste-water, pre-treatment facility. Investment will prevent shutdown of plant due to violation of EPA effluence which would affect many jobs.	\$1,462,000	\$4,000,038	\$0	100	-0-	\$1 18,587
Cambridge	Loan to pottery and ceramics company to assist in purchase of periodic low- and high-firing kiln. Investment will provide new jobs and a 60-percent energy savings.	\$142,740	\$837,447	\$460,946	40	-0-	510,724
Cincinnati	Financial assistance to owner-developer to help rehabilitate shopping center.	\$2,575,000	\$8,709,993	\$0	651	-0-	\$246,322
Cincinnati	Loan to minority developer to help finance acquisition and rehabilitation of two vacant, historic structures for conversion into office space.	\$550,000	\$1,759,266	\$970,000	68	-0-	\$76,786
Cincinnati	Loan to limited partnership to assist in renovation of former dairy building into Class A office space to include a four-story atrium and on-site parking.	\$750,000	\$10,011,904	\$0	430	-0-	\$216,717
Cleveland	Loan to can company to assist in renovation of plant facilities to include purchase and installation of tandem coextruder/laminator and related equipment.	\$670,300	\$8,604,000	\$0	25	-0-	\$106,699

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>OHIO</u> (continued)							
Cleveland	Loan to developer to assist in renovation of department store into office space with retail shops and restaurants. City will retain funds to defray related administrative costs.	\$7,100,000	\$20,715,144	\$0	426	-0-	\$371,823
Cleveland	Financial assistance to general partnership to help provide grading, paving, water and sewer facilities for industrial park and four office/ industrial buildings.	\$1,855,000	67,025,000	\$0	85	-0-	\$132,310
Cleveland	Purchase money mortgage loan to hospital to assist in construction of occupational health center and two physician's office buildings. Parking spaces and covered pedestrian bridge will connect new development to hospital.	\$1,455,000	\$8,017,157	\$526,620	144	-0-	\$217,022
Cleveland	Loan to Dyke College to assist in rehabilitation of downtown building for future enrollment and provision of related staff administrative funds.	\$351,750	\$962,928	\$0	45	-0-	\$0
Cleveland	Loan to developer to assist in renovation of building in Old Flats area for conversion to mixed-use facility. One-third of building pre-leased to restaurants and antique dealers	\$1,155,000	\$4,460,442	\$0	252	-0-	\$102,710

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>OHIO</u> (continued)							
Cleveland	Financial assistance to developer to help construct townhouse apartment complex in Hough area.	\$2,726,000	\$7,773,804	\$2,585,300	6	183	\$39,800
Cleveland	Financial assistance to corporation to help renovate and equip former industrial plant to modern rolling mill producing steel bars.	\$7,555,000	\$42,670,000	\$0	389	-0-	\$540,229
Columbus	Financial assistance to limited partnership to help renovate historic hotel and theater.	\$900,000	\$11,487,377	\$0	186	-0-	\$212,800
Dayton	Loan to paper manufacturing plant to assist in expansion and purchase of new paper aluminum-foil producing equipment.	\$475,000	\$9,261,958	\$0	46	-0-	\$71,049
Edgerton	Financial assistance to lug wrench manufacturing company to help add new capital equipment to existing facility. Project will allow company to remain competitive and diversify into contract coating of other automotive products.	\$103,000	\$286,000	\$180,000	13	-0-	\$10,621

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>OHIO</u> (continued)							
Galion	Financial assistance to restaurant to help in expansion by adding seats and parking spaces, modernize kitchen and restrooms , and redecorate dining room. A new addition will include an atrium.	\$81,700	\$204,300	\$15,000	18	-0-	\$5,800
Lockland	Financial assistance to paper company to partially finance retooling of subsidiary paper mill company.	\$1,270,000	\$3,746,000	\$0	25	-0-	\$20,930
Mansfield	Financial assistance to Holiday Inn chain to help construct hotel to include restaurant, meeting rooms and parking spaces. Project will generate new jobs and provide additional tax revenues.	\$2,100,000	5,711,674	\$0	160	-0-	\$121,625
Massillon	Financial assistance to restaurant corporation to partially finance construction of new downtown restaurant and banquet facility.	\$148,000	\$513,577	\$0	40	-0-	\$10,532
Monroeville	Financial assistance to automobile corporation to help purchase, assemble, and install machinery and equipment for Norwalk, Ohio plant to manufacture automobile headliners and door panels.	\$1,000,000	\$4,713,160	\$0	104	-0-	\$27,825

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
OHIO (continued)							
Newcomerstown	Permanent financing to general partnership for portion of cost for construction of 60-unit motel and lounge.	\$108,000	\$1,196,893	\$0	25	-0-	\$15,282
Sandusky	Second mortgage loan to developer to assist in construction of motor hotel, specialty restaurant and retail area.	\$2,425,000	\$16,193,970	\$0	312	-0-	\$344,440
Springfield	Loan to developer to assist in rehabilitation of two historic downtown structures into a farmer's market, office space with restaurant, and a retail mall. In addition, grant to City to assist in realignment of railroad tracks intrusive to the project.	\$1,645,000	\$5,540,283	\$2,431,000	318	-0-	\$144,458
Toledo	Loan to partnership to assist in rehabilitation of vacant, historic, downtown YMCA to apartment units, office space, restaurant, barber shop and athletic club.	\$305,000	\$4,514,000	\$610,000	100	26	\$119,520
Warren	Financial assistance to partnership to assist in acquisition and conversion of vacant, downtown Sears building for use as office and retail space.	\$457,600	\$1,520,640	\$0	47	-0-	\$23,129

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Mousing Units</u>	<u>Local Tax Revenue</u>
<u>OHIO</u> (continued)							
Willard	Financial assistance to YMCA to provide public improvements for storm drainage, access, parking, and water for adequate fire protection to help construction of transient residential facility.	\$214,000	\$2,912,950	\$0	34	-0-	\$3,000
Xenia	Financial assistance to developer for partial cost of construction of new hotel/restaurant on vacant tornado site.	\$1,010,000	\$3,483,625	\$0	90	-0-	\$87,903
<u>OKLAHOMA</u>							
Coalgate	Loan to manufacturing corporation for machinery and equipment to produce lightweight cotton work gloves to assist in development of new facility using an innovative process. Project to create new jobs for a minimum of ten years.	\$146,900	\$402,500	\$100,000	48	-0-	\$0
Guthrie	Financial assistance to developer to help historic revitalization project in central business district to include brick paving, landscaping and parking construction for restored retail and commercial buildings.	\$941,000	\$2,825,436	\$0	142	-0-	\$62,540

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
OKLAHOMA (continued)							
Oklahoma City	Loan to developer to help construct hotel, office building and parking garage. Hotel to be used partially by hospital outpatients not requiring hospitalization but needing special services.	\$4,500,000	\$22,198,745	\$900,000	233	-0-	\$332,088
Ringling	Loan to developer to help finance purchase of fixtures for new grocery store and installation of water and sewer to site.	\$68,190	\$256,249	\$0	11	-0-	\$2,525
Shawnee	Loan to developer to help construct water/sewer lines and storm windows to service shopping center site.	\$525,000	\$6,104,255	\$0	135	-0-	\$270,642
OREGON							
Baker	Financial assistance to developer to purchase machinery and equipment to help development of new raw-joint frame and molding-manufacturing facility.	\$618,000	\$3,448,847	\$116,500	50	-0-	\$65,686
Coquille	Low-interest loan to forest products company to assist in refurbishing and retooling existing, but non-operative, planes mill and sawmill along with construction of new veneer plant on five-mile site.	\$156,000	\$502,652	\$223,500	45	-0-	\$15,910

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>OREGON</u> (continued)							
Yamhill	Loan to developers to help construct and expand destination lodge on Flying M Ranch.	\$280,000	\$908,264	\$200,000	35	-0-	\$5,438
<u>PENNSYLVANIA</u>							
Allegheny County	Below-market home improvement loans to low- and moderate-income residents of targeted areas. Grant funds to be combined with tax-exempt revenue loan bonds providing an average loan of \$7,000.	\$1,505,000	\$3,895,000	\$0	0	771	\$0
Bradford	Financial assistance to developer to provide partial financing for plant expansion and new equipment.	\$537,000	\$2,290,989	\$0	40	-0-	\$10,125
Bradford	Second mortgage loan to non-profit agency to assist construction of two buildings containing units for low- to moderate-income households.	\$91,465	\$246,677	\$39,122	-0-	14	\$10,513
Chester Twp	Financial assistance to general partners to help construct plant for production of precipitated silicates, together with several support facilities and structures.	\$5,050,000	\$23,090,849	\$0	37	-0-	\$68,201
Conshohocken	Second mortgage loan to general partnership to assist in financing office building in central business district.	\$630,000	\$2,530,667	\$0	32	-0-	\$91,056

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PENNSYLVANIA</u> (continued)							
German Township	Financial assistance to ladies garment manufacturing company to help construct new facility.	\$125,000	\$312,415	\$0	100	-0-	\$42,918
Harrisburg	Financial assistance to developer to help with restoration of historic fire station to restaurant, mezzanine area and office space.	\$115,000	\$354,954	\$0	24	-0-	\$13,089
Hazleton	Principal-reduction loans to 14 downtown small businesses to assist in revitalization program.	\$184,976	\$526,644	\$0	43	15	\$10,591
Hazleton	Second mortgage loan to developers to assist in construction of restaurant with banquet facilities and parking lot in downtown area.	\$245,000	\$671,381	\$0	17	-0-	\$4,648
Hazleton	Second mortgage loan to local health provider to assist in rehabilitation of two floors of building for use as mental health/mental retardation facility. Investment to allow patients to receive necessary services in one place.	\$147,000	\$379,702	\$0	7	-0-	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing units</u>	<u>Estimated Local Tax Revenue</u>
PENNSYLVANIA (continued)							
Johnstown	Financial assistance to hospital to help construct parking, office and commercial space as well as overhead pedestrian bridge.	\$750,000	\$2,688,324	\$0	40	-0-	\$54,060
Kingston	Financial assistance to 17 small businesses as part of downtown revitalization to include purchase and development of urban renewal site.	\$153,425	\$634,875	\$0	53	-0-	\$7,296
Kingston	Principal-reduction loans to 13 downtown small businesses to assist in revitalization program.	\$167,484	\$740,640	\$105,000	67	-0-	\$3,028
Lebanon	Financial assistance to developer to help expand printing company to include acquisition of adjacent parcel, construction of addition, partial renovation of main building and purchase of capital equipment.	\$397,800	\$1,681,412	\$342,720	20	-0-	\$7,794
Lock Haven	Financial assistance to help 24 small downtown businesses located mostly in historic district.	\$178,449	\$622,870	\$0	28	56	\$3,848
Luzerne county	Financial assistance to market corporation to help purchase capital equipment for new warehouse, food distribution facility.	5500,000	\$28 16,760	\$0	120	-0-	\$50,460

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
PENNSYLVANIA (continued)							
Luzerne County	Below-market interest loans to eligible residents to assist in home rehabilitation program.	\$1,723,000	\$5,000,000	\$123,000	-0-	750	\$8,000
Luzerne County	Financial assistance to roller chain manufacturing company to help rehabilitate vacant plant.	\$1,155,000	\$2,836,075	\$1,221,600	164	-0-	\$29,286
Luzerne County	Financial assistance to help company buy and install new equipment for manufacture of solar collector panels in vacant industrial building.	\$305,000	\$1,418,326	\$420,000	52	-0-	\$6,009
Morrisville	Second mortgage loan to assist new ceramic company in acquisition, rehabilitation, and reactivation of vacant tile manufacturing plant.	\$775,000	\$2,225,517	\$0	120	-0-	\$52,271
New Kensington	Financial assistance to development corporation to help provide public improvements and parking facility to complement new medical office condominiums.	\$108,160	\$725,739	\$6,900	48	-0-	\$16,631
Northumberland	Financial assistance to canning company to help expand existing fruit and vegetable facility through addition of three new processing/storage buildings and purchase of new capital equipment.	\$2,000,000	\$7,326,744	\$775,000	84	-0-	\$17,100

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PENNSYLVANIA</u> (continued)							
Oil City	Loan to partnership to assist in construction of building under municipal parking ramp for lease to motor hotel corporation, a restaurant and others.	\$336,000	\$1,162,040	\$0	47	-0-	\$14,285
Philadelphia	Second mortgage loan to developer to help rehabilitate light industrial building to a small business and technology center. Project to accommodate those needing low-cost rent and office-support services.	\$1,300,000	\$3,440,060	\$0	306	-0-	\$479,994
Philadelphia	Financial assistance to developer to help rehabilitate vacant, historic building into children's museum, with some tenant space.	\$178,000	\$604,246	\$0	40	-0-	\$0
Philadelphia	Lou-interest loan to developer to assist in renovation of vacant, historically certified apartment building to provide market-rate rental apartment units, office and commercial units. Twenty percent of units will be for low- and moderate-income persons.	\$2,036,000	\$8,267,107	\$0	49	172	\$37,258
Philadelphia	Loan to developer to assist in renovation of vacant downtown building and provide site improvements to integrate building into Market Street East project.	\$1,960,000	\$16,098,148	\$0	588	-0-	\$2,522,520

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>PENNSYLVANIA (continued)</u>							
Philadelphia	Second mortgage loan to developers to help construct hotel in historical area.	\$6,570,000	\$35,011,830	\$1,200,000	300	-0-	\$1,982,850
Pittsburgh	Financial assistance to developer to help rehabilitate and convert vacant, six-story warehouse into leasable office complex with parking facility.	\$990,000	\$3,678,447	\$0	60	-0-	\$99,349
Pittsburgh	Financial assistance to joint venture to help with construction of office retail hotel complex with parking garage adjoining City's convention center.	\$21,000,000	\$107,083,190	\$0	1,510	-0-	\$2,478,760
Plymouth	Financial assistance to 7 businesses to help expand or improve their stores to include opening new drug store, reopening closed grocery store, purchasing new equipment, purchase of vacant store and renovation of existing buildings.	\$82,000	\$311,500	\$0	57	-0-	\$0
Scranton	Financial assistance to not-for-profit corporation to assist in building and managing ski resort.	\$2,250,000	\$6,227,500	\$3,264,000	76	-0-	\$21,170
Scranton*	Financial assistance to partnership to help rehabilitate vacant downtown building into restaurant.	\$100,000	\$395,642	\$0	45	-0-	\$7,415

* Terminated

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PENNSYLVANIA</u> (continued)							
Sharon	Financial assistance to developer to help with rehabilitation of vacant department store into retail outlet mall with one restaurant.	\$315,000	\$1,220,695	\$0	95	-0-	\$19,460
South Union Twp	Financial assistance to YWCA to help construct community building on site donated by steel corporation.	\$258,500	\$746,000	\$0	10	-0-	\$1,212
West Chester	Financial assistance to developers to help renovate vacant building to a first-class restaurant.	\$95,000	\$351,254	\$0	39	-0-	\$4,671
Wyoming	Principal-reduction loans to 15 downtown mall businesses to assist revitalization program.	\$130,475	\$387,425	\$0	37	5	\$4,790
York	Second mortgage loan to non-profit agency to assist in rehabilitation of 12 city-owned vacant units.	\$114,000	\$285,000	\$30,384	-0-	12	\$6,586
<u>PUERTO RICO</u>							
Albionito Municipio	Loan to hospital to assist with provision of beds on new acute-care floor. Investment to provide savings for bed-replacement costs allowing patients lower per diem rates.	\$333,051	\$1,101,467	\$0	51	-0-	\$9,542

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PUERTO RICO</u>							
Aibonito Municipio	Loan to hospital to relocate medical staff's offices to hospital grounds and offer outpatient services presently available in emergency ward facilities only.	\$346,314	\$1,074,442	\$0	43	-0-	\$12,000
Anasco Municipio	Financial assistance to lower purchase of single-family homes making them affordable for low- and moderate-income families. Project responds to municipality's critical housing need.	\$871,115	\$2,180,137	\$0	425	136	\$54,526
Arecibo Municipio	Financial assistance to write-down cost of new 3-bedroom single-family units for low- and moderate-income families.	\$732,000	\$2,495,000	\$0	-0-	93	\$0
Bayamon Municipio	Financial assistance to develop for construction of four-level condominium office/commercial/retail building near hospital. Investment will allow board-certified physicians to set up modern offices near hospital.	\$1,178,306	\$4,507,537	\$0	131	-0-	\$58,741

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Bayamon Municipio	Financial assistance to developer for construction of warehouse-type supermarket to include sales area, warehouse, walk-in freezer and parking.	\$757,277	\$2,808,741	\$0	156	-0-	\$143,176
Bayamon Municipio	Financial assistance to Planning Board to meet development requirements including widening of street, extension of water lines, storm sewers and sewage treatment plant. Development to consist of housing, educational, recreational and commercial facilities.	\$13,616,500	\$68,616,628	\$4,509,800	-0-	1,579	\$408,000
Caguas Municipio	Financial assistance to department store for relocation to larger-leased facility.	\$1,460,257	\$4,644,534	\$0	133	-0-	\$101,000
Caguas Municipio	Financial assistance to write-down cost of single-family, condominium and duplex units.	\$3,763,700	\$9,315,461	\$0	-0-	300	\$0
Caguas Municipio	Financial assistance to market for expansion to include construction of new building and additional parking spaces adjacent to existing facility.	\$751,847	\$1,871,179	\$0	80	-0-	\$290,446
Camuy Municipio	Financial assistance to write-down cost of new 3-bedroom duplex homes. Each buyer required to provide 5 percent downpayment.	\$525,159	\$1,611,349	\$0	-0-	69	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Camuy Municipio	Financial assistance to lumber yard to help expand existing facility to include space for sales, storage and offices.	\$70,000	\$289,339	\$0	15	-0-	\$12,000
Carolina Municipio	Financial assistance to development corporation to write-down cost of one-to four-bedroom apartments for sale to low- and moderate-income families.	\$3,077,000	\$7,535,450	\$0	-0-	240	\$264,856
Catano Municipio	Financial assistance to City to write-down cost of two- and three-bedroom homes.	\$780,006	\$2,015,882	\$0	-0-	119	\$57,646
Cayey Municipio	Financial assistance to company for construction of lumber yard and do-it-yourself hardware store.	\$182,901	\$761,243	\$0	45	-0-	\$39,163
Cayey Municipio	Financial assistance to rehabilitate and convert three-story tobacco warehouse into shopping center. City will provide land for parking across the street and pedestrian bridge will be built connecting center with parking lot.	\$777,000	\$2,315,744	\$0	216	-0-	\$86,197
Fajardo Municipio	Financial assistance to developer to write-down cost of single-family homes.	\$330,720	\$848,107	\$0	-0-	48	\$20,864

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
PUERTO RICO (continued)							
Guanica Municipio	Financial assistance to developer to write-down cost of single-family homes.	\$611,800	\$1,773,200	\$0	-0-	62	\$4,418
Guayama Municipio	Financial assistance to write-down cost of single-family homes to help low-income families purchase these homes.	\$1,231,705	\$3,712,000	\$0	-0-	110	\$65,000
Guaynabo Municipio	Financial assistance to write-down cost of new 3-bedroom single-family homes for low- and moderate-income purchasers.	\$3,880,000	\$9,865,292	\$0	-0-	256	M
Guaynabo Municipio	Loan to corporation to assist in construction of new warehouse/office facility to continue firm's expansion to Caribbean market.	\$348,386	\$1,672,629	\$0	35	-0-	\$80,963
Guarabo Municipio	Financial assistance to developer to help construct 1- 2- and 3-bedroom apartments to be rented to low- and moderate-income families.	\$328,281	\$779,796	\$0	-0-	70	\$0
Isabela Municipio	Financial assistance to company to establish sand and stone-quarry business. After 25 years of production, land can be used for industrial or commercial purposes.	\$537,000	\$1,384,620	\$0	32	-0-	\$54,386

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing units</u>	<u>Estimated Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Juana Diaz Municipio	Loan to municipio for administrative costs of providing part of necessary structural and power requirements to put building for new shoe manufacturing business in working order.	\$820,000	\$2,106,895	\$1,600,000	400	-0-	\$24,000
Juncos Municipio	Financial assistance to lower purchase price of single-family homes for low-income families. Investment will benefit segment otherwise not able to purchase homes in current market.	\$1,045,516	\$3,504,160	\$0	-0-	105	\$57,370
Lajas Municipio	Second mortgages to write-down overall interest rate of mortgage financing for housing development units.	\$549,528	\$1,848,000	\$0	-0-	84	\$0
Lares Municipio	Second mortgages to write-down overall interest rate of mortgage financing for housing development units.	\$550,000	\$1,759,131	\$0	-0-	54	\$0
Loiza Municipio	Second mortgages to low- and moderate-income families to purchase new 3-bedroom, single-family homes.	\$848,400	\$2,155,760	\$0	-0-	80	\$23,628

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Loiza Municipio	Grant to low- and moderate-income homebuyers to reduce sales price of new three- bedroom houses by \$8,560 per unit from construction cost.	\$984,450	\$2,461,450	\$0	-0-	115	\$36,856
Manati Municipio	Financial assistance to write-down cost of new , single-family units making them affordable for low- and moderate-income families.	\$1,020,000	\$2,494,000	\$0	-0-	86	\$0
Manati Municipio	Financial assistance to write-down cost of 3-bedroom single-family homes.	\$960,000	\$2,415,000	\$0	-0-	75	\$45,125
Mayaguez Municipio	Second mortgages to low- and moderate-income families to purchase three bedroom-single- family homes.	\$900,000	\$2,366,763	\$810,000	-0-	100	\$0
Morovis Municipio	Financial assistance to developer for construction of commercial center to include two downtown buildings containing a supermarket, bank, drug store and fast-food stores.	\$97,650	\$494,029	\$0	35	-0-	\$205,169
Ponce Municipio	Financial assistance to City to write-down cost of home improvement loans to low- and moderate-income families.	\$872,813	\$2,675,000	\$87,500	-0-	175	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Ponce Municipio	Financial assistance to City to acquire land and construct facilities for module manufacturing company to lease for 15 years. Company will construct prefabricated houses to sell in Puerto Rico and the Caribbean.	\$556,485	\$1,428,690	\$0	321	-0-	\$163,306
Sabana Grande	Financial assistance to fresh-water prawn farm to partially finance land acquisition, rehabilitation of prawn ponds; construction of additional ponds, water systems, hatcheries and additional processing facilities.	\$478,381	\$1,501,256	\$1,000,000	21	-0-	\$26,314
San German	Financial assistance to lower purchase of single-family homes for low- and moderate-income families.	\$1,445,547	\$3,663,376	\$0	-0-	100	\$59,087
San Juan Hunicipio	Financial assistance to Red Cross Chapter for construction of facility to house office, blood donation and processing center to insure continuance of services.	\$515,000	\$2,116,477	\$0	85	-0-	\$25,000
San Juan Municipio	Financial assistance to bank partnership to construct building for expanded enrollment of non-sectarian, private school, which will provide scholarships for low- and moderate-income persons.	\$947,600	\$3,087,844	\$0	69	-0-	\$72,931

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
San Juan Hunicipio	Loan to developer to assist in construction of food mall to include at least five fast-food establishments.	\$625,000	\$2,867,634	\$0	100	-0-	249,919
San Sebastian	Financial assistance to dress-pants manufacturer to help renovate existing factory and install new machinery and equipment.	\$50,000	\$148,876	\$0	9	-0-	\$1,500
Toa Alta Municipio	Low-interest, second mortgages to low- and moderate-income families for new 3-bedroom, single-family homes.	\$450,000	\$1,189,900	\$0	-0-	50	\$0
Toa Alta Munic	Financial assistance to plastic materials manufacturing company to acquire machinery and equipment.	\$987,000	\$2,600,000	\$0	105	-0-	\$15,790
Toa Alta Municipio	financial assistance to write-down price of new 3-bedroom, single-family homes for low- and moderate-income families.	\$1,674,000	\$4,186,975	\$0	-0-	144	\$124,121
Toa Baja Municipio	Financial assistance to developer to help renovate abandoned factory building into cash-and-carry warehouse supermarket.	\$934,920	\$4,441,750	\$0	94	-0-	\$203,244

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>PUERTO RICO</u> (continued)							
Trujillo Alto	Second mortgages to developer to write-down overall interest rate of mortgage financing for single-family housing development.	\$1,598,000	\$5,401,668	\$0	-0-	136	\$0
Vega Alta Municipio	Financial assistance to developer to help construct and equip industrial plant to manufacture ceramic clay articles.	\$239,200	\$611,800	\$0	62	-0-	\$35,859
Vega Baja Municipio	Financial assistance to developer for acquisition of machinery and equipment for manufacture of women and men's knitted wool sweaters and sport shirts. Project gives unique opportunity to ease high unemployment in municipality.	\$1,280,250	\$3,279,563	\$0	207	-0-	\$20,000
<u>RHODE ISLAND</u>							
East Providence	Financial assistance to forging steel company to help reopen defunct wire steel plant.	\$580,000	\$2,025,600	\$500,000	73	-0-	\$47,218
Providence	Financial assistance to developer to help with acquisition of office/light manufacturing facility and provision of public improvement funds. Project will provide space for businesses concerned with research and development of robotics, computer software and medicine.	\$1,200,000	\$3,488,000	\$0	240	-0-	\$63,921

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>RHODE ISLAND</u>							
Woonsocket	Loan and grant to developer to partially finance land purchase, warehouse construction and public utilities being brought to currently vacant site. Investment will initiate development of small railroad distribution center.	\$230,000	\$616,822	\$45,000	25	-0-	\$9,088
<u>SOUTH CAROLINA</u>							
Beaufort	Grant to City's Water Authority to expand capacity to supply water to help aluminum company develop homes, recreational facilities, and public infrastructure on island land. Company will repay portion of grant and transfer ownership rights to City for all water facilities on the island.	\$2,000,000	\$25,559,031	\$4,000,000	1,139	1,457	\$456,000
Bennettsville	Loan to supermarket to provide partial financing for relocation to downtown existing building. Grant to City will also be provided for administration of project.	\$126,000	\$404,700	\$0	21	-0-	\$1,528
Charleston	Grant to City's Center Project to provide partial funds for public improvements, including parking garage, for project in Central Business District. In addition, loan to developers to aid in construction of hotel/conference center, and specialty retail shops.	\$14,150,000	\$51,076,000	\$3,478,000	800	-0-	\$1,000,000

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>SOUTH CAROLINA</u> (continued)							
Charleston	Grant to City for public improvements to aid in construction of savings and loan office building. Funds will also provide loan to real estate company for partial financing of project.	\$225,000	\$2,192,750	\$50,000	58	-0-	\$41,000
Cowpens	Financial assistance to hosiery manufacturer to help construct new manufacturing plant. Project to create majority of jobs for unskilled or semi-skilled workers.	\$325,000	\$1,109,821	\$0	35	-0-	\$9,508
Sumter	Second mortgages to low- and moderate-income households to make new homes in minority neighborhood affordable.	\$98,000	\$282,500	\$3,300	-0-	11	\$2,594
Walhalla	Financial assistance to textile plant to help with expansion providing additional new permanent jobs.	\$620,000	\$2,460,000	\$0	43	-0-	\$13,400
<u>SOUTH DAKOTA</u>							
Huron	Loan to new circuit box and electrical equipment production company in City-owned industrial park to assist in capital equipment purchases. New permanent jobs created will be targeted for qualified low-and moderate-income persons.	\$77,000	\$258,470	\$0	25	-0-	\$0

FISCAL YEAR 1983 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
<u>TENNESSEE</u>							
Brownsville	Loan to special refrigeration equipment manufacturing company to help finance purchase of land, building and equipping of new plant.	\$100,000	\$583,460	\$0	25	-0-	\$2,190
Brownsville	Financial assistance to manufacturer of thermo-plastic products and tread-rubber for tires to help construct new plant and purchase capital equipment.	\$535,000	\$6,253,338	\$0	150	-0-	\$26,181
Chattanooga	Loan to developer to help rehabilitate eight historical warehouses and the Old Post Office Building into a Mall to include retail/restaurant, residential and parking spaces plus office space.	\$4,680,000	\$23,662,000	3,600,000	570	-0-	\$160,000
Chattanooga	Loan to developer to help rehabilitate historic Southern Railway Freight Depot into a restaurant, retail and specialty food marketplace.	\$860,000	\$3,715,000	\$0	130	36	\$21,200
Clarksville	Loan to developers to help finance construction of downtown hotel providing meeting space and a restaurant.	\$2,080,000	\$8,333,352	\$0	156	-0-	\$142,476

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>TENNESSEE</u> (continued)							
Martin	Low-interest loan to packaged food distribution company to construct new freezer and garage plus purchase capital equipment to help expand operations. Project will create new jobs and retain those which would have been lost without expansion.	\$113,000	\$342,174	\$0	6	-0-	\$0
Memphis	Financial assistance to International Harvester to help development and production of new cotton picker. Investment will enable company to keep plant open as core facility and expand employment.	\$6,600,000	\$16,982,000	\$0	813	-0-	\$235,000
Monterey	Financial assistance to City to help increase capacity of water treatment plant to handle demands of finished meat processing plant's operation and install pollution control facilities at site.	\$1,754,400	\$12,828,900	\$20,000	300	-0-	\$8,800
Monistown	Loan to range manufacturing company for purchase of new equipment to assist in expansion of existing plant.	\$875,000	\$11,190,775	\$0	130	-0-	\$13,658

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>TENNESSEE</u> (continued)							
Rockwood	Loan to carbon manufacturing corporation to assist in acquisition, construction, and equipment for new facility. Project to create jobs and an estimated \$9,000 annually for city.	\$1,000,000	\$12,033,100	\$0	69	-0-	\$9,000
Springfield	Loan to range manufacturing company for purchase of new equipment to assist in expansion of existing plant.	\$415,000	\$1,892,200	\$0	102	-0-	\$2,801
Wartrace	Financial assistance to truck air conditioner, heater and muffler-part manufacturing company to expand its program. Investment will help build new building and purchase capital equipment to start manufacturing necessary parts.	\$824,900	\$10,728,241	\$0	146	-0-	\$17,938
<u>TEXAS</u>							
Austin	Loans to developers to help finance construction of hotel with parking garage and office building in downtown area.	\$2,400,000	\$28,211,029	\$600,000	549	-0-	\$619,454
Beaumont	Loan to developer to help finance construction of mixed-use retail, restaurant, and office complex in historic district.	\$1,465,500	\$9,815,925	2,000,000	366	-0-	\$244,197

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>TEXAS</u> (continued)							
Beaumont	Loan to developer to assist in construction of office building in historic district. In addition, financial assistance to be provided for development of retail center and parking garage as well as rehabilitation of historic building.	\$5,050,000	\$13,660,000	\$0	377	-0-	\$399,668
El Paso	Financial assistance to developer to help renovate and expand two historic downtown hotels into first-class hotel with parking garage and office building with street-level retail space and parking facilities. Investment to also provide realignment of street and expansion and renovation of pedestrian square linked to a plaza.	\$6,000,000	\$33,606,891	\$0	569	-0-	\$639,509
Elsa	Financial assistance to developer to help construct shopping center on vacant, downtown cotton-gin site to include renovation of four existing buildings for retail, office, and restaurant reuse. A supermarket and recreation center will also be constructed on the site.	\$500,000	\$2,621,621	\$0	108	-0-	\$30,498

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>TEXAS</u> (continued)							
Fort Worth	Financial assistance to help pay construction costs for development of garden apartment complex. Project will make 2-, 3- and 4-bedroom living units available to low- and moderate-income families.	\$3,500,000	\$10,599,879	\$0	16	392	\$90,355
Fort Worth	Financial assistance to developer for partial cost of construction and permanent financing for one-, two-, three- and four-bedroom garden apartment complex for low- and moderate-income families.	\$3,500,000	\$9,503,173	\$0	8	392	\$92,352
Galveston	Financial assistance to developer to help renovate and expand two historic downtown hotels into first-class hotel with parking garage and an office building with street-level retail space plus parking facilities. Project will also include realignment of a street and expansion/renovation of pedestrian square linked to plaza.	\$980,000	\$12,259,891	\$0	135	-0-	\$412,932
Kingsville	Financial assistance to developer to help with access road, water/sewer and drainage improvements to serve plaza project to include new motel, restaurant, convenience store and gift shop, truckers' lounge, and truck fuel bays.	\$764,000	\$2,419,987	\$0	90	-0-	\$64,995
Mercedes	Financial assistance to minority-owned, meat packing firm for required off-site improvements and loan to help construct regional distribution center.	\$628,000	\$2,186,328	\$0	100	-0-	\$18,284

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>TEXAS</u> (continued)							
Port Arthur	Financial assistance to developer to help pay construction costs of office building located on New-Town-in-Town tract.	\$887,740	\$9,476,474	\$0	114	-0-	\$90,148
Port Arthur	Loan to developer to help construct nursing home, congregate care facility, and multi-family housing units in New-Town-in-Town.	\$3,200,000	\$9,073,537	\$0	80	292	\$215,000
Pottsboro	Financial assistance to developers to help construct water and sewer lines to school site. As a result, vacant buldings on site will be rehabilitated and new buildings constructed to house recreational boat manufacturing facility and develop recreational campground for tourists.	\$110,000	\$272,500	\$21,000	16	-0-	\$5,350
San Diego	Financial assistance to developer to help construct motel with restaurant and lounge plus office space for small businesses.	\$125,000	\$370,000	\$300,000	12	-0-	\$1,700
<u>UTAH</u>							
Logan	Financial assistance to developer to help construct three-story office building.	\$150,000	\$620,595	\$0	20	-0-	\$27,339

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UOAG Dollars</u>	<u>Other Private Investment</u>	<u>Estimated Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Local Tax Revenue</u>
<u>UTAH</u> (continued)							
Richfield	Loan to oil company to finance part of construction of Travelodge Motel with indoor pool, restaurant, and banquet room.	\$254,000	\$987,177	\$0	34	-0-	\$10,771
Salt Lake City	Loan to newly formed corporation to purchase equipment to assist in development of facility. Company will operate as vendor for AT&T, regional operating companies of the Bell System and independent telephone companies.	\$4,219,000	\$14,288,465	\$0	2,236	-0-	\$35,533
South Salt Lake	Loan to developer to assist in construction of discount store and demolition of existing store to serve predominantly low- and moderate-income community.	\$474.3 15	\$1,751,060	\$0	42	-0-	\$86,673
<u>VERMONT</u>							
Barton Town	Financial assistance to developers to help construct a 60-bed nursing home and convert existing facility to a community-care home.	\$312,000	\$1,076,500	\$0	25	-0-	\$25,450
Brattleboro Twp	Loan to development corporation to purchase and assist in improving industrial land. Without this project, the three companies' building facilities on the three parcels of land would have to relocate.	\$1,456,700	\$5,184,742	\$1,287,000	675	-0-	\$170,271

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>VERMONT</u> (continued)							
Manchester Town	Financial assistance to developer to help restore vacant historic hotel complex to include retail and office space.	\$3,400,000	\$11,277,713	\$0	407	-0-	\$217,400
Newport	Loan to developer to help downtown block project development to include racquetball court, health club, and small restaurant.	\$70,000	\$286,500	\$0	10	-0-	\$5,300
St. Johnsbury	Loan to four non-profit development corporations to assist in purchasing and renovating to lease vacant department-store block property. Initial user of part of main building will be a pottery company.	\$63,000	\$170,000	\$0	12	-0-	\$6,521
St. Albans	Loan to confectionery company to assist in development of addition to existing chocolate factory located in industrial park. New addition will produce specialty chocolate products.	\$395,000	\$2,515,000	\$0	98	-0-	\$36,000
Winooski	Loan to developer to assist in construction and development of historical building and restoration/conversion into office space and restaurant.	\$195,000	\$910,800	\$0	30	-0-	\$13,170

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AUAROS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>VIRGINIA</u>							
Big Stone Gap	Financial assistance to City to help increase water supply and upgrade sewer system to service shopping center being developed.	\$600,000	\$5,301,047	\$0	350	-0-	\$45,000
Richmond	Second mortgage loan to developers to help finance office/ retail building and underground parking garage.	\$2,665,000	\$12,528,703	\$300,000	338	-0-	\$183,344
Roanoke	Financial assistance to industrial firm for land and site work to construct new manufacturing facility.	\$2,412,684	\$14,832,140	\$516,464	556	-0-	\$96,203
Roanoke	Financial assistance to bottling company for site acquisition and related relocation/demo li tion , to help with expansion and purchase of new equipment at site of existing plant.	\$4,000,000	\$11,957,840	\$3,550,000	86	-0-	\$112,315
<u>WASHINGTON</u>							
Everson	Financial assistance to developer to help rehabilitate vacant, 63-year old building into professional office building with leasable space.	\$70,200	\$233,357	\$0	11	-0-	\$1,506

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing units</u>	<u>Estimated Local Tax Revenue</u>
<u>WASHINGTON</u> (continued)							
Goldendale	Financial assistance to developer to help with construction of facility to include restaurant, conference rooms and five chalets. Project will provide access to fishing, cross-country skiing and horse trails.	\$146,500	\$486,539	\$0	25	12	\$1,300
Spokane	Financial assistance to developer to help construct new six-story office building on vacant land.	\$1,530,000	\$7,405,240	\$0	132	-0-	\$74,163
Tacoma	Financial assistance to developer to help restore and rehabilitate vacant, historic Northern Pacific Railroad building into first-class office space.	\$633,500	\$2,102,361	\$0	80	-0-	\$95,000
Yelm	Loan to company to help construct additional new industrial building and production lines. Project will allow firm to expand and increase manufacturing capability of fiber-glass hydrobaths, showers, and spas.	\$365,000	\$1,321,596	\$0	35	-0-	\$69,301
<u>WEST VIRGINIA</u>							
Nitro	Financial assistance to developer to help convert old manufacturing plant and site into industrial park to include demolition site preparation and construction of new buildings.	\$1,340,000	\$5,189,325	\$0	315	-0-	\$44,015

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>WEST VIRGINIA</u> (continued)							
Parkersburg	Financial assistance to developer to help with construction of two structures on downtown urban renewal land. Buildings will contain commercial and office space, parking and 44 apartments, nine targeted to lower-income households.	\$1,825,000	\$7,954,954	\$450,000	202	44	\$173,887
Wheeling	Financial assistance to developer to help with construction of addition to hotel--rooms, restaurant and related facilities. Project is part of existing, multi-use complex including an apartment building, parking garage, and hotel.	\$841,000	\$5,106,000	\$0	103	-0-	\$274,600
<u>WISCONSIN</u>							
Kaukauna	Loan to contractor and engineering firm to assist in purchase of equipment as well as improve industrial park construction site for plant expansion.	\$370,800	\$2,246,600	\$0	38	-0-	\$128,217
Kenosha	Financial assistance to plastics manufacturing company to help with acquisition and modification of vacant building. Project will allow parent Canadian company to expand operations into the United States.	\$700,000	\$2,876,715	\$0	100	-0-	\$0

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>WISCONSIN</u> (continued)							
Kenosha	Below-market-rate interest loan to plastics company to help purchase necessary equipment for expansion.	\$200,000	\$811,947	\$220,000	30	-0-	\$0
Milwaukee	Second mortgage loan to developer to assist in construction of downtown office building with parking.	\$4,770,000	\$68,153,000	\$0	1,512	-0-	\$2,028,653
Milwaukee	Financial assistance to printing company to help purchase press which prints eight colors .	\$1,510,000	\$6,149,387	\$0	77	-0-	\$23,737
Milwaukee	Second mortgage loan to partnership to assist in construction of headquarters medical facility with underground parking.	\$1,000,000	\$4,943,009	\$0	131	-0-	\$89,032
Milwaukee	Financial assistance to developer to help renovate closed historic brewery consisting of seven buildings, into cooperative housing.	\$1,525,000	\$8,588,264	\$0	3	146	\$124,157
Milwaukee	Financial assistance to developer to partially finance renovation of downtown historic building to create retail space on vacant, top three floors.	\$750,000	\$2,500,000	\$0	65	-0-	\$42,395

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>WISCONSIN</u> (continued)							
Hilwaukee	Financial assistance to developer and general partner to help with construction of four-story downtown office building with leasable floor space.	\$700,000	\$2,916,000	\$0	135	-0-	\$90,317
Oshkosh	Grant to City to assist in development of convention center and loan to developers to build parking structure. Project will also include a hotel, surface parking, a skywalk and other street improvements.	\$3,500,000	610,492,159	\$1,900,000	270	-0-	\$213,923
Sheboygan	Financial assistance to developer to help upgrade and construct publicly-operated parking spaces in vicinity of downtown. Investment to also provide loan to developer for private development costs.	\$1,030,000	\$4,959,000	\$1,382,500	199	-0-	\$32,761
Stevens Point	Loan to developer to assist in development of mall linking new buildings with existing downtown and junior department store. Investment will help clear site, construct parking and utilities.	\$6,000,000	\$15,433,055	\$12,200,000	612	-0-	\$461,701

FISCAL YEAR 1983 URBAN DEVELOPMENT ACTION GRANT AWARDS

<u>State and City</u>	<u>Project Description</u>	<u>UDAG Dollars</u>	<u>Private Investment</u>	<u>Other Public Dollars</u>	<u>Estimated Total New Jobs</u>	<u>Estimated Housing Units</u>	<u>Estimated Local Tax Revenue</u>
<u>WISCONSIN</u> (continued)							
Yausau	Financial assistance to City to partially pay for upgrading and expanding water and sewer service. Investment will allow metal corporation to expand existing production facilities to industrial park to include purchasing land and constructing/equipping two new facilities.	\$650,000	\$4,080,472	\$1,820,000	150	-0-	557,995
Whitehall	Loan to food company to assist in purchase of equipment for newly renovated cheese processing products plant.	\$1,050,000	\$3,940,209	\$500,000	102	-0-	\$33,552