

**Annual Report to Congress  
on the  
Community Development Block Grant  
Program**

**FY 1991**

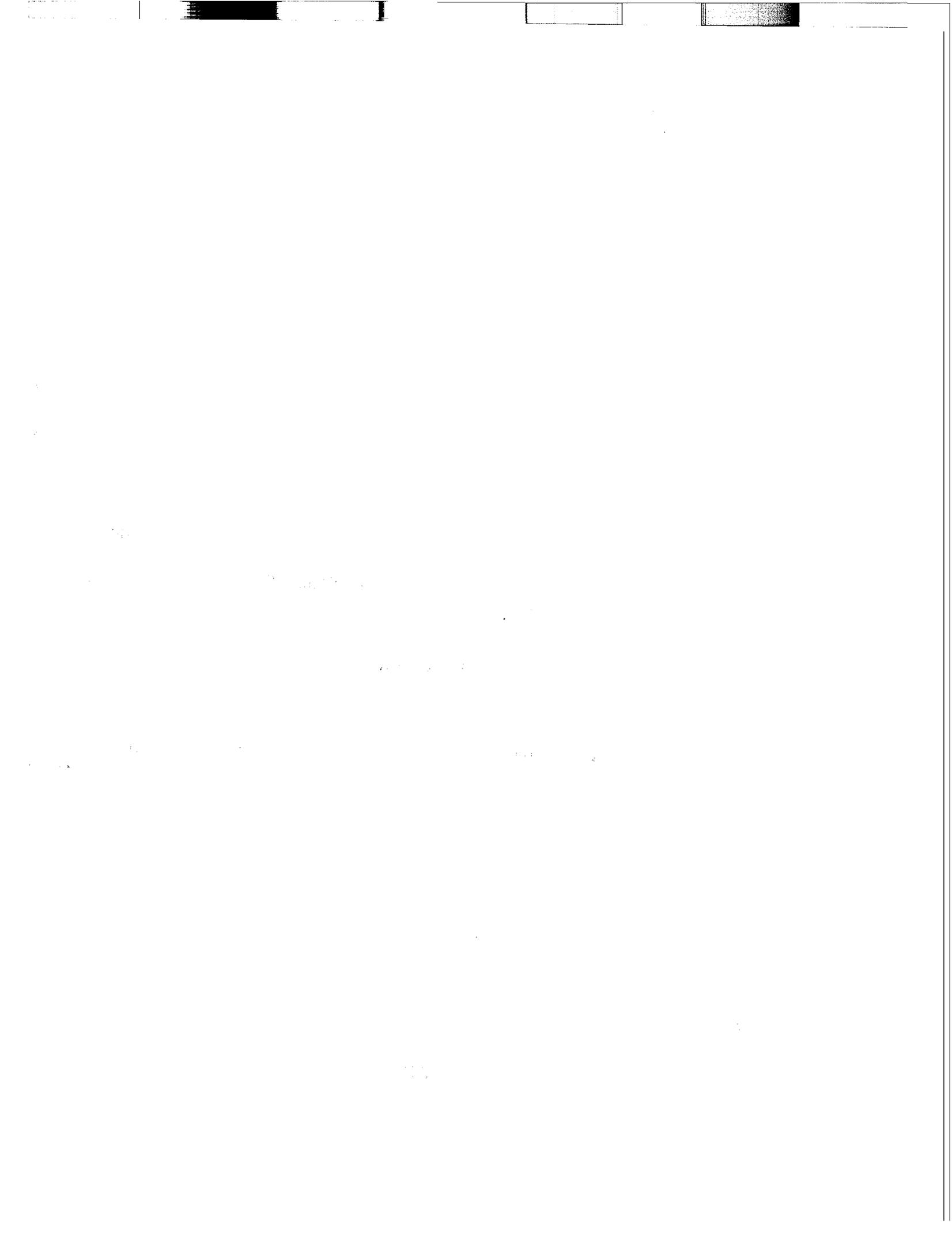
**Assistant Secretary for Community Planning and Development  
U. S. Department of Housing and Urban Development  
March 1991**



**1991 ANNUAL REPORT TO CONGRESS**  
**ON THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

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**CDBG ENTITLEMENT**

**CHAPTER 1**



## **COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT PROGRAM**

### **Purpose**

The Community Development Block Grant (CDBG) Entitlement Program has the primary objective of developing viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons. The program is directed toward neighborhood revitalization, economic development, and the provision of improved community facilities and services.

### **Legislation**

Title I, Housing and Community Development Act of 1974, as amended.

### **Program Description**

The Entitlement Program, which is CDBG's largest component because it receives 70 percent of the basic CDBG Appropriations, awards grants annually to entitled metropolitan cities and urban counties. Generally, cities designated as central cities of metropolitan statistical areas (MSAs), other cities with populations of at least 50,000, and qualified counties with populations of at least 200,000 (excluding the population of entitled cities) are entitled to receive annual grants. (In this program, cities having entitlement status are referred to as 'metropolitan' or 'metro' cities, while entitled counties are called 'urban' counties.) The amount of grant for each entitled community is determined by a statutory formula which uses several objective measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relation to all MSA's.

Communities develop their own programs and funding priorities, but are limited to activities that address one or more of the national objectives of the program. The national objectives are benefiting low- and moderate-income persons, aiding in the prevention or elimination of slums or blight, and meeting other urgent community development needs. The primary emphasis is on benefit to low- and moderate-income persons. Prior to 1990, the law required at least 60 percent of the program expenditures to address this national objective. The National Affordable Housing Act, which became effective on November 28, 1990, increased this percentage to 70%.

### **Funding History**

Funds available to entitlement grantees in FY 1990 amounted to \$2,019,084. While this slightly exceeds the amount appropriated in 1988 and 1989, it is close to the amount allocated in each of the preceding four years. (See Table 1-1)

Table 1-1  
 Community Development Block Grant Program  
 Entitlement Appropriations  
 (Dollars in Millions)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$2,219	1979	\$2,752	1983	\$2,380	1987	\$2,059
1916	2,353	1980	2,175	1984	2,380	1988	1,973
1917	2,663	1981	2,667	1985	2,388	1989	1,954
1918	2,794	1982	2,380	1986	2,053	1990	2,019

**Participation**

In FY 1990, a total of 866 communities (741 metropolitan cities and 125 urban counties) were eligible for entitlement funds from HUD. This reflected an increase of eight eligible grantees (four metropolitan cities and four urban counties) compared to 1989. As in previous years, this increase resulted primarily from the availability of more recent population estimates being released by the Census Bureau. Of the 866 eligible entitlement communities, 845 participated in FY 1990 (8 communities did not apply and 13 combined with other eligible jurisdictions). This compares with 837 participants in FY 1989. Table 1-2 tracks the growth in the number of eligible CDBG entitlement communities since the inception of the program.

While the number of eligible entitlement communities increased by 30% between 1980 and 1990, the level of funding during that period decreased by 27%. Accordingly, the average amount of entitlement funds available per eligible community has decreased from \$4.1 million in 1980 to \$2.3 million in 1990 (a 43% decrease). The release of 1990 Census data is likely to result in a substantial increase in the number of eligible entitlement communities under current allocation criteria.

Table 1-2  
Number of Eligible CDBG Entitlement Communities  
For Selected Years, 1975 - 1990

Year	Total	Metro ities	Urban Counties	Total Increase From Previous Year
1975	594	521	73	
1979	646	562	84	52
1980	663	549	84	17
1981	669	583	86	6
1982	732	636	96	63
1983	735	637	98	3
1984	795	691	104	60
1985	814	707	107	19
1986	827	711	116	13
1987	827	712	115	0
1988	857	736	121	30
1989	858	737	121	1
1990	866	741	125	8

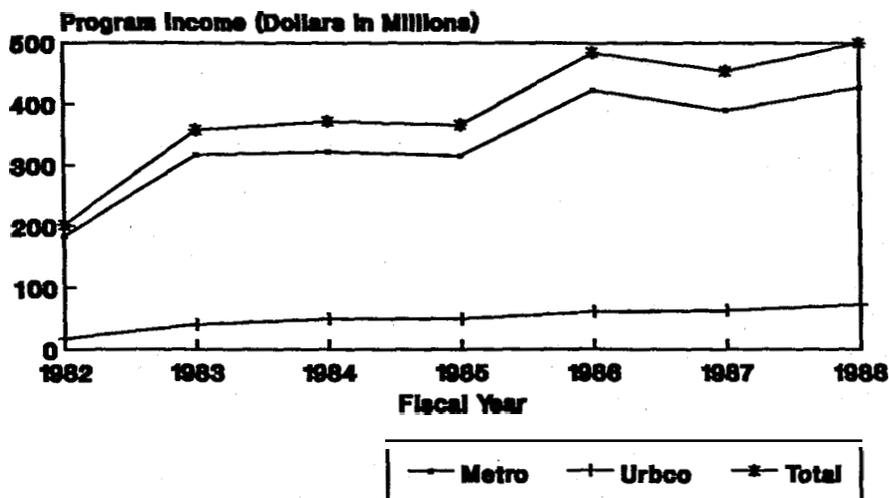
### **Program Income**

In addition to their regular entitlement funds, most CDBG entitlement grantees receive program income from activities they have undertaken with CDBG funds in past years. Program income is money directly generated from the use of CDBG funds and received by the grantee or its subgrantees, such as repayments of loans made with CDBG funds, proceeds from the use of CDBG-assisted properties which are controlled by grantees and sub-recipients, and sales proceeds from properties acquired or improved with CDBG funds.

In FY 1988, the last full year for which information on program income has been reported, entitlement grantees in the aggregate reported that they had received \$500 million, an amount equal to 25% percent of their allocation from the FY 1988 appropriation. (This is based on a sample of approximately 96% of all entitlement grantees.) After a pattern of steady increases in the amount of program income reported from 1983 to 1986 (1983 being the year when records of program income were first aggregated), followed by a slight decrease between 1986 and 1987, program income reported received in 1988 increased by \$47 million. Chart 1 depicts the pattern of program income received by entitlement grantees between 1982 and 1988 and is broken down by totals for metro cities and urban counties.

In FY 1988, as in past years, the largest amount of program income (34%) came from repayments of housing rehabilitation loans. Another large portion (27%) came from businesses repaying economic development loans. The other most significant source of program income was from the repayment of "float loans", an interim financing technique (7%). The

**CHART 1**  
**CDBG ENTITLEMENT PROGRAM INCOME**  
**1982-1988**



**SOURCE: U.S. Department of Housing and Urban Development, Office of Data Systems**

balance of program income received was from land sales, fees, rentals and other miscellaneous sources.

Program regulations require grantees to use program income before drawing funds from the Treasury and to spend those funds according to the same rules as CDBG funds. Audits conducted by the HUD Office of Inspector General have brought to light many instances of failures by grantees and subrecipients to properly use, monitor and report program income. During fiscal year 1990, the Department continued to emphasize steps to increase recipient compliance with program income requirements. These efforts most notably included issuing to Field Office staff and grantees a comprehensive Training Bulletin which provides guidance and technical assistance on how to identify CDBG program income, and its record-keeping and monitoring requirements.

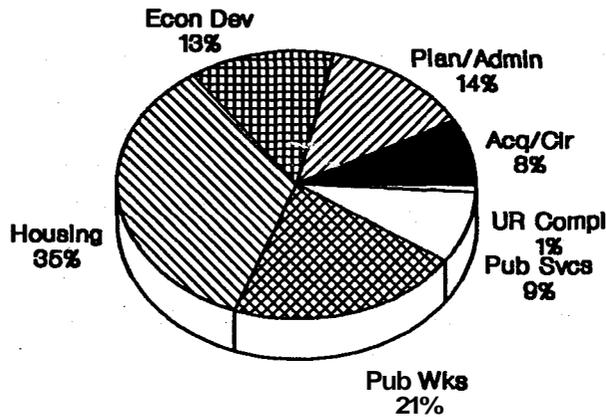
**Program Activities**

For describing the use of funds by entitlement grantees in this report, HUD primarily used Grantee Performance Reports (GPR's) as the principal source of information. However, FY 1990 Final Statement information was used to a limited extent. The Final Statement describes how a grantee proposes to use CDBG funds it expects to receive in the coming program year. GPR's are submitted three months after the end of a grantee's program year and describe how the funds were actually used over that program year. Often, it takes several months to correct deficiencies and internal inconsistencies so that the report correctly represents a grantee's performance. To provide local governments with flexibility in

scheduling the planning and implementation of their CDBG programs, HUD provides local officials the flexibility to select a program year start date as early as January 1 or as late as October 1. Accordingly, the GPRs covering grantee program years funded from the 1988 Appropriations represented the most recent data available to HUD for this report that covered a full year period. The expenditures discussed below reflect information from 735 FY 1988 GPRs, or 87% of the total number of such reports required to be submitted. Information on planned fund usage was taken from 706 Final Statements for FY 1990, or 84% of those actually submitted.

In their GPR's, local officials reported spending \$2.5 billion during their 1988 program years. These expenditures included grant funds, program income and proceeds from loan guarantees under Section 108. The funds were used to undertake a broad range of eligible activities including housing revitalization, public works, economic development and public services, as described below. Chart 2 shows how entitlement communities, in the aggregate, spent their funds among the major activity categories. Metropolitan cities and urban counties differed significantly from each other in this regard, as will be discussed later in this chapter.

**CHART 2**  
**EXPENDITURES BY ACTIVITY**  
1988 Program Year



**SOURCE:** U.S. Department of Housing and Urban Development, Office of Data Systems

**Housing** - As in previous years, the highest proportion of expended CDBG entitlement funds, \$847 million in 1988, continued to be for housing-related activities with 34% of the funds spent for these activities. The relative proportion for housing activities has remained fairly constant since 1982, fluctuating between 33% and 35% of all CDBG entitlement expenditures. Almost all of these expenditures are devoted to improving grantees' existing

## Chapter 1 - CDBG Entitlement

stock of housing for low- and moderate-income households. Expenditures in **1988** for housing included:

- o Rehabilitation loans and grants for single family dwelling units: **\$349** million;
- o Rehabilitation of multifamily and public housing: **\$141** million;
- o Rehabilitation of other publicly-owned residential buildings: **\$172** million;
- o Administrative rehabilitation services such as loan processing, preparation of work specifications, and rehabilitation counseling: **\$35** million;
- o Acquisition of housing for rehabilitation: **\$32** million;
- Code enforcement: **\$29** million;
- Special activities, such as the construction of new housing, where the activities were undertaken for the purpose of neighborhood revitalization: **\$20** million;
- o Weatherization of housing units: \$9 million.
- o Other housing related activities: \$60 million

Public Works - Spending for public works, **\$525** million in **1988**, again represented the second highest proportion of entitlement expenditures among major activity categories. It has declined gradually over time dropping from **26%** of CDBG expenditures in **1982** to **21%** in **1988**. Expenditures in **1988** for public works included:

- Street and sidewalk improvements: \$180 million;
- Construction or renovation of senior centers, facilities for the handicapped, neighborhood facilities, halfway houses, shelters, and other public buildings: **\$78** million;
- o Water, sewer, flood control, and drainage systems: **\$78** million;
- o Parks and recreation facilities: **\$53** million;
- o Special purpose activities, such as the removal of architectural barriers and historic preservation: \$30 million; and
- o Other public facilities and improvements: **\$106** million.

Economic Development A substantial amount of CDBG funds, **\$327** million, **was** used for economic development projects in **1988**, constituting 13% of CDBG entitlement expenditures. This percentage has remained fairly stable over the preceding five years. Expenditures for economic development in **1988** included

- Assistance to for-profit businesses for land acquisition, infrastructure development, construction and/or rehabilitation of buildings: **\$143 million**;
- Assistance to for-profit businesses for equipment, working capital and other assistance: **\$136 million**; and
- Commercial and industrial improvements by the grantee or a nonprofit in the form of land acquisition, infrastructure improvements, building construction or rehabilitation and other capital improvements: **\$48 million**.

**Public services** The proportion of funds expended for public services has gradually risen over time, increasing from **7%** in **1982** to **9%** in **1987**. It remained at **9%** in **1988**. Expenditures for public services in **FY 1988** totalled **\$226 million** and included

- Services for the elderly and handicapped: **\$31 million**;
- Services for youth: **\$24 million**;
- Housing counselling including fair housing counselling: **\$22 million**;
- Health care services: **\$18 million**;
- Crime Awareness: **\$14 million**
- Day care: **\$12 million**;
- Homeownership assistance: **\$11 million**;
- Job training: **\$8 million**; and
- Other public services: **\$86 million**.

**Acquisition/Clearance/Relocation** The proportion of funds used for the acquisition and clearance of real property and for relocation has remained relatively stable since **1982**, fluctuating between **6%** and **8%** of all CDBG expenditures. In **1988**, **\$200 million**, constituting **8%** of CDBG expenditures, was spent on acquisition and clearance related activities including:

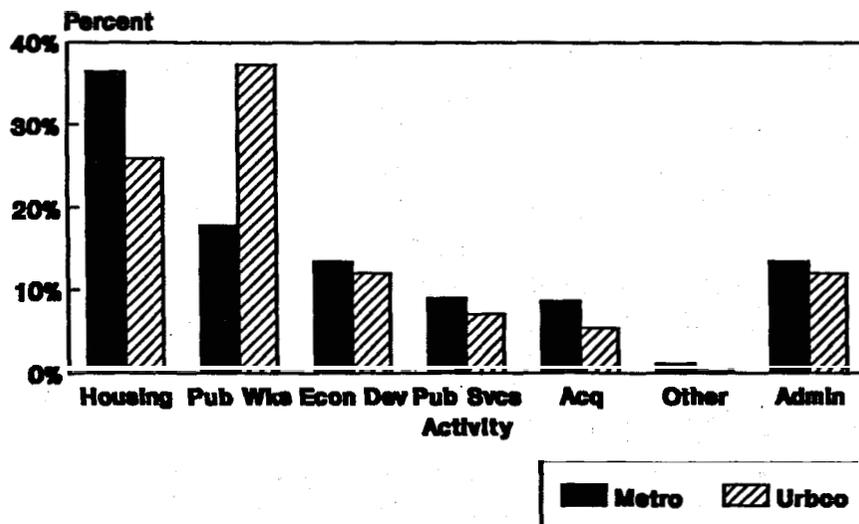
- Purchasing property for other purposes: **\$103 million**;
- Clearing land: **\$47 million**; and
- Disposition and relocation: **\$50 million**.

**Administration/Planning/Other** Since 1982, administration and planning activities have remained proportionately stable, accounting for between 13% and 14% of CDBG expenditures. In 1988, \$338 million (14%) was spent on planning and administration, which continues to be well below the 20% statutory limitation imposed on each grantee for funds used for these purposes. Of this amount, \$301 million was used for administration and \$37 million for planning activities. The balance of expenditures by entitlement communities, \$22 million (1%) was used for the completion of urban renewal programs.

**Metropolitan City vs. Urban County Spending Patterns**

As shown in chart 3, metropolitan cities and urban counties differed significantly in the degree to which they funded various activities. This distinction is consistent with that shown in previous years.

**CHART 3  
USE OF CDBG FUNDS BY ACTIVITY  
Metro Cities v. Urban Counties - 1988**



SOURCE: U.S. Department of Housing and Urban Development, Office of Data Services

**Housing** - Metropolitan cities spent the largest portion of their CDBG funds for housing-related activities. Nationally, in 1988, metropolitan cities used 36% (\$748 million) of their CDBG funds for housing-related activities compared to 25% (\$110 million) used by urban counties for that purpose. Within these amounts, urban counties used 17% of their CDBG funds to rehabilitate single family dwelling units while the proportion used by metropolitan cities was 13%. However, metropolitan cities used 6% of their CDBG expenditures for rehabilitation of multi-family housing and for rehabilitation of public housing while urban counties spent only 3% for such rehabilitation.

**Public Works:** During 1988, metropolitan cities used 18% (\$337 million) of their CDBG funds for public works activities while urban counties used a substantially higher portion, 36% (\$159 million), for such activities. For both cities and counties, the largest component of those expenditures was for street improvements. Following street improvements (4.9%), city priorities for public works expenditures were for parks, recreational facilities (2%), sidewalks (1.3%), and neighborhood facilities (1.1%); county priorities following street improvements (9.9%) were for water improvements (3.6%), flood drain improvements (3.1%), parks, recreational facilities (2.9%) and senior centers (2.8%).

**Other Activities:** Metropolitan cities and urban counties spent similar proportions of their CDBG funds in 1988 on economic development activities (metropolitan cities: 12%, urban counties: 13%). In public services, the spending for metropolitan cities was 9% compared to 7% for urban counties perhaps reflecting a greater concentration of poor persons in metropolitan cities. Acquisition, clearance, relocation and demolition continue to reflect the smallest expenditure of CDBG funds among the major categories of eligible activities for both. Metropolitan cities used 8.6% of their funds for this purpose, while counties used 5.2% for these activities.

### **Assistance to the Homeless**

The CDBG Entitlement program **has** been a major local resource for assisting the homeless among entitlement communities. The amount of CDBG funds budgeted by communities that were identified specifically **as** homeless assistance amounted to about \$70 million in 1990. This is the same amount budgeted for homeless assistance activities in 1989. Based on information in their 1990 Final Statements, 190 communities proposed to use funds specifically identified **as** homeless activities. In 1989 statements, 276 communities proposed to use funds for such activities. More than one-half of the amount of entitlement funds budgeted for homeless assistance is to be provided by New York City.

Of the \$70 million proposed for homeless assistance in 1990 statements, \$43 million **was** allocated for shelter acquisition and rehabilitation; \$22 million for food and other services; and \$5 million for other homeless assistance. Between FY 1983 and FY 1990, a total of \$342 million in entitlement funds are estimated to have been allocated for the homeless.

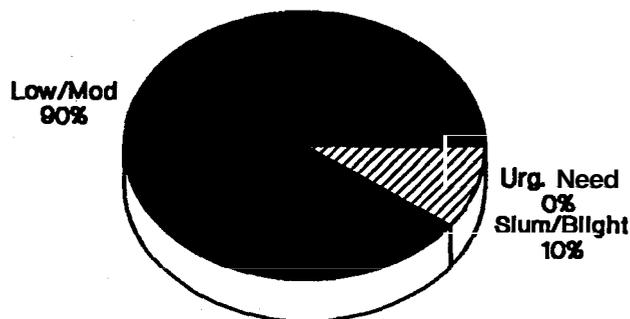
### **Program National Objectives**

The U.S. Housing and Community Development Act of 1974 requires that each activity **as-**sisted with CDBG funds meet one of three national objectives:

- benefit low- and moderate-income persons;
- prevent or eliminate slums or blight; or
- meet urgent **community** development needs.

In 1988, the most recent program year for which actual expenditure data are available, local officials identified approximately \$2.005 billion of its total expenditures as being for activities meeting one of the three national objectives. (The balance of funds were either used for planning and administration which are presumed to meet the national objectives since they support the overall program of individual activities or were not reported against a particular objective.) As shown in chart 4, grantees reported that 90 percent of expended funds (\$1.804 billion) went for activities benefiting low- and moderate-income persons, 9.9 percent went for slum or blight treatment, and less than one tenth of one percent for urgent community needs.

**CHART 4  
NATIONAL OBJECTIVE DISTRIBUTION**



**SOURCE: U.S. Department of Housing and Urban Development, Office of Data Systems**

Low- and Moderate-Income Benefit In excess of \$1.8 billion was reportedly spent for activities qualifying under the objective of benefit to low- and moderate-income persons in FY 1988. Activities considered to benefit low- and moderate-income persons are further divided into four sub-categories:

Area Benefit - These are activities which benefit **all** persons residing in the area served by the activity. Generally, at least 51% of the residents of the area must be low and moderate income for the activity to meet the criterion. (Usually, public facilities and improvements constitute area benefit activities.)

Housing - An activity which adds to or improves permanent, residential structures must be occupied by low- and moderate-income households upon completion, in order to qualify under this national objective.

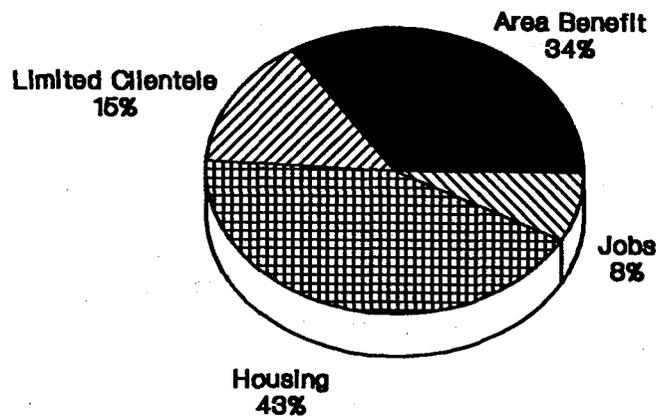
**Jobs** - An activity which creates or retains permanent jobs may qualify under this objective if at least **51%** of the jobs are either taken by low- and moderate-income persons or can be considered to be made available to such persons.

**Limited Clientele** - An activity which benefits a specific group of people (rather than all the residents in a particular area), at least **51%** of whom are low- and moderate-income persons may qualify under this sub-category. (Low- and moderate-income activities that don't fit under any of the above sub-categories must qualify under this criterion.)

GPR's submitted for **1988** were required for the first time to identify the sub-category under which the activity is claimed to qualify. Chart 5 identifies the percentage of CDBG funds expended in FY **1988** for activities claimed as benefiting low- and moderate-income persons by each of the above subobjectives. Chart 6 compares the percentage of metro city vs. urban county expenditures for each subobjective.

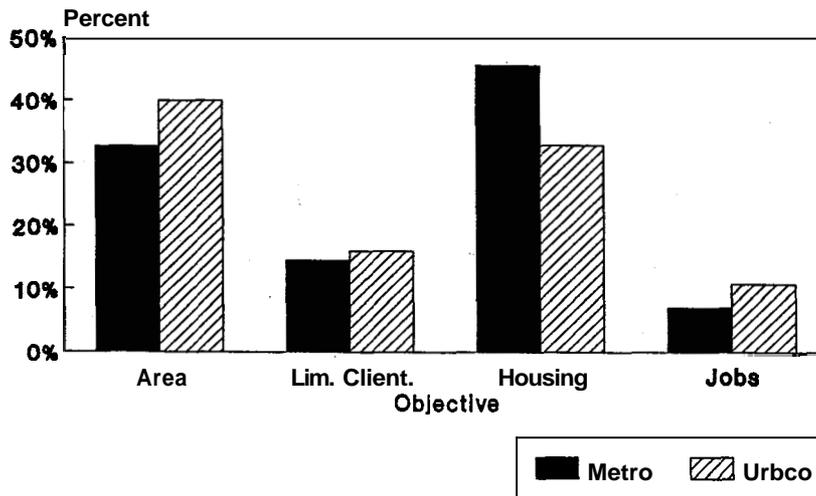
**Prevention or Elimination of Slums or Blight** Activities designed to address slums or blight may either be carried out in a designated area which meets specific criteria or on a spot basis with limitations on the types and extent of activities which are eligible. This objective also includes the elimination of slums/blight in an Urban Renewal area. During FY **1988**, grantees reported that they spent **\$199** million for activities meeting the slum/blight national objective (70.3% on an area basis; **21.5%** on a spot basis, and, **8.2%** for urban

**CHART 6**  
**LOW/MOD NATIONAL OBJECTIVE**  
**Percent by Subobjective**



**SOURCE:** U.S. Department of Housing and Urban Development, Office of Data Systems

CHART 6  
 DISTRIBUTION OF L/M NATIONAL OBJECTIVE  
 Metro Cities v. Urban Counties - 1988



SOURCE U.S. Department of Housing and Urban Development, Office of Data Systems

renewal treatment). Reports submitted by grantees for FY 1988 required a separation of slum/blight activities by the above sub-categories for the first time.

**Urgent Needs** Expenditures reported for urgent community needs were proportionally very small, slightly more than \$2 million dollars. This follows the pattern of previous years very closely, representing approximately one-tenth of one percent of all program expenditures.

**Overall Benefit** The general requirement in FY 1988 was that 60 percent of all funds spent on CDBG-assisted activities must be used for activities that benefit low- and moderate-income persons. Since grantees are given up to three years to meet this requirement, it is not possible to tell from 1988 reporting alone whether any grantees did not meet the requirement. It should be noted that the reported overall expenditure of 90% can be misleading as an indicator of the extent to which low- and moderate-income persons benefit from the CDBG program. The Administration had proposed a change in the accounting for this purpose that would have made for a more accurate representation of such benefits. However, the Congress rejected the proposal. After consultation with its constituents, the Department decided for various reasons not to pursue such a change in accounting.

As shown in the following table (Table 1-3), in 1988, two-thirds of the entitlement grantees reported that more than 90% of their expenditures were for activities benefiting low- and moderate-income persons. This proportion is slightly less than in 1987 when 68% of the grantees reported that at least 90% of their expenditures were for low- and moderate-income activities. However, in 1988, a greater percentage of grantees (20%) expended be-

tween 75% and 89% of their funds for such activities compared to 1987 (17%). Only 4% of entitlement grantees expended less than 60% of their funds for low- and moderate-income activities during 1988 (a decrease from 5% in 1987).

Table 1-3  
Entitlement Grantee Expenditures Reported  
as Low- and Moderate-Income Benefit, FY1988\*

Percent of Expenditures Reported as Low- and Moderate-Income Benefit	Metro Cities		Urban Counties		All Grantees	
	#	Pct.	#	Pct.	#	Pct.
100	177	28	32	29	209	28
90-99	228	37	49	45	277	38
75-89	126	20	22	20	148	20
60-74	69	11	6	6	75	10
51-59	15	2	0	0	15	2
<b>50 or less</b>	<b>11</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>2</b>
Total	626	100%	109	100%	735	100%

\*Information based on review of 87% of FY 1988 Grantee Performance Reports.

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

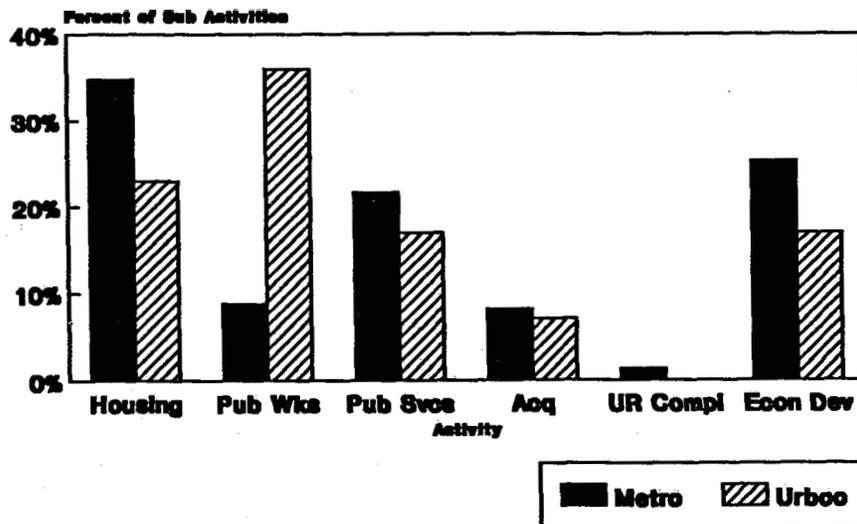
**Direct Benefit Beneficiaries** Entitlement grantees must provide specific information on CDBG funded activities which directly benefit individuals or households rather than a designated area. Low-income persons and minorities, particularly blacks, make up the majority of beneficiaries of CDBG-funded direct benefit activities. For the 1988 program year, a total of \$694 million in entitlement funds was reported as expended for direct benefit activities. Localities identified 72 percent of their direct beneficiaries as low income, 18 percent as moderate income, and 10 percent as above moderate income. This shows an increase in the proportion of low-income persons compared to FY 1987 (72% vs. 69%) in activities which primarily benefit specific persons (e.g., housing rehabilitation and economic development/job creation) rather than the general community. Minorities, particularly Blacks, represent a much larger portion of beneficiaries of CDBG-funded direct benefit activities than their share of the population of entitlement communities as a whole. Thirty-three (33) percent of the beneficiaries of direct benefit activities were identified as Black and 15 percent Hispanic compared to the 15 percent Black and 9 percent Hispanic composition of all entitlement communities.

#### Use of Subrecipients

CDBG grantees often make use of nonprofit and other entities as subgrantees. These are referred to as 'subrecipients' for this purpose. A total of \$543 million was expended in FY 1988 by grantees for activities identified as being carried out by subrecipients.

Metropolitan cities and urban counties differed in the extent to which they used subrecipients to carry out CDBG activities. Eighty-one percent of expenditures for subrecipient activities were reported by metro cities and 19% by urban counties. Chart 7 shows the major categories of activities which are being carried out by subrecipients. While program regulations allow grantees to use subrecipients to carry out activities, it also holds them responsible for ensuring that CDBG funds provided to subrecipients are used in accordance with all program requirements. Inspector General reports have identified numerous problems with subrecipient performance. As a result, the Department increased its emphasis on grantee oversight of subrecipients during 1990. It developed and issued a Subrecipient Training Bulletin for HUD staff and grantees which provides guidance and technical assistance on requirements for Written agreements, grantee monitoring responsibilities, and the need for grantees to impose appropriate sanctions for subrecipients' non-compliance.

**CHART 7**  
**USE OF FUNDS BY SUBRECIPIENTS** \*  
**Metro Cities v. Urban Counties - 1988**



SOURCE: U.S. Department of Housing and Urban Development, Office of Data Systems

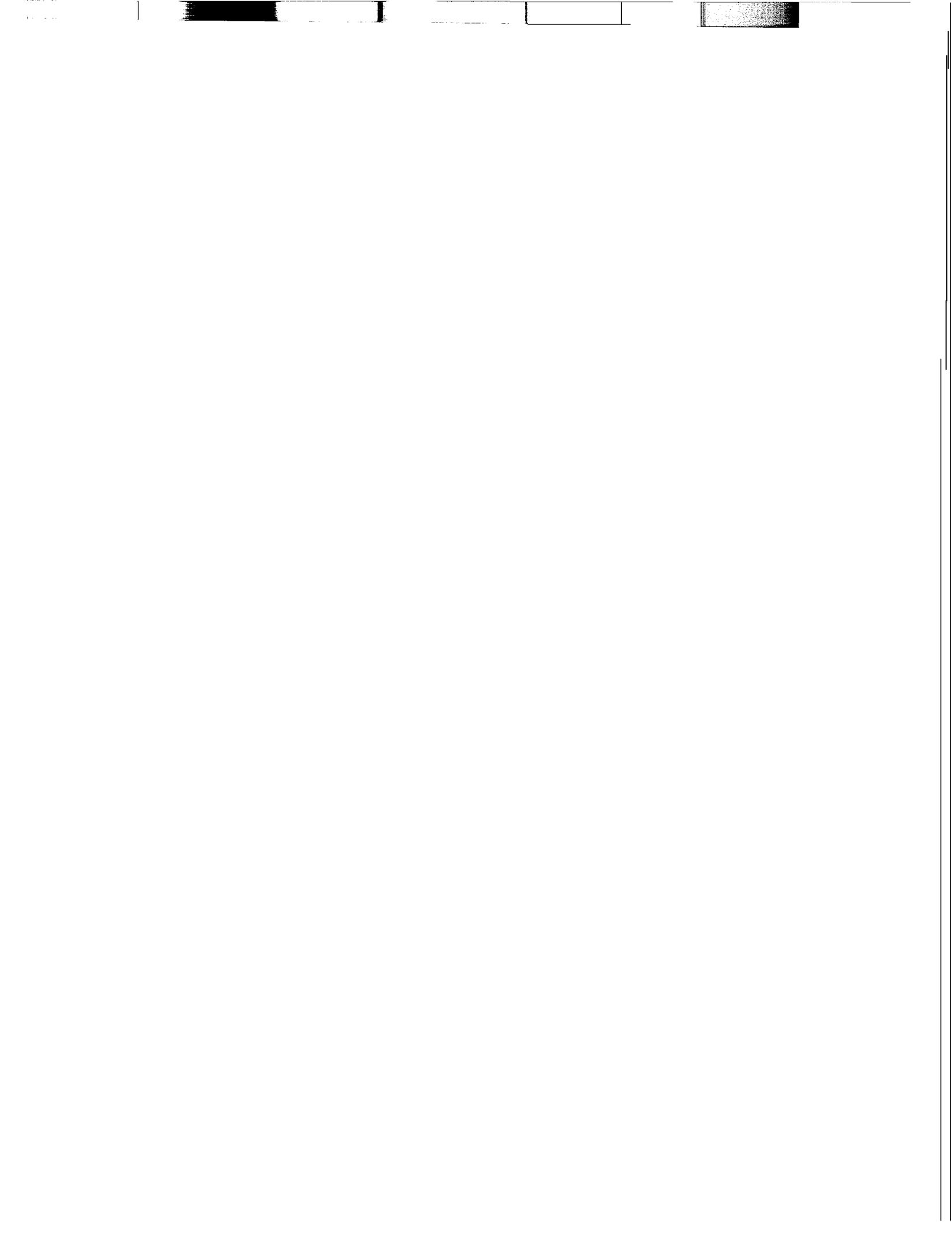
### **Performance Review and Sanctions**

The Department is required to review each grantee's performance at least annually to determine whether it met program requirements and carried out its activities in a timely manner. This is accomplished through a combination of a review of the report each grantee must submit annually, the amount of funds the grantee has on hand near the end of their program year, and, in most cases, by HUD monitoring the grantee on-site. Each year, hundreds of instances of non-compliance are identified through this process. In the vast majority of cases where HUD identifies grantee non-compliance or a lack of timeliness, the

grantee quickly takes corrective actions. The Department places emphasis on working cooperatively with grantees to validate findings and agree on voluntary grantee actions to correct the identified deficiencies. Where voluntary efforts fail to effectively resolve deficiencies in a timely manner, the Department follows one of two basic directions: the grant is conditioned **as** necessary to protect against future non-compliance or to give the grantee a chance to improve its **timeliness**; or, the grantee is notified that the Department proposes to reduce a grant already made **as** a result of the non-compliance. In the first approach, a failure by the grantee to meet the conditions specified in the grant can be cause for reduction of the grant by an appropriate amount. In the second approach, the grantee is given the opportunity for a hearing before an Administrative Law Judge if it disputes either the finding of non-compliance or the proposed remedial action.

During 1990, twelve grants were conditioned by HUD: **six** for failure to carry out CDBG-assisted activities in a timely manner; three for financial management and either rehabilitation or procurement deficiencies; one for inadequate oversight of subrecipient activities; one for failure to submit a HAP and inadequate HAP performance; and one court ordered condition for failure to adequately pursue fair housing. One grant was reduced without condition, because the grantee elected to use this approach rather than settle a matter involving the misuse of CDBG funds by reimbursing its CDBG account using non-federal funds.

Two grantees were notified that the Department intended to initiate action to reduce grants that had been issued previously without condition. One of these cases involved the grantee's continued failure to expend the required percent of funds for the national objective of benefit to low- and moderate-income persons. This grantee elected to forego the hearing to which it was entitled, and is working to redress the problem by one of two options offered to them by HUD **as** a means to resolve the deficiency: either by finding a new use of land acquired with CDBG funds that would benefit lower income persons or by reimbursing its CDBG account with non-federal funds in the amount of the current fair market value of the land. The second case involved a grantee's failure to follow basic requirements of financial management and procurement requirements to such a degree that HUD determined that the continued expenditure of funds on hand (or that would be received in the future by the grantee) would likely lead to non-compliance. Accordingly, HUD notified the grantee that it proposed to reduce all funds on hand that were not yet obligated to third parties and to reduce all of its future grants to zero until the grantee took such action **as** would be needed to enable the Department to conclude that the funds would not be misused. The grantee asked for a hearing in order to protect its rights, but it showed interest in pursuing one of three options offered it by HUD **as** a means of removing the problem condition from affecting future expenditures. The options involved the grantee choosing another entity to administer its CDBG program until the problem can be resolved. **If** the grantee and HUD agree on one of these options, it was expected that the hearing would not be needed.



**LOAN GUARANTEE**

**SECTION 108**

**CHAPTER 2**



## **Section 108 Loan Guarantee Program**

### **Purpose**

The Section 108 Loan Guarantee program provides Entitlement communities with a source of financing for community and economic development projects which are frequently too large to be financed from annual grants or other means. This program also allows communities to leverage their annual grants by financing activities that generate revenue which can be used to repay the guaranteed loan.

### Legislation

Section 108 of the Housing and Community Development Act of 1974, as amended.

### **Program Administration**

HUD may guarantee notes issued by local governments receiving annual CDBG grants or by public agencies designated by such recipients. The guaranteed notes may be used to finance the acquisition of real property (including related expenses), the rehabilitation of publicly owned real property (including related expenses), housing rehabilitation and economic development activities. Each activity must benefit low- and moderate-income persons, aid in the elimination or prevention of slums or blight, or meet other community development needs having a particular urgency.

Each local government pledges its current and future CDBG grants for the repayment of its loan under the Section 108 Loan Guarantee program. Additional security may be required if deemed necessary by HUD. The local government is not required to pledge its full faith and credit. The guarantees issued by HUD are backed by the full faith and credit of the United States of America.

The repayment terms under the Section 108 Loan Guarantee program are flexible to meet the needs of each local government, although as a general rule the repayment period is six years. Repayment alternatives include amortization of principal, "bullet" payment (i.e., all principal is repaid at maturity) or deferral of principal payment with amortization thereafter.

The maximum amount of notes that HUD may guarantee for each local government is limited to three times the amount of the local government's annual CDBG grant. The total amount of commitments to guarantee notes is limited each fiscal year by appropriation legislation. The total limitation on the amount of commitments to guarantee notes specified for Fiscal Year 1990 was \$141.2 million.

**Loan Financing**

**Private Market Financing** - Financing under the Section 108 Loan Guarantee program is provided through the sale of guaranteed notes in periodic underwritten public offerings. The offerings are conducted by an underwriting group selected through a competitive process. The current underwriting group includes:

- Merrill Lynch Capital Markets
- PaineWebber Incorporated
- Pryor, McClendon, Counts & Co., Inc.\*, and
- Salomon Brothers Inc.

\* Minority owned

A public offering was held on August 7, 1990 in which 36 borrowers issued guaranteed notes in the amount of \$81,020,000. This issuance was the fourth public offering since 1987, for a total amount of \$294,245,000. As of September 30, 1990, the outstanding balance of notes held by private investors was \$271,400,000.

Borrowers requiring funds between public offerings may issue notes through an interim lending facility (currently provided by Merrill Lynch Government Securities, Inc.).

**Federal Financing Bank** - Prior to July 1, 1986, the guaranteed notes were purchased by the Federal Financing Bank (FFB), an instrumentality of the United States Government operating under the U.S. Department of the Treasury. Although guaranteed notes are no longer sold to the FFB, HUD continues to serve as the collection agent of that agency. As of September 30, 1990, the outstanding balance of notes held by the FFB was \$244,000,000.

**Funding History**

Table 2-1  
Section 108 Loan Commitments  
(Dollars in Millions)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978-9	\$31.2	1983	60.6	1987	30.0
1980	156.9	1984	86.9	1988	143.6
1981	156.5	1985	133.5	1989	122.9
1982	119.4	1986	113.3	1990	119.3

**Program Participation**

In N 1990, HUD approved 44 applications for loans totaling \$119.3 million. The median approval was \$1.20 million. More than one-half of the FY 1990 commitments (total number and total amount) were issued to communities with populations of less than 250,000.

(See Table 2-2.) One community, New Orleans, LA, received approval for a loan greater than \$20 million. Another community, St. Louis, MO received a loan amount of \$15 million. Several communities received loan guarantee commitments for over \$5 million: Buffalo, NY; Cincinnati, OH, Miami, FL; Jefferson Parish, LA; and Fairfax Co., VA.

Table 2-2  
Distribution of Section 108 Loan Guarantee Commitments  
by Population Size (1986 est)

Applicant's Population	Number Approved	Amount (000)
< 100,000	20	\$22,125
100,000-250,000	7	5,405
250,000-500,000	9	54,250
> 500,000	8	37,480
	44	\$119,260

### **Program Activities**

As shown in Figure 1, approximately 40% of the amount approved in FY 1990 was budgeted for economic development activities. The next highest amount (approximately 38% of the amount approved) was budgeted for acquisition of real property and related activities (e.g., public improvements). Housing rehabilitation activities accounted for approximately 17% of the amount approved in FY 1990.

### **Selected Activities Assisted**

Some examples of the types of activities carried out by the Entitlement communities receiving Section 108 guaranteed loans include:

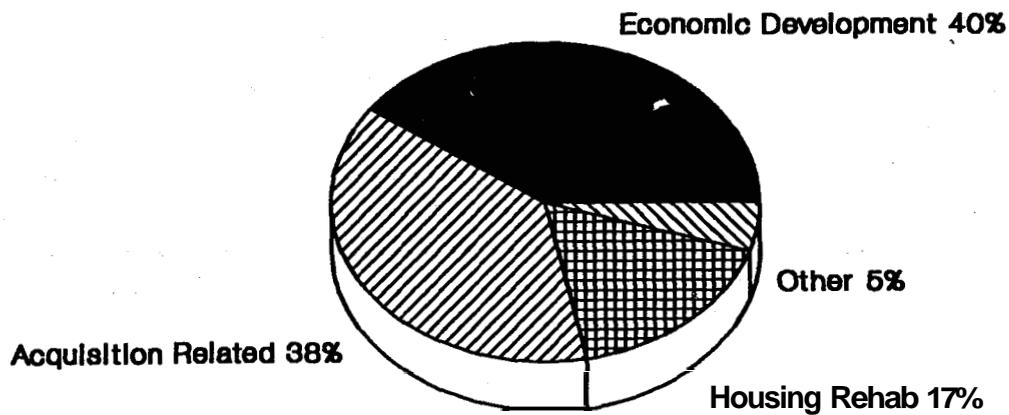
- Gadsden, AL      Guaranteed loan funds **will** be used to assist a for-profit business in carrying out an economic development project. The City estimates the activity **will** create 46 full-time equivalent jobs, a majority of which will be for low- and moderate-income persons.
- Los Angeles Co., CA      Section 108 funds **will** be used for real property acquisition, relocation, site preparation, public improvements, and other related purposes. This activity is stated **as** aiding in the prevention or elimination of slums or blight.
- Harrisburg, PA      Harrisburg **will** use guaranteed loan funds to acquire approximately 110 vacant structures for resale to low- and moderate-income persons.

Tyler, TX

Guaranteed loan funds will be used to help in the development of a business incubator in conjunction with Tyler Junior College. The activity is expected to generate 45 full-time jobs, a majority of which will be for low- and moderate-income persons.

Figure 1

## Section 108 FY 1990 Distribution of Activities



Source: U. S. Department of Housing and Urban Development, Community Planning & Development, Office of Block Grant Assistance

### Program Objectives

Applicants budgeted \$94.2 million (79% of the amount approved in N 1990) for activities benefitting low- and moderate-income persons. The remaining amount, \$25.0 million, was budgeted for activities aiding in the elimination or prevention of slums or blight.

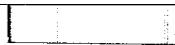
**CHAPTER 3**

**STATE CDBG**

**and**

**HUD-ADMINISTERED**

**SMALL CITIES**



1

2

3

## **State and HUD-Administered Small Cities Programs**

### **Introduction and Background**

Title I of the Housing and Community Development Act of 1974 authorized the Community Development Block Grant (CDBG) program. The primary purpose of the Community Development Block Grant program is the development of viable urban communities, by providing decent housing and suitable living environment and expanding economic opportunities, principally for persons of low- and moderate-income.

The State and Small Cities program is the second largest component of the CDBG program after the Entitlement portion. The State and Small Cities program aids communities that do not qualify for assistance under the CDBG Entitlement program. It receives 30 percent of all CDBG funds, after amounts for Special Purpose Grants, the Public Housing Child Care Demonstration, and the Neighborhood Development Demonstration have been deducted. The Entitlement program receives the other 70 percent.

Each State receives a grant based on the higher of two different needs-based formula calculations. The first formula uses population, overcrowded housing, and poverty, and the second formula uses age of housing, poverty, and population. The numbers to be applied in the formulas use data for nonentitlement areas of the State.

The 1981 Amendments to the Housing and Community Development Act of 1974 gave each State the option of administering nonentitlement CDBG funds for smaller communities within its jurisdiction. The State CDBG program replaced the HUD-administered Small Cities CDBG program in States that chose to take part. For States choosing not to participate, HUD continues to administer the program. During FY 1990 Puerto Rico and all States except for New York and Hawaii administered the State CDBG program. For purposes of convenience, Puerto Rico will be termed a State for the remainder of this chapter.

For a State, implementing the State CDBG program requires submission of a Final Statement that includes community development objectives and a method to distribute the funds among nonentitlement communities. The Department does not participate in the State administrative decisions about the State's recipients.

While States have broad discretion in designing their own community development programs, each activity funded must meet one of the CDBG program's national objectives of benefiting lower income persons, eliminating or preventing slums or blight, or meeting urgent community development needs. The program's social targeting goal was strengthened in 1983 with a requirement that 60 percent of each State's program funds must be spent on activities benefiting lower income persons. The National Affordable Housing Act of 1990 further increased this level to 70 percent, beginning with the FY 1991 allocation. Each State selects the relevant period for meeting this requirement, but that period cannot exceed three years.

**Performance Evaluation Reports.**

States must submit Performance Evaluation Reports (PERs) to HUD by September 30 each year. These reports cover the status of all CDBG grants currently being administered by the State. The PER must include such information as which communities received funding, the amount of their grants, the activities being funded, and the national objectives being met by the grant. Much of the information contained in this annual report is derived from the PER documents.

This report focuses on FY 1989 grant funds. The most recent PERs contain information through June 30, 1990. By that date, States had awarded only about 24 percent of their FY 1990 grants. Fiscal year 1989 is the most recent year with relatively complete information.

Funding History

Table 1  
Community Development Block Grant  
Nonentitlement Funding  
(Dollars in Millions)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$254	1980	\$955	1985	\$1,023
1976	346	1981	926	1986	880
1977	434	1982	1,020	1987	883
1978	612	1983	1,020	1988	845
1979	797	1984	1,020	1989	880
				1990	845

Of the total \$2.9 billion appropriated for the CDBG program in FY 1990, \$845 million was apportioned for non-entitlement areas. Of this, \$808.9 million went to States in the State CDBG program and 36.3 million went to the two States in the HUD-Administered Small Cities program.

All States had one percent of their grants withheld pending the reallocation of funds from some recaptured UDAG grants. This one percent will be made available to States during N 1991.

**Meeting National Objectives**

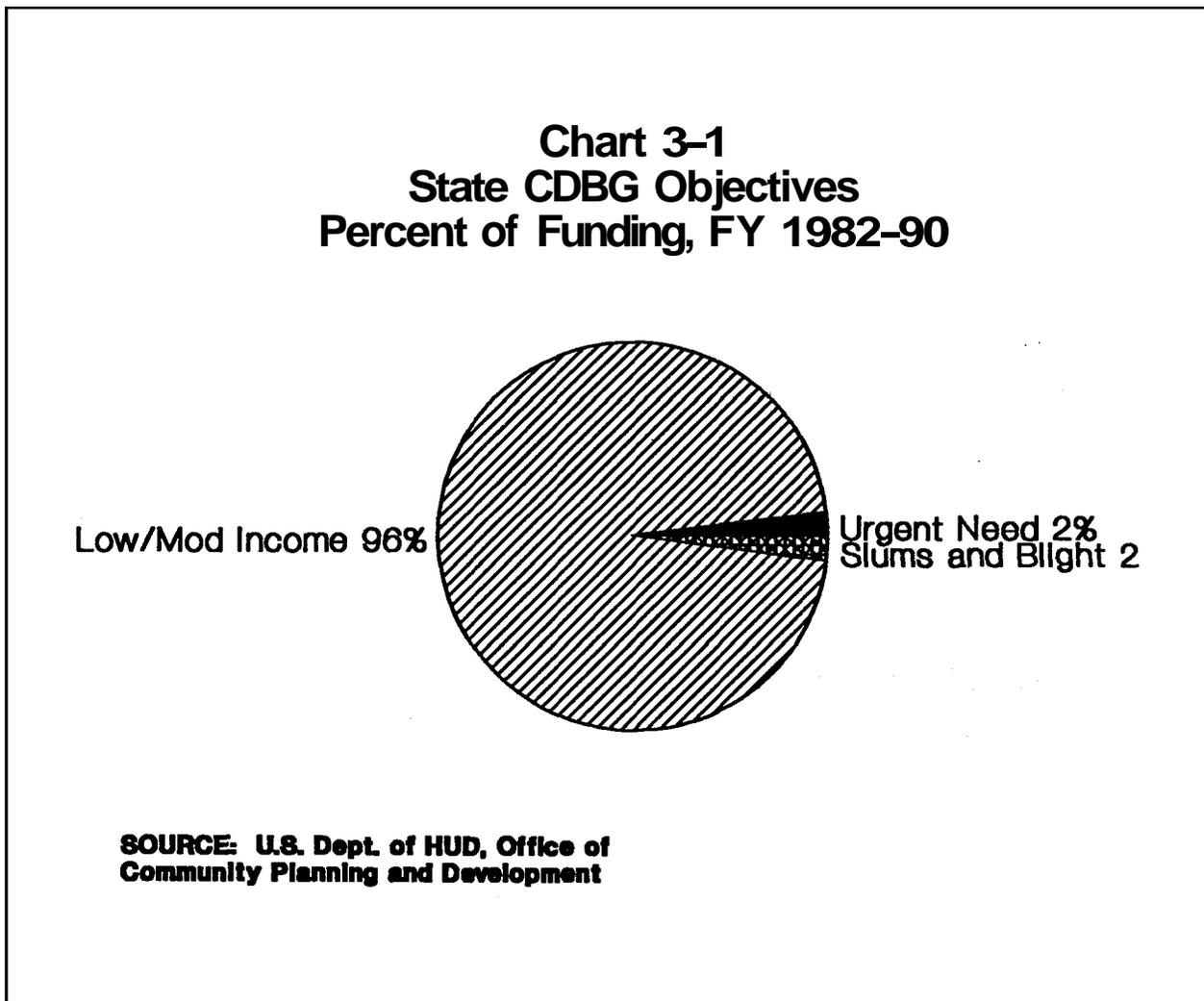
States must certify to HUD that in executing their programs they will only fund activities that meet one of the three national objectives of the program. These objectives include benefitting low- and moderate-income families, aiding in the prevention or elimination of slums or blight, and addressing conditions that pose serious and immediate threats to the health or welfare of the community. As part of this certification, a State ensures that not less than 60 percent of its CDBG grant funds are used for activities that will benefit people

with low- and moderate-income over a one-, two-, or three-year period that the State designates.

**Low-** and moderate-income families are defined in the State CDBG program for non-metropolitan areas as those with incomes that are at or below **80** percent of the higher of the median family income of the county in which the activity occurs or the median family income of the non-entitled areas of the State. For metropolitan areas, in most cases, a low- and moderate-income is one that is at or below **80** percent of the median family income of the metropolitan area.

- Of all funds awarded to eligible small communities since the State program was begun in FY 1982, **96** percent were to provide low- and moderate-income benefit. About two percent addressed the national objective of eliminating slums and blight. The remaining two percent were for urgent needs (Figure 1).

Figure 1



- o Thirty-two States used a one-year period for meeting the overall low- and moderate-income benefit requirements. Sixteen States elected to meet those requirements over a three-year period, and one State used a two-year period (Table 2).

Table 2  
Number of States by Period for Meeting  
60 Percent Low and Moderate Income Benefit

<u>Number of States</u>	<u>Number of Years to Meet Requirement</u>	<u>Period for Meeting Requirement</u>
32	1	1990-1990
1	2	1989-1990
8	3	1988-1990
7	3	1990-1992
1	3	1989-1991
49		

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

- o States attributed a low- and moderate-income benefit objective to activities accounting for 98 percent of all FY 1989 grant funds awarded to recipients as of June 30, 1990 (Table 3).
- The major activity groupings, public facilities, housing, and economic development, differed little from each other in the extent to which they were reported to have benefited low- and moderate-income people with FY 1988 State CDBG funds.

Table 3  
 Percent of ~~N~~ 1989 State CDBG Awards by  
 Purpose of Funds and National Objective †  
 (Dollars in Thousands)

Purpose	National Objective			Amount
	Low/Moderate- Income Benefit	Slums and Blight	Urgent Needs	
Public Facilities	97%	1%	2%	\$385,997
Housing	99	1	8	\$193,323
Economic Development	99	*	1	\$125,692
Planning	98	2	?	\$22,897
Public Services	99	1	0	\$6,612
<b>Unspecified</b>	8	*	*	<b>\$ 3,019</b>
Overall	98%	1%	1%	
Amount	\$720,965	\$7,498	\$9,076	\$737,540

† As of June 30, 1990.

\* Less than .5 percent.

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

### **Participation**

The forty-eight States and the Commonwealth of Puerto Rico administered the State CDBG program in their jurisdictions in FY 1989. Within Federal regulations, these States determine which communities to fund, the number of grants to make, and the types of activities to be undertaken.

**Method of Distribution.** Forty-five of the 49 States operating CDBG programs distribute funds to local governments exclusively through competitions. That is, the State determines the funding categories and local governments submit applications for funding within the established categories. The State then ranks the applications and funds those deemed best.

The other four States (Ohio, Pennsylvania, Alabama, and Puerto Rico) use a combination of formulas and competitions to distribute funds. They distribute a portion of their funds to localities based on characteristics such as locality population or category of locality (e.g., town or county). The other portion of their funds they distribute through a competition similar to how the other 45 States distribute **all** of their funds.

**Local Funding Levels.** States typically have made more than 3,000 grants each year to small communities through the State CDBG program. Since 1982, the average grant has

been for about \$264,000. Through June 30, 1990, 2,779 small communities have received an average of \$265,000 in program funds from the FY 1989 allocation (Table 4).

Table 4  
Grants to Communities, FY 1982 -- FY 1990  
(Dollars in Thousands)

<u>Year</u>	<u>Number of Grants</u>	<u>Amount of Funding</u>	<u>Average Grant Size</u>
1982	2,528	\$762,250	\$302
1983	3,639	1,015,350	279
1984	3,982	987,070	248
1985	4,057	1,032,280	255
1986	3,404	860,040	254
1987	3,487	898,320	263
1988	3,018	818,010	271
1989	2,779	737,540	265
1990	796	193,480	243
Totals	27,690	\$7,304,340	\$264

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

Types of Communities Funded. The State CDBG Program provides funding to very small communities as well as to communities with populations as high as 47,000 and to counties. Assuming that counties receive grants primarily to administer for their very small communities and unincorporated areas, the State CDBG Program is substantially oriented to very small communities -- some 64 percent of FY 1989 grants went to counties or communities with populations of less than 2,500 (Table 5).

- As of June 30, 1990, 2,779 State CDBG grants had been awarded by 49 States to communities using FY 1989 allocations.
- Generally, as the population of a community increases, so does its average grant size (Table 5).
- Table 5 also suggests that across the State CDBG program States are providing community development funding to both counties and other units of general local government and to jurisdictions of great diversity in size.

Table 5  
 Characteristics of **FY 1989 State CDBG Program Recipients**  
 As of June 30, 1990 †  
 (Dollars in Thousands)

Type of Community	Grants		Funds		Average Award
	Number	Pct	Dollars	Pct	
Places with populations:					
Less than 2,500	917	39%	\$214,470	32%	\$239
2,500 - 10,000	595	24	165,710	24	279
Greater than 10,000	336	12	108,990	16	324
Counties	692	25	192,920	28	279
<b>No Information*</b>	<b>739</b>	<b>-</b>	<b>55,450</b>	<b>-</b>	<b>232</b>
<b>Total</b>	<b>2,779</b>	<b>100%</b>	<b>\$737,540</b>	<b>100%</b>	<b>\$265</b>
<b>Metropolitan Status</b>					
In Metro Area	495	20	\$128,300	20%	\$259
Outside of Metro Area	1,923	80	523,020	80	272
<b>No Information*</b>	<b>361</b>	<b>-</b>	<b>86,220</b>	<b>-</b>	<b>239</b>
<b>Total</b>	<b>2,779</b>	<b>100%</b>	<b>\$737,540</b>	<b>100%</b>	<b>\$265</b>

† Percentages calculated on known characteristics only.

\* Most are first time recipients, whose characteristics HUD had not verified by the time this report was generated.

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

- While the great majority of both grants and grant funding went to jurisdictions outside metropolitan areas, there was little difference in the average grant award received by the metro and nonmetro categories of communities.

### **Use of Funds**

Just as States have discretion over which communities to fund, they also determine which among the broad range of eligible activities to emphasize.

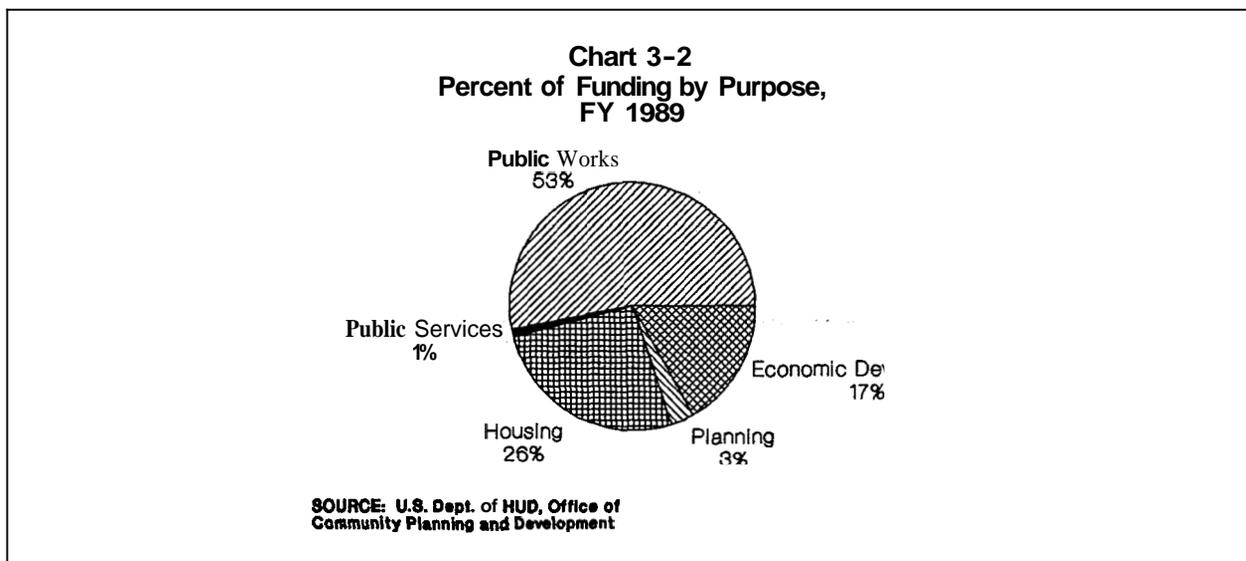
**State Setasides.** One method that States use to ensure that program distributions reflect the State's perception of need is special setasides. Before making awards to local governments, most States divide their grant amount into categories based on the activities they want to emphasize. Localities then compete for funds within the categories. For example, a State that wanted to emphasize economic development could put a portion of its grant into an economic development setaside. As long as local governments submitted applications for these funds, this would ensure that an appropriate portion of the State's funds went toward economic development.

Only four of the 49 States participating in the program did not use some form of setaside during FY 1990. After taking a portion of the grant for administration, these States award grants in a single general statewide competition that may include all types of eligible projects.

Economic development is by far the most frequently used form of setaside, followed by housing and public facilities.

- o Thirty-seven States used some form of economic development setaside, accounting for approximately \$185 million in FY 1990.
- o Seventeen States employed housing setasides, six States used public facilities setasides, and twenty States used a setaside that combined housing and public facility projects in FY 1990.
- o Other frequently used setasides based on the type of project included planning (15 States), imminent threat (13 States), and interim financing (two States). These setasides generally include far less money than those for economic development, public facilities, and housing. Some States designed other setasides for jurisdictions and grant types that were not directly related to the activities to be undertaken. As examples, these included regional setasides (Arizona), rural setasides (New Mexico), and setasides for single-purpose and comprehensive projects (Connecticut).

**Purposes of Grants and Activities Funded.** As of June 30, 1990, States were able to report awards of FY 1988 funds to communities of about \$740 million, or about 84 percent of FY 1989 grants awarded to the States. In their Performance and Evaluation Reports (PER), States are asked to attribute a general purpose to each activity funded and reported. The purpose categories give a shorthand way to portray what the State and its recipients were trying to accomplish with their State CDBG resources.



- Public facilities and improvements remained by far the largest grouping of State CDBG activity in FY 1989, as it had in each previous year of the program. Infrastructure construction and reconstruction comprised the largest share of that activity.
- Housing constituted the second largest purpose category with FY 1989 funds. Housing rehabilitation, with about \$142 million budgeted in FY 1989 was the largest housing-related activity.

Table 6  
 1989 State CDBG Funding by Purpose of Award and Principal Activities Funded †  
 (Dollars in Thousands)

Purpose and Major Activities	Activities		Funds	
	Number	Pct.	Amount	Pct.
Public Facilities	4,065	52%	\$385,997	53%
(Water, sewer, flood)	(1,304)	(17)	(218,232)	(30)
(Streets)	(407)	(5)	(39,265)	(5)
(Community Centers)	(198)	(3)	(25,056)	(3)
(Other)	(915)	(11)	(75,526)	(11)
(Administration)	(1,241)	(16)	(27,918)	(4)
Housing	1,965	25	193,323	26
Rehabilitation)	(812)	(10)	(141,624)	(19)
(Acquisition related)	(290)	(4)	(10,303)	(1)
(Other)	(376)	(5)	(24,668)	(4)
(Administration)	(487)	(6)	(16,728)	(2)
Economic Development	1,062	13	125,692	17
(Assistance to for-profits)	(328)	(4)	(72,138)	(9)
(Infrastructure related)	(184)	(2)	(21,316)	(3)
(Assistance to non-profits)	(33)	(1)	(5,732)	(1)
(Other)	(166)	(2)	(21,002)	(3)
(Administration)	(351)	(4)	(5,504)	(1)
Planning	490	6	22,897	3
Public Services	216	3	6,612	1
Contingencies and Unspecified Activities	87	1	3,019	*
Total	7,885	100%	\$737,540	100%

† As of June 30, 1990.

\* Less than .5 percent.

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

- Economic development constituted the third largest concentration of State CDBG-funded activity in FY 1989 (Figure 3-2).

Table 7  
Purpose of State CDBG Funding  
FY 1982 Through FY 1990†  
(Dollars in Millions)

Purpose	1982-7	1988	1989	1990	Total
Public Facilities	51%	53%	53%	48%	51%
Housing	26	22	26	36	26
Economic Devt	22	23	17	14	21
Planning	1	1	3	1	1
Public Services	1	1	1		1
No Data		*	*	1	*
Total	100%	100%	100%	100%	100%
Amount	\$5,553	\$818	\$740	\$193	\$7,304

\* Less than .5 percent.

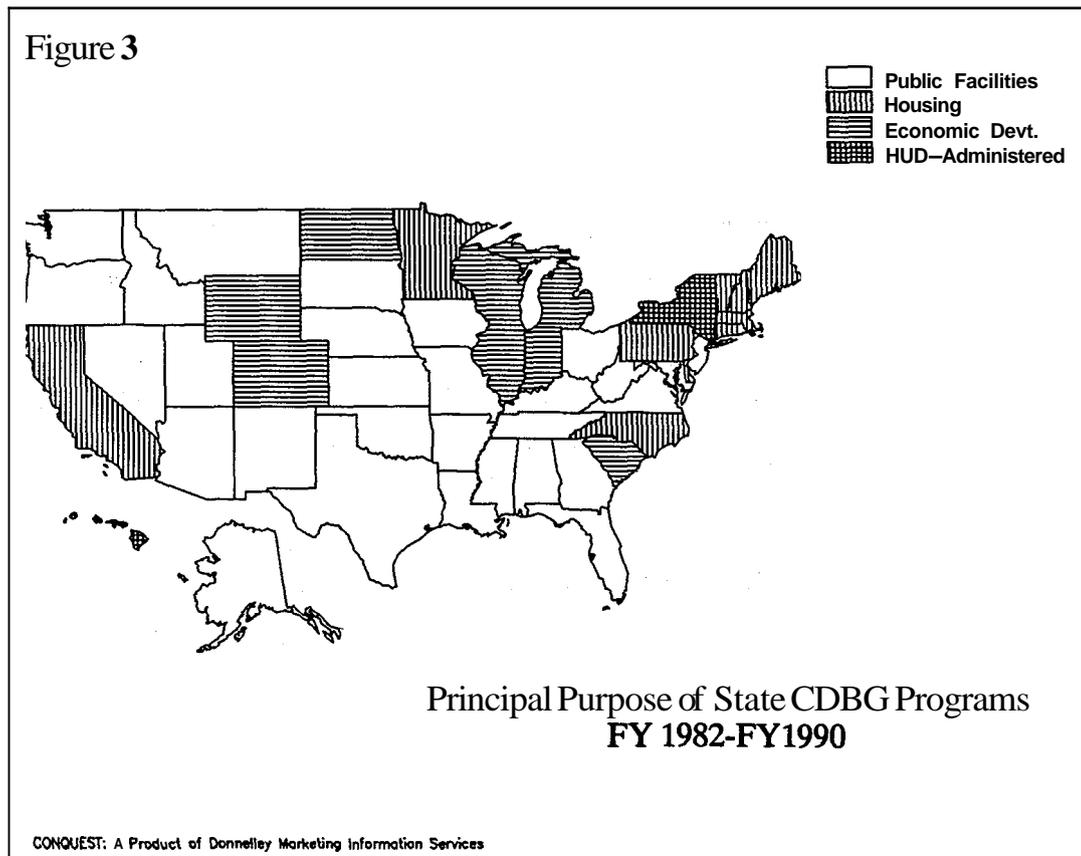
† Through June 1990. By this date, not all FY 1989 and FY 1990 funds had been obligated by States.

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

- As Table 7, suggests, over the life of the program, public facilities have made up half of all State CDBG activity, with housing comprising more than a fourth and economic development more than a fifth of all funding. In the aggregate, public services and planning have consumed very small shares of State CDBG resources.
- o The proportions of funding for public facilities, housing, and economic development have remained relatively constant over the life of the program.
- o The apparent increase in the proportion of funds for housing and decrease in economic development funding since FY 1988 is likely due to the portion of FY 1989 and especially FY 1990 funds that remain unobligated. Economic development-related activities tend to be funded late in the program year. Until all FY 1989 and FY 1990 funds are obligated, it is not possible to determine exactly the most recent proportions spent on economic development or year-to-year trends.
- o By June 1989, about 20 percent of FY 1988 funds that were awarded had been for economic development projects. By June 1990, this proportion increased to about 23 percent, thus indicating that much of the late-awarded FY 1989 funds were for economic development projects. That 17 percent of FY 1989 funds awarded by June 1990 were for economic development projects may reflect a decline from FY 1988

levels, but the final **N 1989** proportion for economic development likely will be higher than 17 percent.

The predominance of public facilities in State CDBG funding manifests itself also in the principal activity groupings for individual States over the program's length. In **31 of 49** State CDBG programs, public facilities-related activities obtained the most funding. Ten States put the most State CDBG resources into housing-related activity, and eight States put the most dollars into economic development (Figure 3).



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

The purpose of State CDBG funding varies substantially by type of recipient (Table 8).

- o Recipient small towns are more likely to conduct public works projects than are larger towns.
- o Recipient large towns are more likely to pursue housing and economic development projects than **are** the smallest towns.

Table 8  
 FY 1989 State CDBG Funding by Purpose of Award †  
 and Type of Recipient  
 (Dollars in Millions)

Purpose	Communities with Populations of:			Counties	Total
	Less than 2,500	2,500 - 9,999	10,000 or More		
Public Facilities	57%	48%	40%	57%	53%
Housing	26	29	37	18	26
Economic Devt.	12	20	20	20	17
Planning	4	2	2	5	3
Public Services	1	1	1	1	1
Not Reported	*	*	1	1	*
Total	100%	100%	100%	100%	100%
Amounts Awarded	\$213	\$165	\$108	\$192	\$740**

† As of June 30, 1990.

\* Less than .5 percent.

\*\* Total includes funding that could not at this time be attributed to types of recipients.

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

- When the recipient units of general local government are counties, a smaller proportion of the projects are for housing than when a town is the recipient.

### **Program Management**

**Monitoring.** Monitoring grantee performance and management is the principal way the Department ensures that the State program funds projects that are consistent with Congressional objectives.

When reviewing how States administer the CDBG program, HUD emphasizes eight areas of program management, including: timeliness of funds distribution; consistency of the method of distribution of funds with the Final Statement; monitoring of recipients; financial management; audits management; economic development; the fundability of projects; and grant closeout system. The Department also reviews cross-cutting requirements, including equal opportunity, environment, labor standards, and relocation and acquisition.

Table 9  
 HUD Monitoring of State CDBG Programs,  
 IN 1990

Monitoring Area	Number of:		
	States Monitored	Findings	States with Findings
Audits Management	48	29	15
Monitoring	48	19	12
Grant Closeout System	44	8	6
Timeliness	47	9	7
Distribution	47	25	13
Economic Development	46	18	10
Fundability	48	42	14
Financial Management	42	26	12

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

HUD Monitored all 49 States administering the CDBG program during FY 1989. During monitoring, HUD Field Staff may "find" instances in which a State is in non-compliance with applicable laws or program regulations. The monitoring areas with the most findings in FY 1989 included audits management, economic development, and fundability. A single grantee may have more than one finding in each monitoring area. Thus, there were 29 findings in the area of audits management in the 15 states with findings in this area.

When the Department has a monitoring finding, it notifies the State in writing of the exact nature of the noncompliance and asks the State to propose a solution. HUD then either accepts the State's proposed solution and tracks its resolution or, if the proposed solution is unacceptable, requires and tracks specific corrective action. Solutions may include financial remedies.

With the issuance of a major revision to the CPD Monitoring Handbook, on May 7, 1990, the Department instituted a policy of monitoring State performance through on-site reviews of local recipients. HUD monitors were required to review a minimum of two local recipients on site by May, 7, 1991, with at least one of the reviews taking place during FY 1990. By the end of FY 1990, each State had at least one local monitoring visit.

**Timely Distribution of Funds.** Section 104(e)(2) of the Housing and Community Development Act of 1974, as amended, requires States to distribute funds to local government recipients in a timely manner. HUD considers funds distributed when they are under contract to local governments and, thus, available for their use.

Since early 1986, the Department has implemented a management policy intended to ensure timely distribution of funds by States. That policy instructed Field staff to: (1) notify

States that had distributed less than 70 percent of a year's grant award to communities after a 12-monthspan that their performance was deficient and must be improved; and (2) commend **formally** States that had placed 95 percent of a year's grant under contract within 12 months of its award. The Department later supplemented that policy with an additional guideline: The **funds** left to be committed after 12 months should be committed as soon as possible but no later than 15 months following grant award. For the FY 1989 grant, the 12 month requirement was increased to 75 percent of **funds** to be under contract.

Although most States are meeting the timeliness standards set by the Department, some have remained below even the **minimum** thresholds.

Table 10  
Timeliness of State Distribution of CDBG Funds to Recipients,  
FYs 1987 through 1989

Percent of Funds Under Contract	12 Months after HUD Award					
	FY 1987		FY 1988		FY 1989	
	States	Pct.	States	Pct.	States	Pct.
95 -100%	12	26%	20	41%	15	31%
90 - 94	7	15	4	8	9	18
75 - 89	19	41	16	33	9	18
70 - 74	3	7	3	6	5	10
40 - 69	5	11	4	8	9	18
0-39	0	0	2	4	7	4
Total	46*	100%	49	100%	49	100%

Percent of Funds Under Contract	15 Months after HUD Award					
	FY 1987		FY 1988		FY 1989	
	States	Pct.	States	Pct.	States	Pct.
100%	+	+	15	32%	25	54%
95 - 99%	21	53	18	38	9	20
90 - 94	7	18	7	15	2	4
70 - 89	11	27	5	11	6	13
40 - 69	1	2	2	4	3	7
0-39	0	0	0	0	1	2
Total	40*	100%	47*	100%	46*	100%

\* The totals are less than 49 because some Field Offices did not submit reports on time.

+ FY 1987, States achieving 100% at 15 months are included in the 95-99% category.

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

### Chapter 3 \* State and Small Cities CDBG

Between 1988 and 1989, there was a substantial increase in the number of States having 100 percent of their funds distributed within 15 months of award (Table 10).

However, nearly half of the States failed to meet the 15 month standard and 32 percent failed to meet the 12 month standard with their FY 1989 grants.

The number of States failing to distribute at least 70 percent of their grants within 12 months of receiving them has actually increased yearly since FY 1987.

**Program Income.** In the State CDBG program, program income must be used in accordance with the requirements of the CDBG program. As the duration of State administration of the program has increased, so has the amount of program income. The Department thus has been concerned with ensuring that this growing source of funds is properly managed.

States have the authority to require any program income produced from State CDBG-funded activity to be returned to the State except when it is used locally to continue the same activity that generated the program income.

In their Final Statements, six States reported that recipients may keep all program income and five reported that program income normally must be returned to the State. The remaining 38 States reported allowing local retention under some circumstances and return to the State under others.

Program income that is returned to the States is reported to HUD when the State obligates these funds in grants to localities. Each year since 1986, States reported making more than seven million dollars in grants to units of general local government from program income (Table 11).

About 15 States each year in recent years have reported distributing program income. The amounts of program income distributed vary greatly across States. In FY 1989, two States accounted for 62 percent of the \$7.7 million in program income that States reported distributing.

**FY 1991 Management Initiatives.** In its efforts to continue to improve the administration of the State CDBG program, the Department has been preparing a set of comprehensive regulations. A draft rule was published on December 24, 1990, and a final rule should be issued during FY 1991. The proposed rule presents the public with six different options to comment on in attempting to determine a balance between needed Federal oversight and flexibility for the States. Since 1984, the program has operated under a "safe harbor" concept, using the regulations of the CDBG entitlement program, modified by notices specific to the State program. The regulations will clarify and codify all basic requirements in one document.

Table 11  
State Distribution of Program Income,  
1982-1989  
(Dollars in Thousands)

Fiscal Year	Amount of Program Income	Number of States Distributing Program Income	Average Amount per State
1982	\$203	3	\$68
1983	286	4	72
1984	237	6	40
1985	2,493	12	208
1986	7,768	14	555
1987	8,561	14	612
1988	10,481	15	699
1989	7,712	15	514
1990*	<u>4,790</u>	8	599
Total	\$35,591		

\* Data based on partial program year.

**SOURCE:** U.S. Department of Housing and Urban Development, Office of Community Planning and Development.

**FY 1990 Policies and Issuances.** In its ongoing efforts to improve the management of the State CDBG program, the Department undertook several important initiatives during FY 1990. The following issuances, which were intended to clarify and otherwise improve program policies, were put forth during the year:

- A Notice (CPD-90-07) containing Operating Instructions for the HUD Field Offices to use in administering the State CDBG program during the Fiscal Year.
- A major update to Chapter 13 of the Community Planning and Development Monitoring Handbook (Handbook No. 6509.2, Rev-4, Chg-2), which is the major document the Field Offices use in monitoring the States at the State level. The changes incorporated a policy of monitoring States through on-site review of local recipients on a limited basis to supplement State level monitoring.
- A Notice (CPD-90-11) that outlines what a State's method of distributing funds, a required part of the Final statement, must contain so that units of general local government can know the basis upon which applications will be approved.
- A Notice (CPD-90-28) identifying the standards to be used in determining that States are distributing their CDBG grants in a timely fashion.

### Chapter 3 - State and Small Cities CDBG

- o A Notice (CPD-90-47) that describes how to conduct **risk** analysis in the State CDBG Program. Risk analysis is the procedure under which HUD monitors select aspects of State programs on which to focus monitoring efforts.

In addition, the Department conducted three **training** sessions during the year in which staff from the States administering the program, together with HUD Field Staff, received instruction on the requirements of the program. **This** training will help ensure that State program staff understand the basic requirements of the program.

#### **The HUD-Administered Small Cities Program**

Two States, Hawaii and New York, have still not elected to assume administrative responsibility for the CDBG program for nonentitled areas within their jurisdiction. In New York, HUD administers the program through the New York Regional and Buffalo Field Offices and, in Hawaii, through the Honolulu Field Office.

The Department awarded 96 Small Cities grants in FY 1990, totalling \$36.3 million. Approximately 83 percent of **all** grants are single purpose grants, with housing activities comprising the largest share, both in number and in dollars. Comprehensive grants (i.e., those in which multiple activities are pursued in a coordinated approach to a local problem) made up about 17 percent of the grants and received about **22** percent of the **1990** funds, since the average grants size is larger for comprehensive grants than for single purpose grants. **This** represents a decrease from FY 1989, when comprehensive grants accounted for 29 percent of the dollar volume.

- o The two Field Offices in New York received 215 applications for assistance and funded 93 requests, amounting to \$34 million. Single purpose grants for housing activities accounted for \$15 million of this amount.
- o The Honolulu Field Office awarded formula grants to three counties totalling \$2.3 million.

**Table 12**  
**HUD-Administered Small Cities Program**  
**Application and Grant Characteristics, FY 1990**  
**(Dollars in Thousands)**

Activity	Applications*		Grants**			
	Number	Pct.	Number	Pct.	Amount	Pct.
Single Purpose:	188	87%	78	84%	\$25,528	76%
Housing	(96)	(45)	(41)	(44)	(15,001)	(44)
Economic Devt	(28)	(13)	(13)	(14)	(3,199)	(9)
Public Works	(64)	(30)	(24)	(26)	(7,328)	(22)
Comprehensive	2	3	6	6	8,206	24
<b>Total</b>	<b>215</b>	<b>100%</b>	<b>95</b>	<b>100%</b>	<b>\$33,734</b>	<b>100%</b>

\* Includes New York Only

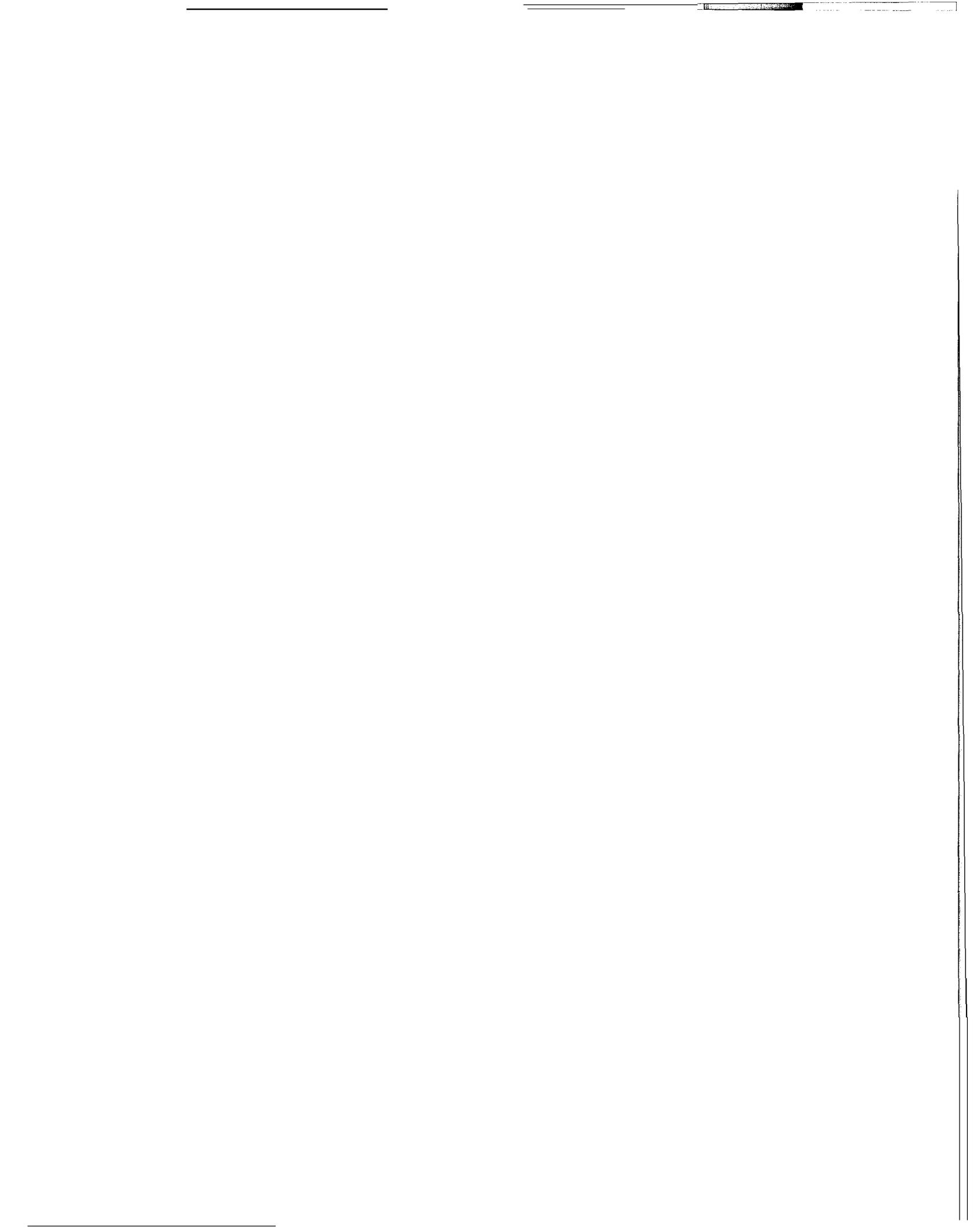
\*\* Includes both New York and Hawaii

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

**CDBG PROGRAM**

**INDIAN**

**CHAPTER 4**



## **Indian Community Development Block Grant Program**

### **Purpose**

The Indian CDBG program assists any eligible Indian tribe, group, band, or nation, including Alaskan Indians, Aleuts, Eskimos, and Alaskan native villages in developing viable Indian and Alaskan native communities by addressing specific community development needs. This chapter uses "tribe" or "recipient" to designate any of the eligible groups.

### **Program Administration**

The Indian CDBG program is HUD's principal vehicle for Indian tribes and Alaskan native villages to carry out community and economic development activities. Six HUD field offices, Anchorage, Chicago, Denver, Phoenix, Oklahoma City, and Seattle, administer the program. Recipients of Indian CDBG awards may use the funds to undertake any of the broad range of activities that are eligible under the CDBG program.

Each of the HUD field offices that administers the Indian CDBG program receives an allocation of program funds to award to eligible tribes within its jurisdiction. HUD assigns each field office a base amount of \$500,000 plus a formula allocation based on the percentage of Indians within the jurisdiction's population, the extent of poverty, and the extent of housing overcrowding in that population.

A tribe may participate in the Indian CDBG program if it has been certified by the Bureau of Indian Affairs as an eligible recipient under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450). Tribes set their own community and economic development priorities. They may request funding only for projects that meet the CDBG program's requirements for eligibility and national objectives.

In order to compete annually, a tribe must submit an application that includes a needs description, project and cost summaries, implementation schedule, and certifications of compliance with rules including but not limited to: Indian civil rights, environmental protection, labor relations, contracting, citizen participation, and benefit to persons of low and moderate income. The tribe must also certify that it complies with the Indian preference provisions required in 24 CFR 571.503.

Each of the six HUD Indian offices distributes its share of funds by competition among the tribes in its jurisdiction, using the rating and ranking process outlined in the Federal Register and further defined by the field offices. Each field office selects the tribes to receive awards. These selections are made on the basis of applicants' needs, the impact of the proposed project in meeting those needs, and the quality of the proposed project as a contribution to the development of viable Indian communities.

In order for the Department to assess recipients' performance, each recipient must submit an annual status report that describes its progress in completing projects, its effectiveness in meeting community development needs, and its compliance with environmental regula-

tions. HUD reviews each recipient's performance to determine whether the recipient has complied with all pertinent regulations, carried out its activities substantially as described in the application, and has made substantial progress in carrying out its approved program. The Department monitors the recipient's continuing capacity to implement its program in a timely manner and whether it has the continuing capacity to execute additional activities. HUD considers all available evidence for this assessment including applications, reports, records, results of on-site monitoring visits and audits.

Table 1  
Indian CDBG Program Funding History  
(Dollars in Thousands)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$25,000	1983	\$32,760	1988	\$25,500
1979	28,000	1984	39,700	1989	26,983
1980	31,000	1985	30,000	1990	26,236
1981	34,470	1986	25,839		
1982	30,224	1987	27,000		

**Participation**

For FY 1990, more than 800 tribal and native village organizations were recognized as eligible to participate in the program. Indians submitted 201 applications for funding to HUD, which made 95 Indian CDBG awards in FY 1990.

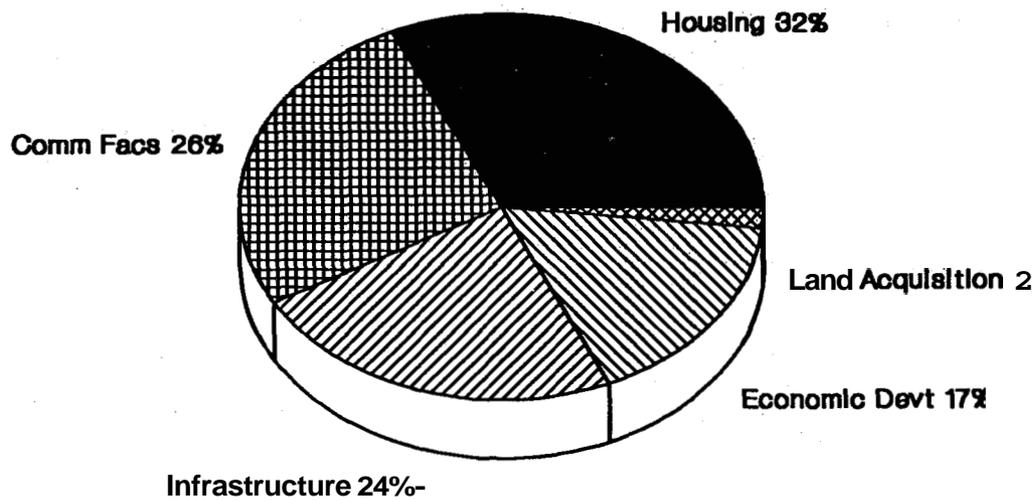
**Program Activities**

Tribes that receive Indian CDBG awards can carry out a broad range of eligible activities to meet local community development needs. This section describes the types of projects carried out with Indian CDBG program grants and the average award amounts for different types of projects.

In FY 1990, recipients used Indian CDBG program funds for five types of projects: housing rehabilitation and construction, public infrastructure, community facilities, economic development and land acquisition.

- o Housing projects received the largest share of Indian CDBG funding in FY 1990 (32%).
- o Community facilities and infrastructure projects each received about a quarter of FY 1990 funds (Chart 1).
- Seventeen percent of FY 1990 Indian CDBG funds were for economic development projects.

**Chart 4-1**  
**Indian CDBG Program Activity Funding**



**SOURCE US Dept. of HUD, Office of  
Community Planning and Development**

For FY 1990, the overall average Indian CDBG program grant was \$276,000 (Table 2). Housing rehabilitation and construction, and community facilities grants were predominant, together accounting for 55 percent of FY 1990 funds, compared to 47 percent in FY 1989. The proportion of housing rehabilitation and construction grants increased from 28 percent in FY 1989 to 32 percent in FY 1990. The proportion of public infrastructure projects decreased to 23 percent in FY 1990 from 28 percent the previous year. The proportion of Indian CDBG awards made for economic development projects decreased slightly from 18 percent to 17 percent.

- o The public infrastructure projects had the largest average grant amount of \$343,000.
- o The smallest average grant, \$153,000, was for land acquisition projects.
- o Individual grant amounts ranged from \$15,000 to \$2,011,800.

Table 2  
**Indian CDBG Program**  
 Number and Amount of Grants by Activity,  
**FY 1990**  
 (Dollars in Thousands)

Activity	Grants				Average Amount
	Number	Percent	Amount	Percent	
Housing Public	31	33%	\$8,322	32%	\$268
Infrastructure community	18	19	6,168	23	343
Facilities Economic	25	26	6,923	26	277
Development	18	19	4,365	17	243
<b>Land Acquisition</b>	<b>3</b>	<b>3</b>	<b>458</b>	<b>2</b>	<b>153</b>
Total	95	100%	\$26,236	100%	\$276

SOURCE U.S. Department of Housing and Urban Development, Office of Block Grant Assistance.

**Program Management**

The Office of Community Planning and Development (CPD) currently is preparing a proposed rule which updates the current regulations **to** comply with the requirements in the HUD Reform Act of **1989** and the Cranston-Gonzalez National Affordable Housing Act of **1990**.

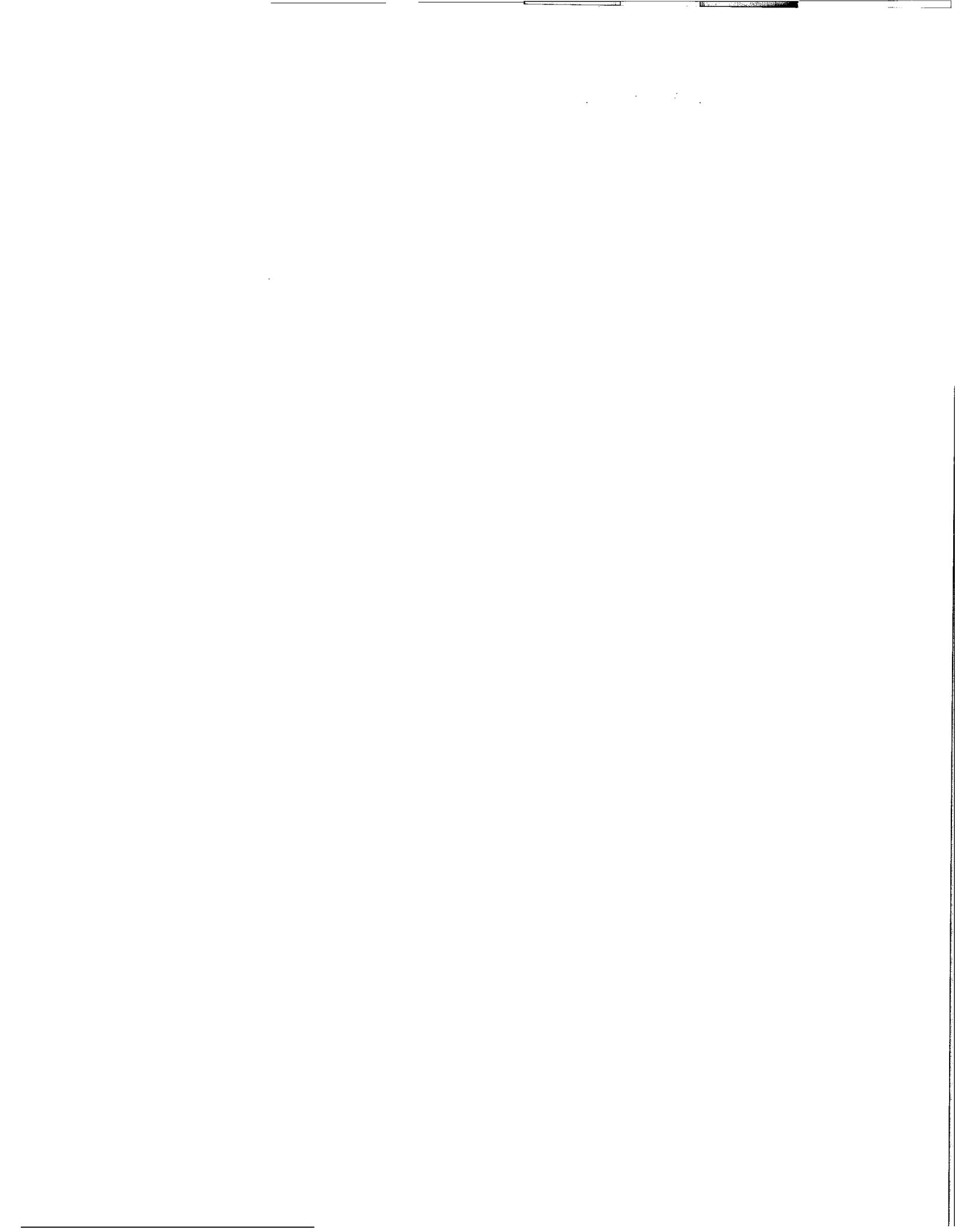
Following annual appropriations, HUD issues a Notice of Fund Availability (NOFA) for the Indian CDBG program.

The Fiscal Year **1991** HUD NOFA will be issued following the **Federal Register** publication of the Indian Community Development Block Grant program **final** rule. The NOFA will contain specific application rating criteria and weights and will set the deadline for the submission of applications to each of the field offices. The NOFA also will include applicant and project thresholds and definitions of the rating criteria.

**CDBG PROGRAM**

**INSULAR AREAS**

**CHAPTER 5**



## **Insular Areas CDBG Program**

### **Purpose**

The Insular Areas CDBG program assists community development efforts of the Insular Areas.

### **Program Administration**

The Insular Areas CDBG program provides grants to five designated areas: the Territory of Guam; the Territory of the Virgin Islands; the Territory of American Samoa; the Commonwealth of Northern Mariana Islands; and the Republic of Palau (the last remaining Trust Territory of the Pacific Islands). In 1990, the implementation of the compact of Free Associations made the Federated States of Micronesia and the Republic of the Marshall Islands (both formerly part of the Trust Territory of the Pacific Islands) fully independent countries. As such, they are no longer eligible to receive assistance under the Insular Areas CDBG Program.

HUD allocates Insular Areas CDBG funds to its Regional Offices in Atlanta and San Francisco in proportion to the populations of the eligible areas in their jurisdictions. The Department's Field Offices in Puerto Rico and Hawaii, which directly administer the program allocate the funds according to the size of the population and past performance of the applicants in their jurisdiction. After determining the amount available, they notify the eligible areas and invite them to apply.

Applicants for Insular funds must provide means for citizens to examine and appraise their applications. This process includes furnishing citizens information on the amount of funds available, holding one or more public meetings, developing and publishing the community development proposals, and affording citizens an opportunity to review and comment on the grantees' performance.

The Department monitors grantees' performance to ensure that they have continuing capacity to carry out funded activities in accordance with the primary CDBG objective and applicable laws. HUD's monitoring goals are to: identify grantee deficiencies, provide technical assistance, and strengthen grantee performance. Grantees are required to submit an annual performance report describing progress in completing activities, the effectiveness of funded activities in meeting community development needs, and the status of any actions taken to meet environmental regulations.

**Funding History**

Table 1  
Insular Areas CDBG Program Funding  
(Dollars in Thousands)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$3,250	1980	\$2,500	1985	\$7,000
1976	3,300	1981	5,000	1986	6,029
1977	3,300	1982	5,250	1987	6,765
1978	4,250	1983	5,950	1988	5,500
1979	5,000	1984	5,950	1989	7,000
				1990	6,802

**Participation**

The total amount of Insular Areas CDBG funding available for N 1990 was \$6.8 million. The individual Areas were invited to apply for funding in the amounts shown in Table 2. As of February 8, 1991, FY 1990 grant funds had not yet been awarded.

Table 2  
Insular Areas CDBG Program Funding By Recipients, FY 1990  
(Dollars in Thousands)

<u>Area</u>	<u>Funding</u>	
	<u>Amount</u>	<u>Percent</u>
Guam	\$2,761.0	41%
Virgin Islands	2,328.0	34
American Samoa	907.0	13
Palau	352.5	5
Northern Mariana Islands	453.5	7
Total	\$6,802.0	100%

SOURCE: U.S. Department of Housing and Urban Development,  
Office of Program Policy Development.

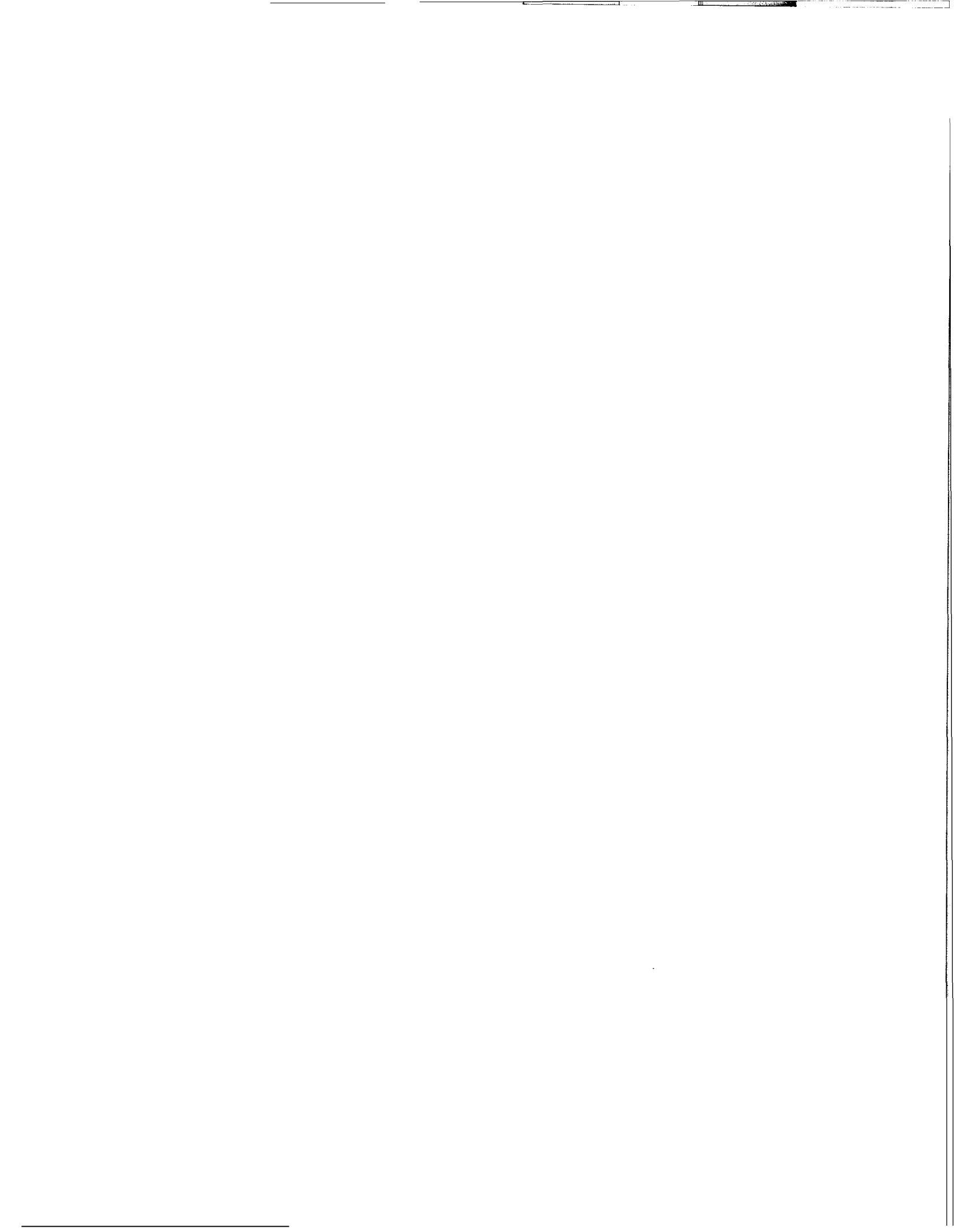
**Program Activities**

Activities funded must be eligible and meet one of the three national objectives (benefit to low- and moderate-income persons, aid in the prevention or elimination of slums and blight, or meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community).

Typically, activities funded include: construction of public facilities and improvements, such as water systems, streets, and community centers; rehabilitation of houses and landmark structures; and the provision of public services. In FY 1989, for example, 87 percent of the funds were used for infrastructure, seven percent for public facilities, and three percent each for housing and economic development.

**Progress Toward Program Objectives**

HUD allocated Insular Areas CDBG funds to its Regional Offices in Atlanta and San Francisco in proportion to the population of the eligible territories in February, 1990. The Field Offices in Puerto Rico and Hawaii allocated the funds according to population size and past performance of the applicants in May 1990. After determining the amount of funds available, they notified the Territories and invited them to apply. The application for the Virgin Islands was approved in November, 1990; the applications for American Samoa, Palau and Northern Mariana Islands were received in January, 1991. Guam is expected to submit its application in February, 1991. Thus, the information on the use of FY 1990 funds is not available yet.



**CHAPTER 6**

**SPECIAL**

**PURPOSE**

**GRANTS**

1. The first part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

2. The second part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

3. The third part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

4.

5.

6. The fourth part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

7.

8. The fifth part of the document is a list of the names of the members of the committee who have been appointed to study the problem of the shortage of housing in the city of New York.

9.

## **SPECIAL PURPOSE GRANTS**

### **Purpose**

To provide a source of non-entitlement funding for specialized community development constituents.

### **Legislation**

Early in FY 1990, the Housing and Urban Development Reform Act of 1989 amended Section 107(a) to retitle the Secretary's Discretionary Fund as Special Purpose Grants, eliminate the Special Projects program, modify the Technical Assistance program, add a new program for Historically Black Colleges and Universities, and remove the Indian block grant program from Special Purpose Grants to another part of Title I. These reforms were part of a package of Department-wide reforms to ensure ethical, financial and managerial integrity in HUD's programs.

### **Program Administration**

In FY 1990, Special Purpose Grants as administered by the Assistant Secretary for Community Planning and Development (CPD) consisted of the following programs: Community Development Block Grant (CDBG) program for Insular Areas; the Technical Assistance program; the Community Development Work Study program; and the Special Projects program. The latter program, although terminated by the Reform Act of 1989, continued for FY 1990 due to a statutory exemption. The new CDBG program for Historically Black Colleges and Universities was appropriated for funding in FY 1991.

The CDBG program for Indian Tribes was funded under this category for the last time in FY 1990. The CDBG program for Insular Areas will continue to be funded under this category. Both programs are reported on in another chapter.

The administration, participation, activities, and program progress for each of these components are different. Each component is described in a separate part.

### **Funding History**

Each year the Administration requests an overall amount for the Fund, including specific amounts for each component. When the Congress appropriates monies for the Fund, it also specifies (usually in Committee Reports accompanying the Appropriation Act) how the appropriation should be divided among the Fund's components.

The total amount for Special Purpose Grants for FY 1990 was \$90.6 million. The Indian CDBG program received \$26.2 million and the Insular Areas CDBG program received \$6.8 million. Appropriations were made for \$26.1 million for Special Projects, \$28.6 million for Technical Assistance, and \$2.9 million for the Work Study program,

Table 6-1  
Special Purpose Grants Appropriations  
(Dollars in Thousands)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$26,934	1980	\$70,550	1985	\$60,500
1976	53,000	1981	101,920	1986	57,899
1977	50,963	1982	56,500	1987	56,000
1978	94,500	1983	56,500	1988	56,000
1979	101,550	1984	66,200	1989	60,000
				1990	90,614

SOURCE U.S. Department of Housing and Urban Development, Office of Technical Assistance.

**Part One - TECHNICAL ASSISTANCE PROGRAM**

**Purpose**

The Technical Assistance program helps participants carry out programs authorized under Title I of the Housing and Community Development Act of 1974, as amended.

**Program Administration**

The Section 107 Technical Assistance program makes funds available to States, units of general local government, Indian Tribes, or area-wide planning organizations to improve the delivery of their Title I and Urban Homesteading programs. The program also funds groups that provide technical assistance to governmental units to assist them in carrying out their Title I and Urban Homesteading programs.

The Department uses grants, contracts, and cooperative agreements to make Technical Assistance awards throughout the year. In FY 1990, HUD awarded over 90 percent of Technical Assistance funds as cooperative agreements. The Department makes these awards by conducting nationwide competitions in accordance with the Secretary's reform policies. In previous years, the Department had also funded unsolicited proposals. A number of those, already in the pipeline at the beginning of Secretary Kemp's term in office, were funded in FY 1989. The last of these was funded in FY 1990. Overall, in FY 1990, 90 percent of the Technical Assistance funds and 95 percent of the awards were made using a competitive process. As a result of the new reforms, all awards will be made competitively beginning in FY 1991.

**Funding History**

Table 6-2  
 Technical Assistance Program Funding  
 (Dollars in Thousands)

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$20,842	1982	\$17,809	1986	\$20,485
1979	18,618	1983	6,990	1987	11,725
1980	15,902	1984	20,450	1988	5,125
1981	21,187	1985	14,700	1989	10,750
				1990	28,619

SOURCE U.S. Department of Housing and Urban Development, Office of Technical Assistance.

**Participation**

In FY 1990, HUD made 21 awards totalling \$6.4 million. These funds include new appropriations and the unobligated balances from prior years. In FY 1990, HUD awarded the largest share of funds, \$4.6 million or 72 percent, to not-for-profit organizations. The second largest share of funds, \$1.4 million or 22 percent, was awarded to colleges and universities, primarily for the Historically Black Colleges and Universities program, in which faculty and students help local community development efforts. Private for-profit firms received \$4 million or 6 percent.

Table 6-3  
 Types Of Organizations Receiving  
 FY 1990 Technical Assistance Awards  
 (Dollars in Thousands)

<u>Type of Organization</u>	<u>Number</u>	<u>Amount</u>	<u>% of Funds</u>
Colleges/Universities	15	\$1,400	22%
Not-for-profit Organizations	5	4,600	72
Private For-profit Firms	1	375	6
	21	\$6,375	100%

SOURCE U.S. Department of Housing and Urban Development,  
 Office of Technical Assistance.

### **Program Activities**

The Department funds projects that help States and units of general local government improve the delivery of their Title I and Urban Homesteading programs. These projects must show a clear link to the Title I or Urban Homesteading programs.

HUD awarded \$1.4 million or 22 percent of the funds to Historically Black Colleges and Universities (HBCU). Each competitively selected HBCU provides technical assistance to support Title I and Urban Homesteading programs in nearby small communities. Of the remaining funds HUD provided \$4 million for technical assistance to help the non-profit sector set up local public-private partnerships to provide more housing affordable to low- and moderate income persons and families. The remaining funds were to assist the Urban Homesteading program.

### **Program Objectives and Progress**

The purpose of the Technical Assistance program is to help State and local officials carry out their Title I and Urban Homesteading programs in a more efficient and effective manner. The program provides tailored assistance to these communities in a variety of forms. Among the most frequent forms of aid provided are group training, written materials, on-site assistance, and developing and negotiating projects.

HUD conducts surveys to determine how well the program meets the needs of local officials. The Department requires technical assistance providers to distribute questionnaires to recipients of assistance so they may assess the assistance received. The responses to these questionnaires show a high level of satisfaction with the assistance funded by HUD.

## **Part Two - COMMUNITY DEVELOPMENT WORK STUDY PROGRAM**

### **Purposes**

The purposes of the Community Development Work Study Program **are** to attract economically disadvantaged and minority students to careers in community and economic development, community planning and community management and to provide a cadre of well-qualified professionals to plan, implement and administer community development programs.

### **Legislation**

Section 502(b)(2) of the Housing and Community Development Act of 1987 amended Section 107 of the Housing and Community Development Act of 1974 to authorize the Community Development Work Study Program.

### **Program Administration**

Grants are awarded on a competitive basis to institutions of higher education, area-wide planning organizations, and States for a two year period. The schools are responsible for selecting the students to participate in the program, for monitoring their performance, and for paying back to HUD any grant funds provided to students who do not successfully complete the work study program.

### **Funding History**

The authorizing legislation requires a funding level of **\$3** million (before adjustments for deficit reduction) per year for the Community Development Work Study Program beginning with FY **1989**. Earlier versions of the program, from **1969** through **1987**, were funded from the Comprehensive Planning Assistance and the Technical Assistance programs. Funding levels during those years ranged between **\$1.5** and \$3 million annually.

### **Program Participation**

The FY 1990 funding level was **\$2.9** million. Grants to participating schools or area-wide planning organizations ranged from a low of **\$54,000** to a high of **\$345,000**. The grant award varied with the number of student slots requested by each applicant, its rank order in the competition and the number of organizations applying.

For the FY **1990** competition, the Community Development Work Study program awarded grants involving **39** universities, colleges and area-wide planning organizations to assist 116 students.

## **Part Three - SPECIAL PROJECTS PROGRAM**

### **Purpose**

The purpose of the Special Projects program was to make awards to States and Units of general local governments for Special Projects that address local community development activities eligible under Title I of the Housing and Community Development Act of **1974**, as amended. The program was terminated by the HUD Reform ~~Act~~ of **1989**.

### **Program Administration**

States and units of general local governments were the only entities eligible for assistance through the Special Projects program. Communities seeking Special Projects funds submitted unsolicited proposals to HUD. Projects were funded at the Secretary's discretion. HUD field offices are responsible for monitoring and closeout of the remaining active grants.

**Program Activities**

Congress made statutory, in the FY 1990 Supplemental Appropriation Act, a list of 37 Special Projects to be funded in FY 1990 as an exception to the program termination. These projects were for a total of \$26,041,000 and were in the following categories:

● Economic Revitalization and Jobs (9)

- Charleston, SC
- Dayton, WA
- Hawaii Hamakua Coast
- Marshall, TX
- **Norristown, PA**
- Omaha, NE
- Ottom Way, IA
- Saginaw, MI
- Utah - Provo and Orem

● Community Facilities (9)

- Bay City, MI
- Mount Clemens, MI
- Mackinac Island, MI
- Newark, NJ
- New Orleans, LA
- Otsego County, MI
- Pend Orielle County, WA
- Rolling Fork, MS
- San Bernardino County, CA

● **Infrastructure** (6)

- Hawaiian Homelands
- **Leake County, MS**
- Philadelphia, PA
- **Salisbury, NC**
- West Valley City, UT

● Housing Rehabilitation (5)

- Burlington, VT
- Chattanooga, TN
- New York City, **NY**
- Saginaw, MI
- Toledo, OH

- o Public Housing Improvements (5)

- Cleveland, OH
- New Town, ND
- Parshall, ND
- Omaha, NE
- Seattle, WA

- o Homeless Assistance (3)

- Chattanooga, T
- Ft Worth, TX
- Lawrence, MA

#### **Part Four - MINORITY BUSINESS ENTERPRISE**

One of the Department's major goals is to encourage grantees to use minority businesses. The primary indicator of performance is the percent of CPD administered funds that are contracted out to minority businesses by grantees. For Fiscal Year 1990 each Regional Office was directed to identify grantees with poor records in the funding of minority businesses and to provide assistance to improve minority contracting. Specifically, the field staff used the following five approaches to help grantees improve minority contracting:

- o Training;
- technical assistance;
- o recognition of successful approaches;
- o distribution of information on successful approaches; and
- awards to grantees for superior MBE performance.

Since 1982, CPD has assigned MBE goals to Regions on an annual basis. The MBE goal for 1990 was \$464.0 million. Overall, \$342.3 million, or 76 percent, of CPD's minority business participation goal was reached in FY 1990. CPD's grantees awarded minority-owned businesses approximately 12 percent of all contract dollars awarded to CPD supported businesses.

The FY 1989 minority contracting dollar level in CPD programs fell below 90 percent for the second consecutive year. Correspondingly, the percent of contracts awarded to minority businesses continued to decline. CPD field staff report that CPD grantees are taking a conservative approach to the funding of MBEs in light of the 1989 U.S. Supreme Court decision concerning minority contracting. This is reflected in declining contracts to MBEs. In some parts of the country, a decrease in the level of all contracts is evident. For FY 1991, CPD has redesigned its goal-setting procedure to focus on MBE contracting ac-

tivity of each CPD grantee and asked each Region to develop a strategy to assist grantees within its service area to improve MBE contracting opportunities.

**Table 6-4**  
**MBE Participation In CPD Contracts And Subcontracts, FY 1990**  
 (Dollars in Millions)

Region	FY 90 MBE Goal	FY 90 MBE Contract Level	% MBE Goal	% Contract to MBE
	\$	\$	%	%
I	21.2	2.7	13	11.3
II	132.1	56.7	43	18.9
III	25.5	15.4	60	11.8
IV	58.3	91.9	158	31.1
V	67.4	78.6	117	6.3
VI	57.1	30.3	53	32.2
VII	5.2	4.8	92	23.5
VIII	3.7	5.4	146	8
IX	84.0	59.3	70	34.3
X	10.2	7.2	71	14.6
<b>NATIONAL TOTALS OR AVG.</b>	<b>\$469.7</b>	<b>\$352.3</b>	<b>N/A</b>	<b>11.7%</b>

SOURCE U.S. Department of Housing and Urban Development, Office of Technical Assistance.

\* U.S. G.P.O.:1991-281-928:21078

- o The two Field Offices in New York received 230 applications for assistance and funded 107 projects, amounting to \$38.4 million. Single purpose grants for housing projects accounted for \$18 million of this amount.
- o The Honolulu Field Office awarded formula grants to three counties totalling \$2.555 million.

**Table 3-10**

**HUD-Administered Small Cities Program  
Application and Grant Characteristics, FY 1991  
(Dollars in Thousands)**

<u>Activity</u>	<u>Applications*</u>		<u>Projects Funded**</u>			
	<u>Number</u>	<u>Pct.</u>	<u>Number</u>	<u>Pct.</u>	<u>Amount</u>	<u>Pct.</u>
<b>Single Purpose:</b>	<b>211</b>	<b>92%</b>	<b>92</b>	<b>86%</b>	<b>\$30,258</b>	<b>74%</b>
Housing	(133)	(63)	(51)	(46)	(18,070)	(44)
Economic Devt.	(18)	(9)	(13)	(12)	(3,757)	(9)
Public Facilities	(60)	(28)	(28)	(25)	(8,430)	(21)
<b>Comprehensive</b>	<b><u>19</u></b>	<b><u>8%</u></b>	<b><u>18</u></b>	<b><u>16</u></b>	<b><u>\$10,734</u></b>	<b><u>26</u></b>
<b>Total</b>	<b>230</b>	<b>100%</b>	<b>110</b>	<b>100%</b>	<b>\$40,992</b>	<b>100%</b>

\* Includes New York only

\*\* Includes both New York and Hawaii

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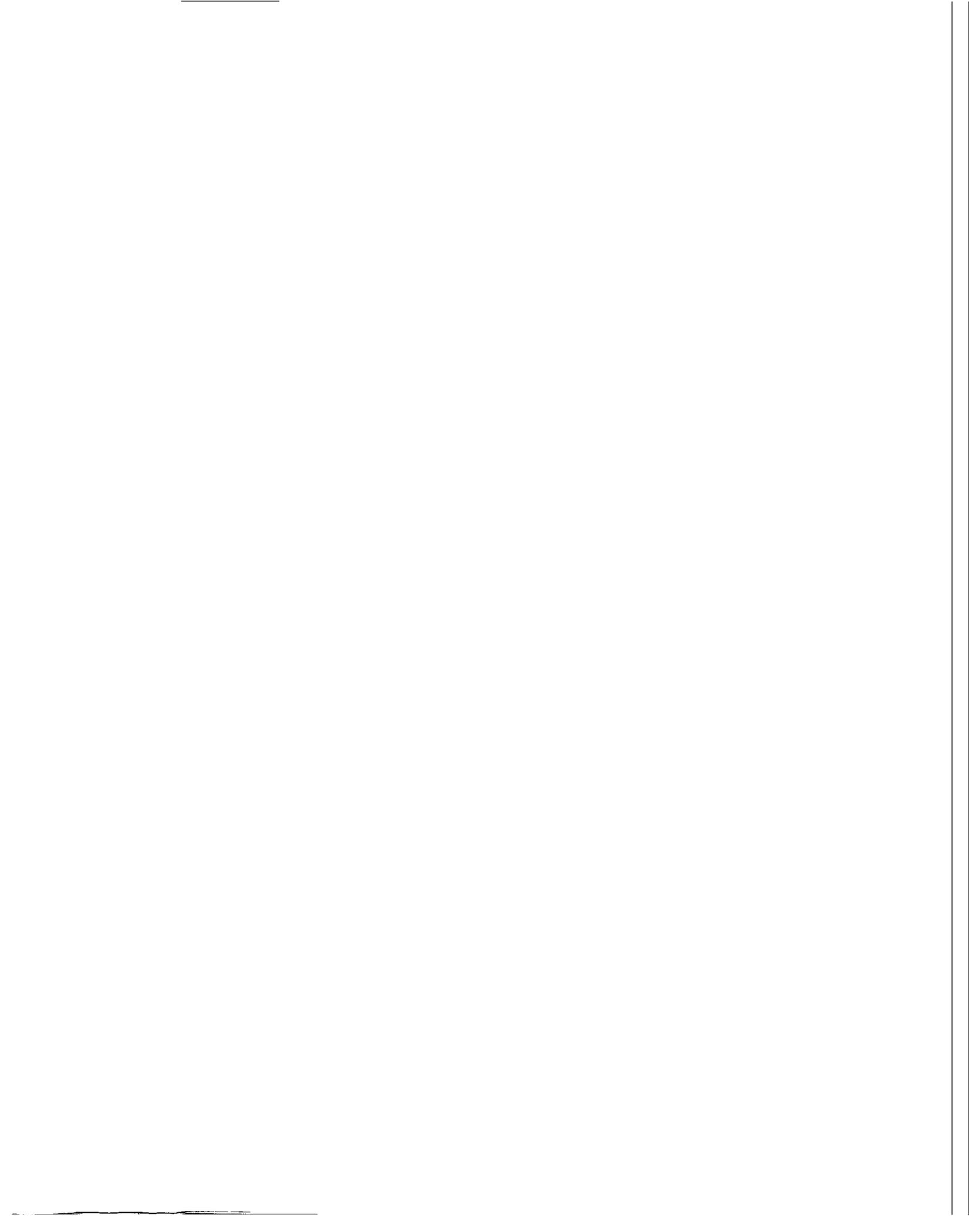
Source: U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance

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**CDBG PROGRAM**

**INDIAN**

**CHAPTER 4**



# INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

## Purpose

The Indian CDBG program assists any eligible Indian tribe, group, band, or nation, including Alaskan **Indians**, Aleuts, Eskimos, and any Alaskan Native Villages in developing viable Indian and Alaskan native communities by addressing specific community development needs. This chapter uses "tribe" or "recipient" to designate any of the eligible groups. A total of 792 groups are eligible for this program.

## Legislative Authority

Title I, Housing and Community Development Act of 1974, as amended. Section 105 of the HUD Reform Act, as amended by section 913 of the National Affordable Housing Act, transferred the Indian CDBG program from the Secretary's Discretionary Fund to the allocation and distribution of funds provisions of Title I. Under section 106, one percent of the Title I appropriation, excluding amounts appropriated for section 107, will be appropriated for the Indian CDBG program.

## Program Administration

The Indian CDBG program is HUD's principal vehicle for Indian tribes and Alaskan Native Villages to carry out community and economic development activities. Six HUD field offices, Anchorage, Chicago, Denver, Phoenix, Oklahoma City, and Seattle, administer the program. Recipients of Indian CDBG awards may use the funds to undertake any of the broad range of activities that are eligible under the CDBG program.

Each of the HUD field offices that administers the Indian CDBG program receives an allocation of program funds to award to eligible tribes within its jurisdiction. HUD assigns each field office a base amount of \$500,000 plus a formula allocation based on the proportion of the Indian population that resides within the field office's jurisdiction, the extent of poverty, and the extent of housing overcrowding in that population.

A tribe may participate in the Indian CDBG program if it is a federally recognized tribe or if it has been certified by the Bureau of Indian Affairs as an eligible recipient under the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450). Tribes set their own community and economic development priorities. They may request funding **only** for projects that meet the CDBG program's requirements for eligibility and national objectives.

In order to compete, a tribe must submit an application that includes a needs description, project and cost summaries, implementation schedule, and certifications of compliance with rules including but not limited to: Indian civil rights, environmental protection, labor relations, contracting, citizen participation, and benefit to persons of low- and moderate-in-

come. The tribe must also certify that it complies with the Indian preference provisions required in 24 CFR **571.503**.

The Offices of Indian Programs and the geographic areas they serve are **as** follows:

- Region **V** • Chicago Regional Office, Office of Indian Programs: All states east of the Mississippi River, plus Iowa and Minnesota.
- Region **VI** • Oklahoma City Office, Indian Programs Division: Louisiana, **Kansas**, Oklahoma, and Texas, except West Texas.
- Region **VIII** • Denver Regional Office, Office of Indian Programs: Colorado, Montana, Nebraska, North Dakota, South Dakota, Utah and Wyoming.
- Region **IX** • Indian Programs Office, Phoenix, Arizona: Arizona, New Mexico, Southern California, West Texas.  
  
Program Management Team, San Francisco, California: Northern California and Nevada.
- Region **X** • Seattle Regional Office, Office of Indian Programs: Idaho, Oregon, Washington State.  
  
Anchorage Office, CPD Division: Alaska.

Section **105** of the Department of Housing and Urban Development Reform Act of **1989**, **as** amended by the National Affordable Housing Act of **1990**, required **HUD** to publish selection criteria for the Indian CDBG Program in a regulation which will be issued by the Secretary after public comment. The proposed regulations were published on June **21**, **1991**, and the interim regulations were recently published. In order to distribute the funds **as** quickly **as** possible, the Office of Community Planning and Development has issued a NOFA that will govern the distribution of FY **1991** and **1992** funds. Funds from both years will be distributed **as** part of the same competition. The combined FY **1991** and **1992** competition will provide **65.9** million dollars to Indian CDBG grantees, making it the largest competition in the history of the program.

Starting with the distribution of FY **1991** funds, a national Notice of Fund Availability will specify the application requirements and the point system for the Indian CDBG competition.

Table **4-2** reflects program activities funded with the FY **1990** allocation. Housing projects constituted the highest percentage of both grants funded (**33%**) and amount of funds (**32%**). Community facilities constituted **26** percent of grants funded and amount of funds. Public infrastructure and economic development were the other principal types of projects funded.

Table 4-1

**Indian CDBG Program Funding History  
(Dollars in Thousands)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$25,000	1983	\$32,760	1988	\$25,500
1979	28,000	1984	39,700	1989	27,000
1980	31,000	1985	30,000	1990	26,236
1981	34,470	1986	25,839	1991	31,930
1982	30,224	1987	27,000	1992	33,930

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

Table 4-2

**Indian CDBG Program  
Number and Amount of Grants by Activity, FY 1990  
(Dollars in Thousands)**

<u>Activity</u>	<u>Grants</u>				<u>Average Amount</u>
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	
Housing	31	33%	\$8,322	32%	\$268
Public Infrastructure	18	19	6,168	23	343
Community Facilities	25	26	6,923	26	277
Economic Development	18	19	4,365	17	243
<u>Land Acquisition</u>	<u>3</u>	<u>3</u>	<u>450</u>	<u>2</u>	<u>153</u>
Total	95	100%	\$26,236	100%	\$276

Source: U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance.

**F** 1

In order for the Department to assess recipients' performance, each recipient must submit an **annual** status report that describes its progress in completing projects, its effectiveness in meeting community development needs, and its compliance with environmental regulations. HUD reviews each recipient's performance to determine whether the recipient **has** complied with all pertinent regulations, carried out its activities substantially as described in the application, and has made substantial progress in carrying out its approved program.

The Department monitors the recipient's continuing capacity to implement its program in a timely manner and whether it has the continuing capacity to execute additional activities. HUD considers **all** available evidence for this assessment including applications, reports, records, results of on-site monitoring visits and audits.

Tables 4-3 and 4-4 and Figure 4-1 summarize and compare, by Region, important elements of Field Office Indian CDBG program management activity in FY 1991: Table 4-3 • Active ICDBG Grantees and Active Projects; Table 4-4 • ICDBG Monitoring Activity; and Figure 4-1 • FY 1991 Indian CDBG Monitoring Findings by Category

In FY 1991, the *six* Indian programs offices had 185 active ICDBG grantees and 273 active projects.

**Table 4-3**

**IDCBG Active Grantees and Projects**

<u>Region/Field Office</u>	<u>Active Grantees</u>	<u>Percent of Grantees</u>	<u>Active Projects</u>	<u>Percent of Projects</u>
V - Chicago	25	14%	39	14%
VI - Oklahoma City	30	16	52	19
VIII - Denver	22	12	30	11
IX - Phoenix	69	37	95	35
X - Seattle/Anchorage	<u>39</u>	<u>21</u>	<u>57</u>	<u>21</u>
Totals	185	100%	273	100%

**Source:** U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

From the FY 1991 universe of 185 active ICDBG grantees, the **Indian** offices selected, through HUD's annual monitoring strategy, and monitoring risk analysis process, 144 grantees (77.8 percent) for on-site monitoring visits. 209 ICDBG project grants were monitored, involving detailed monitoring of 990 program areas. This monitoring effort resulted in 360 findings. An ICDBG monitoring finding is a deficiency in program performance based on a statutory or regulatory requirement for which sanctions or other corrective actions are authorized, at HUD's discretion. Most findings have been adequately resolved by grantees and HUD is actively pursuing resolution of the remaining findings. Table 4-4 presents these data arrayed by each Indian office and Region.

**Table 4-4**

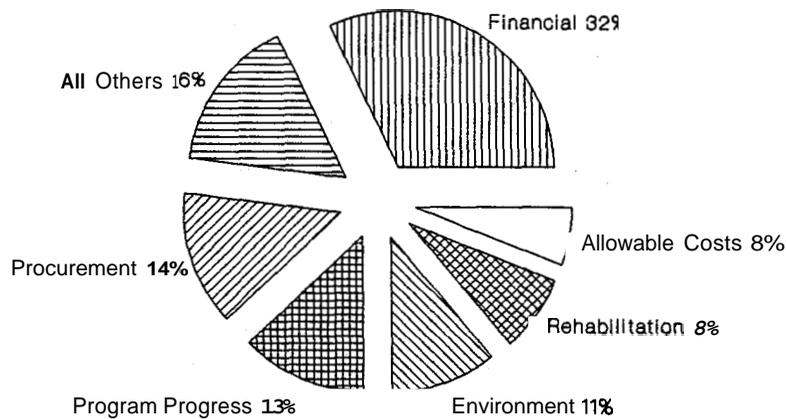
**Indian CDBG Monitoring - *N* 1991**

<u>Region/Field Office</u>	<u>Number of Grantees Monitored</u>	<u>Total No. Programs Monitored</u>	<u>Program Areas Monitored</u>
V - Chicago	7	7	13
VI - Oklahoma City	26	41	112
VIII - Denver	17	25	255
IX - Phoenix	62	96	<b>485</b>
X - Seattle	11	17	<b>54</b>
<u>X - Anchorage</u>	<u>21</u>	<u>23</u>	<u>71</u>
Totals	144	209	990

Source: U.S. Department of **Housing** and Urban Development, **Community Planning** and Development, Office of Block Grant Assistance.

**Figure 4-1**

**FY 1991 Indian CDBG Monitoring Findings by Category**



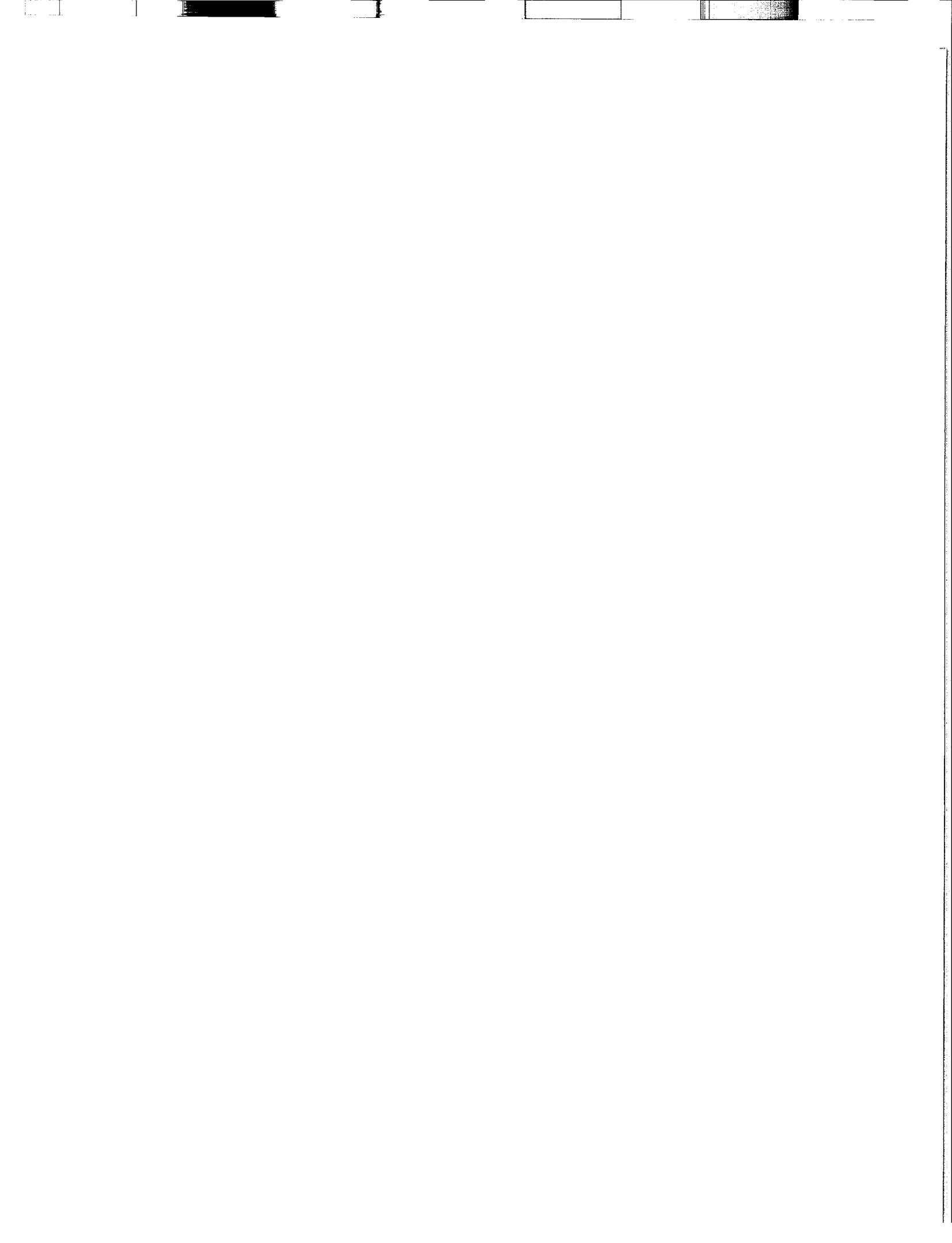
Source: U.S. Department of Housing and Urban Development, **Community Planning** and Development, Office of Block Grant Assistance.



**CDBG PROGRAM**

**INSULAR AREAS**

**CHAPTER 5**



## INSULAR AREAS CDBG PROGRAM

### Purpose

The **Insular** Areas CDBG program assists community development efforts of the **Insular** Areas.

### Legislative Authority

Title I, Housing and Community Development Act of **1974**, as amended.

### Program Administration

The **Insular** Areas CDBG program provides grants to five designated areas: the Territory of Guam; the Territory of the Virgin Islands; the Territory of American Samoa; the Commonwealth of Northern Mariana Islands; and the Republic of Palau (the last remaining Trust Territory of the Pacific Islands). In **1990**, the implementation of the compact of Free Associations made the Federated States of Micronesia and the Republic of the Marshall Island (both formerly part of the Trust Territory of the Pacific Islands) fully independent countries. As such, they are no longer eligible to receive assistance under the **Insular** Areas CDBG program.

HUD allocates **Insular** Areas CDBG funds to its Regional Offices in Atlanta and San Francisco in proportion to the populations of the eligible areas in their jurisdictions. The Department's Field Offices in Puerto Rico and Hawaii, which directly administer the program, allocate the funds according to the size of the population and past performance of the applicants in their jurisdiction. After determining the amount available, they notify the eligible areas and invite them to apply. Applicants for **Insular** funds must provide means for citizens to examine and appraise their applications. **This** process includes furnishing citizens information on the amount of funds available, holding one or more public meetings, developing and publishing the community development proposals, and affording citizens an opportunity to review and comment on the grantees' performance.

The Department monitors grantees' performance to ensure that they have continuing capacity to carry out funded activities in accordance with the primary CDBG objective and applicable laws. HUD's monitoring **goals** are to identify grantee deficiencies, provide technical assistance, and strengthen grantee performance. Grantees are required to submit **an annual** performance report describing progress in completing activities, the effectiveness of funded activities in meeting community development needs, and the status of any actions taken to meet environmental regulations.

**Funding History****Table 5-1****Insular Areas CDBG Program Funding  
(Dollars in Thousands)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$3,250	1981	\$5,000	1987	6,765
1976	3,300	1982	5,250	1988	5,500
1977	3,300	1983	5,950	1989	7,000
1978	4,250	1984	5,950	1990	6,802
1979	5,000	1985	7,000	1991	7,000
1980	2,500	1986	\$6,029		

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

**Participation**

The total amount of **Insular** Areas CDBG funding available for FY 1991 was \$7 million. The individual Areas were allocated the funding in the amounts shown in Table 3-2.

**Table 5-2****Insular Areas CDBG Program  
Proposed Funding By Recipient, FY 1991  
(Dollars in Thousands)**

<u>Area</u>	<u>Proposed Funding</u>	
	<u>Amount</u>	<u>Percent</u>
Guam	\$2,845.0	41%
<b>Virgin</b> Islands	2,400.0	34
American Samoa	935.0	13
Palau	352.5	5
<u>Northern Mariana Islands</u>	<u>467.5</u>	<u>7</u>
Total	\$7,000.0	100%

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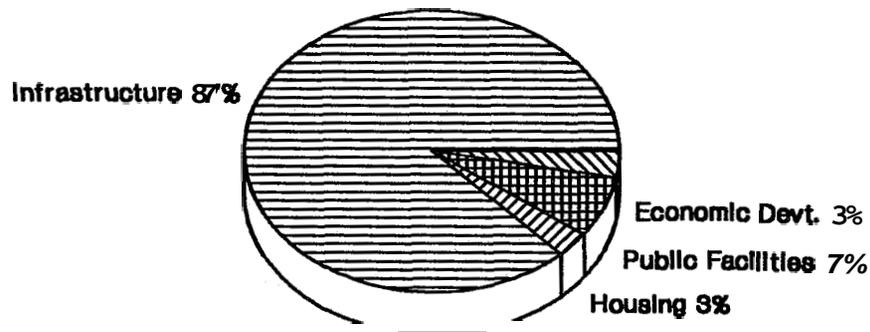
**Source:** U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance.

## Program Activities

Activities funded must be eligible and meet one of the three national objectives: benefit low- and moderate-income persons, aid in the prevention or elimination of slums and blight, or meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

Typically, activities funded include: construction of public facilities and improvements such as water systems, streets, and community centers; and the rehabilitation of houses. In FY 1989, for example, 87 percent of the funds were used for infrastructure, seven percent for public facilities, and three percent each for housing and economic development.

**Figure 5-1**  
**Insular CDBG Program**  
**Uses of Funds - FY 1989**



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Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

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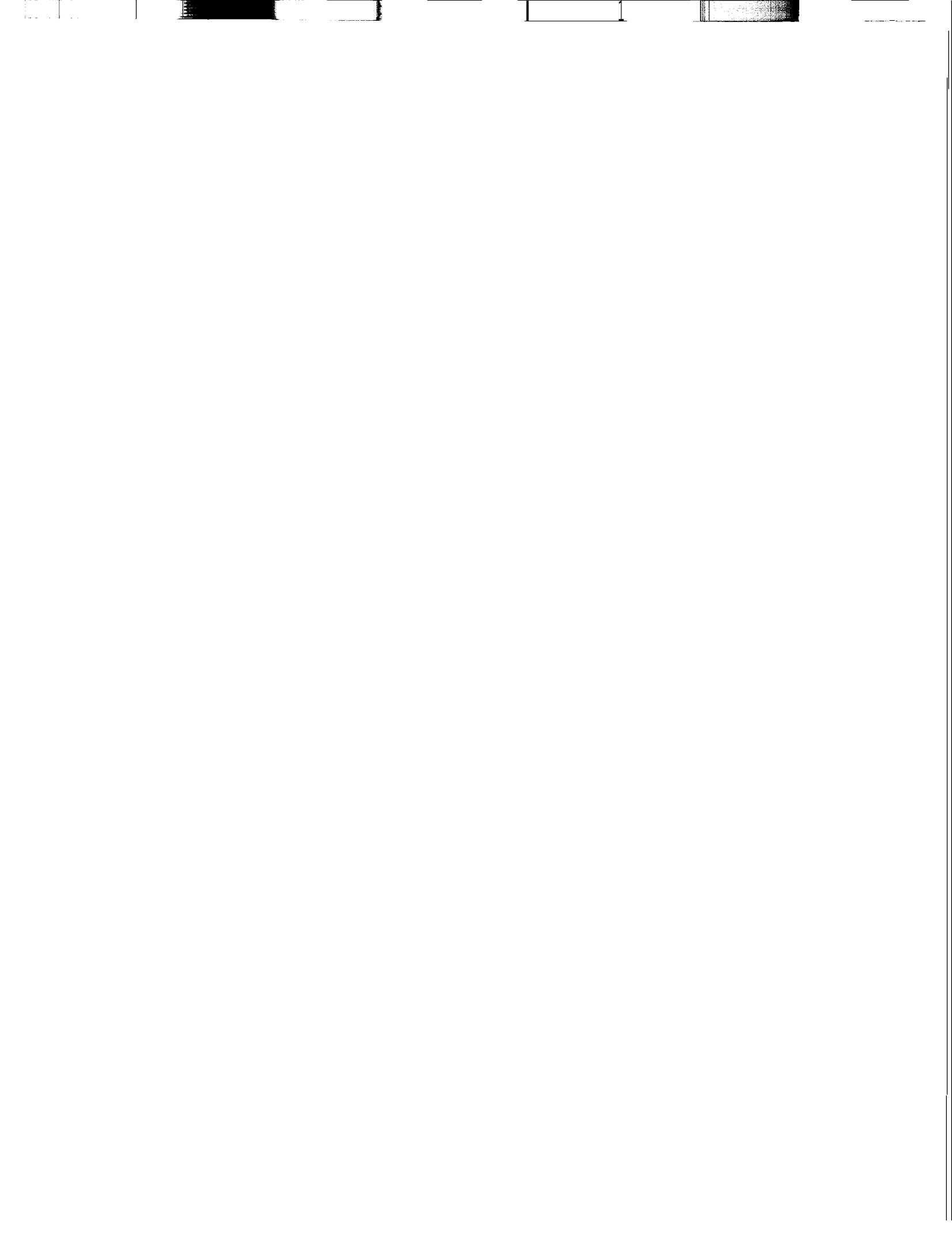
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**GRANTS**

**PURPOSE**

**SPECIAL**

**CHAPTER 6**



## SPECIAL PURPOSE GRANTS

### Purpose

To provide a source of non-entitlement funding for specialized community development constituents.

### Legislative Authority

In FY 1990, the Housing and Urban Development Reform Act of 1989 amended Section 107(a) to retitle the Secretary's Discretionary Fund as Special Purpose Grants, eliminate the Special Projects program, modify the Technical Assistance program, add a new program for Historically Black Colleges and Universities, and remove the Indian block grant program from Special Purpose Grants to another part of Title I. These reforms were part of a package of Department-wide reforms to ensure ethical, financial and managerial integrity in HUD's programs.

### Program Administration

In FY 1991, Special Purpose Grants as administered by the Assistant Secretary for Community Planning and Development (CPD) consisted of the following programs: Community Development Block Grant (CDBG) program for Insular Areas; the Technical Assistance program; the Community Development Work Study program; and the program for Historically Black Colleges and Universities. The administration, participation, activities, and program progress for each of these components are different. Each component is described in a separate part.

The CDBG program for Insular Areas, funded under this category, is reported on in another chapter.

This chapter also reports on CPD's responsibilities to encourage minority business enterprises (MBE). Although the MBE responsibility is not a statutory component of Special Purpose Grants, it is reported here because the CPD Office of Technical Assistance both administers the Special Purpose Grant Programs and manages the MBE function on behalf of all CPD-administered programs.

### Funding History

Each year the Administration requests an overall amount for Special Purpose Grants, including specific amounts for each component. When the Congress appropriates monies, it also specifies (usually in Committee Reports accompanying the Appropriation Act) how the appropriation should be divided among the component programs.

The total amount for Special Purpose Grants for **FY 1991** was **\$14.5 million**. The **Insular Areas CDBG** program received **\$7.0 million**. Appropriations were made for \$3.0 million for the **Work Study** program and **\$4.5 million** for the **Historically Black Colleges and Universities**. In **FY 1991**, there was **no** appropriation for the **Technical Assistance** program. However, during **1991** the Department awarded **\$10.6 million** of **Technical Assistance** funds carried forward from prior year appropriations.

Table 6-1

**Special Purpose Grants Appropriations  
(Dollars in Millions)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$26.9	1984	\$66.2
1976	53.0	1985	60.5
1977	50.9	1986	57.9
1978	94.5	1987	56.0
1979	101.5	1988	56.0
1980	70.5	1989	60.0
1981	101.9	1990	90.6
1982	56.5	1991	14.5
1983	56.5		

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

## Part One - TECHNICAL ASSISTANCE PROGRAM

### Purpose

The Technical Assistance program helps participants carry out programs authorized under Title I of the Housing and Community Development Act of 1974, as amended.

### Program Administration

The Technical Assistance program makes funds available to States, units of general local government, Indian Tribes, and qualified intermediaries to improve the delivery of Title I programs. The program also funds groups that provide technical assistance to governmental units to assist them in carrying out their Title I programs.

The Department uses grants, contracts, and cooperative agreements to make Technical Assistance awards throughout the year. In FY 1991, 60 percent of the Technical Assistance funds were awarded **as grants** or cooperative agreements and **40** percent **as** contracts. With the exception of the funds mandated to specific organizations and projects by the 1990 Appropriations Act, all of the technical assistance funds were awarded in accordance with the Secretary's reform policies. Overall, in FY 1991, **75** percent of the Technical Assistance funds were awarded using a competitive process; 18 percent were awarded to **small** and **dis-**advantaged minority businesses through the Small Business Administration's **8(a)** program, and seven percent were awarded to specific organizations **as** mandated by the Congress in the 1990 Appropriations **Act**.

### **Program Activities**

HUD awarded a total of **\$10.6** million in **FY 1991**. (See Table **6-2**) Of these funds, **\$1.5 million** or 14 percent were granted to Historically Black Colleges and Universities (HBCU). Each competitively selected HBCU provides technical assistance to support Title I programs in nearby small communities. HUD also provided **\$4.2 million** for technical **assis-**tance to help the non-profit sector provide more housing affordable to low- and moderate income persons and families, including training activities related to the HOME and HOPE 3 programs. An additional **\$2.2** million was awarded to aid public housing residents in becoming self-sufficient through participation in locally operated programs of work experience, education, job training, economic development and supportive services. The remaining funds were committed to assist the homeless, aid CDBG entitlement communities in monitoring subrecipients more effectively, provide technical assistance in fair housing and civil rights to CDBG communities, and fund three projects mandated by the 1990 Appropriations Act.

### **Program Objectives and Progress**

The purpose of the Technical Assistance program is to help State and local officials carry out their Title I programs in a more efficient and effective manner. The program provides tailored assistance to these communities in a variety of forms. Among the most frequent forms of aid provided are group training, written materials, on-site assistance, and developing and negotiating projects.

### **Participation**

In FY 1991, HUD made awards totalling \$10.6 million from unobligated balances from prior years. (See Table **6-3**) These awards include \$2.75 million in funds transferred to the Urban **Mass** Transit Administration and Department of HHS for award to non-profit and for-profit organizations. In FY 1991, the largest share of funds, \$4.9 million or **47** percent, was awarded to not-for-profit organizations. The second largest share of funds, \$4.2 million or 39 percent, was awarded to private for-profit firms. Historically Black Colleges and Universities received \$1.5 million or 14 percent.

Table 6-2

**Technical Assistance Program Appropriations  
(Dollars in Millions)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$20.8	1983	\$17.0	1988	\$5.1
1979	18.6	1984	20.4	1989	10.7
1980	15.9	1985	14.7	1990	28.4
1981	21.2	1986	20.5	1991	0
1982	17.8	1987	11.7		

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

Table 6-3

**Types of Organizations Receiving  
FY 1991 Technical Assistance Awards  
(Dollars in Millions)**

<u>Type of Organization</u>	<u>Number</u>	<u>Amount</u>	<u>% of Funds</u>
Historically Black Colleges/Universities	15	\$1.5	1
Not-for-profit Organizations	29	4.9	47
Private For-profit Firms	<u>8</u>	<u>4.2</u>	<u>39</u>
	52	10.6	100%

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

## **Part Two - COMMUNITY DEVELOPMENT WORK STUDY PROGRAM**

### **Purposes**

The purposes of the Community Development Work Study Program are to attract economically disadvantaged and **minority** students to careers in community and economic development, community planning and community management and to provide a cadre of well-qualified professionals to plan, implement and administer community development programs.

### **Legislative Authority**

Section 502(b)(2) of the Housing and Community Development **Act** of 1987 amended Section 107 of the Housing and Community Development Act to authorize the **Community** Development Work Study Program.

### **Program Administration**

Grants are awarded competitively to institutions of higher education, area-wide planning organizations, and States for a two year period. The schools are responsible for selecting the students to participate in the program, for monitoring their performance, and for paying back to HUD any grant funds provided to students who do not successfully complete the work study program.

### **Funding History**

The authorizing legislation requires an **annual** funding level of \$3 million (before any adjustments for deficit reduction) for the Community Development Work Study Program beginning with FY 1989. Earlier versions of the program, from 1969 through 1987, were funded from the Comprehensive Planning Assistance and the Technical Assistance programs. Funding levels during those years ranged between \$1.5 and \$3 million annually.

### **Program Participation**

The FY **1991** funding level was \$3.0 million. Grants to participating schools and area-wide planning organizations ranged from a low of \$48,090 to a **high** of \$592,131.

For the FY 1991 competition, the Community Development Work Study program awarded grants involving 20 universities, colleges and area-wide planning organizations to assist 127 students.

## **Part Three - HISTORICALLY BLACK COLLEGES AND UNIVERSITIES PROGRAM**

### **Purpose**

The purpose of the Historically Black Colleges and Universities Program is to assist HBCUs to expand their role and effectiveness in addressing community development in their localities.

### **Legislative Authority**

Section 107(b)(3) of the Housing and Community Development Act of 1974.

### **Program Administration**

This program is limited to Historically Black Colleges and Universities (HBCUs). Eligible for funding are 107 HBCUs as determined by the Department of Education (in 34 CFR 608.2 in accordance with that Department's responsibilities under Executive Order 12677 dated April 28, 1989).

Grants are awarded on a competitive basis to these HBCUs. The **maximum** amount awarded to any HBCU may not exceed \$500,000 for a grant period of 36 months or less.

### **Funding History**

The authorizing legislation requires a funding of \$4.5 million per year beginning with FY 1991. Prior to enactment of the new HBCU program, HUD assisted such institutions using Technical Assistance funds, as reported in Part Two of this chapter. In N 1991 only, HUD conducted a final competition using Technical Assistance funds and simultaneously conducted a separate competition using the newly appropriated HBCU funds.

### **Program Participation**

Grants were awarded to 10 HBCUs in FY 1991 and ranged from a low of \$90,000 to a high of \$500,000.

## **Part Four - MINORITY BUSINESS ENTERPRISE**

**As** noted in the introduction to this chapter, HUD reports here on its minority business enterprise responsibility, because the Office of Technical Assistance which administers Special Purpose Grants also manages the MBE function.

One of the Department's major goals is to encourage grantees to use minority businesses. The primary indicator of performance is the percent of CPD administered funds that are contracted out to minority businesses by grantees. For **FY** 1991 each Regional Office was directed to identify grantees with poor records in the funding of minority business and to provide assistance to improve minority contracting. Each region was required to submit a written strategy on how it planned to promote MBE participation in CPD programs. Each strategy was required to include the following:

- Efforts to encourage the creation and use of new MBEs in CPD programs, particularly MBEs involved in neighborhood enterprise activities.
- Efforts to encourage entitlement communities which have not awarded any funds to MBEs in the last two years to use MBEs in 1991.
- Efforts to provide assistance to entitlement communities which have decreased the amount of funds awarded in the last few years to MBEs.

Each strategy was also required to include an analysis of past use of MBE's by entitlement communities in the region, including:

- Identification of entitlement communities which have not awarded contracts to MBEs in the past two years.
- Identification of entitlement communities which during the past two years either:
  - (a) funded primarily large successful MBEs (valued at \$ 1 million or more): and/or
  - (b) funded the same MBEs repeatedly without funding a significant number of new MBEs.
- Identification of entitlement communities which show a significant decline in the funds committed to MBEs during the last 2-3 years (computed **as** a percent of total CDBG funds available).

For FY 1991 CPD grantees awarded minority owned businesses 16.1 percent of **all** CPD contract dollars from grant programs, or a total of \$603.4 million, compared with 12.0 percent, \$352.5 million in FY 1990. Also, for the first time since FY 1985, CPD grantees surpassed CPD's **annual** goal in awarding minority contracts. The annual goal of \$458.0 million was exceeded by \$145.0 million. In at least one region the number of contracts awarded to minority businesses actually doubled.

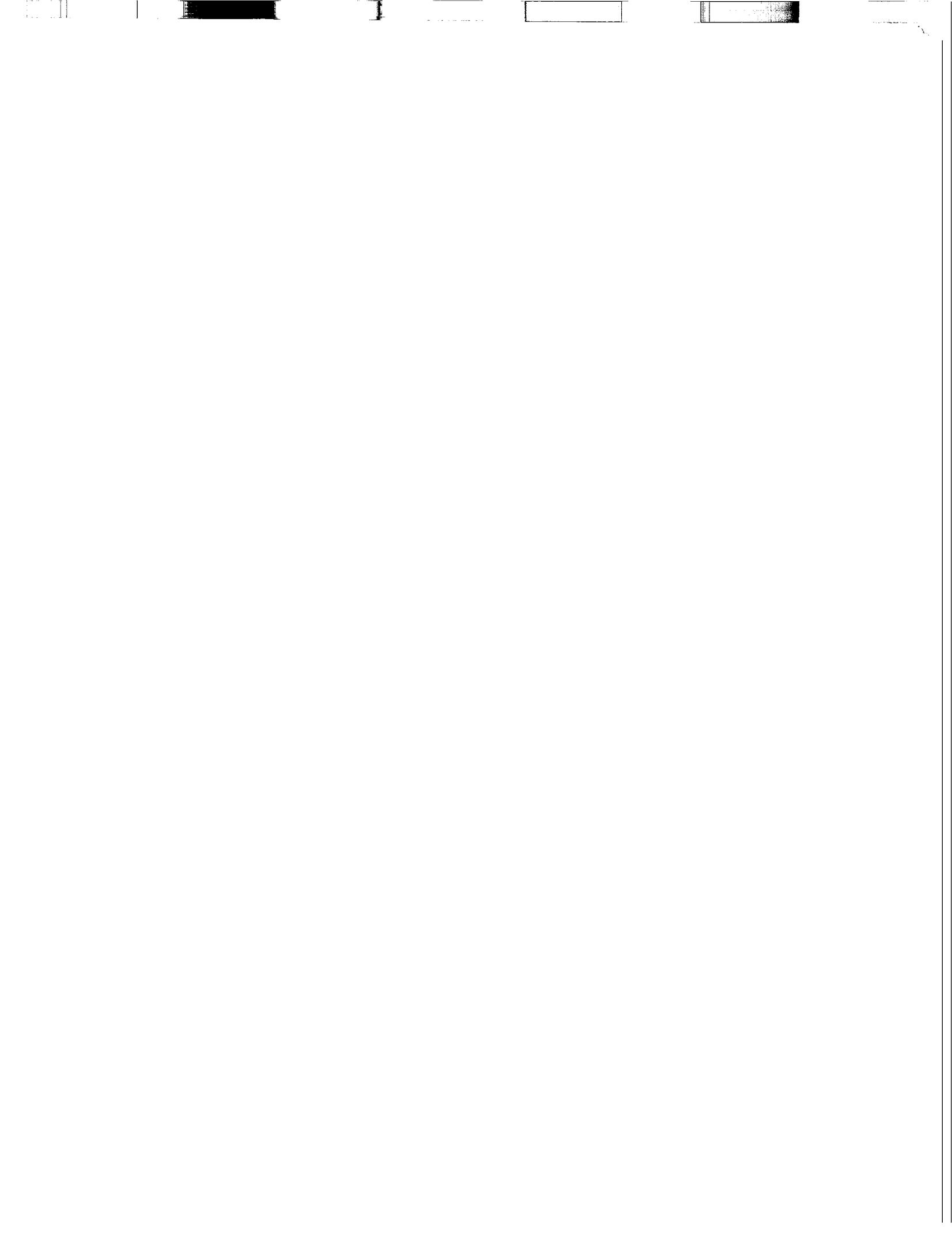
Table 6-4

**MBE Participation in CPD Contracts and Subcontracts, FY 1991**  
**(Dollars in Millions)**

<b>Region</b>	<b>FY 91 MBE \$ Goal</b>	<b>FY 91 MBE \$ Contracts</b>	<b>\$ All Contracts</b>	<b>% Contracts to MBE</b>
<b>I</b>	16.0	7.2	n.a.	n.a.
<b>II</b>	60.0	145.5	6233	19.0
<b>III</b>	40.0	20.1	400.6	11.0
<b>IV</b>	124.0	130.4	427.1	30.5
<b>V</b>	86.0	171.4	540.6	31.7
<b>VI</b>	45.0	44.8	109.0	41.1
<b>VII</b>	6.0	n.a.	n.a.	n.a.
<b>VIII</b>	9.0	13.1	1,388.0	33.8
<b>IX</b>	62.0	60.3	196.6	30.7
<b>X</b>	<u>10.0</u>	<u>10.5</u>	<u>52.5</u>	<u>20.0</u>
<b>National Totals or Avg.</b>	<b>\$458.0</b>	<b>\$606.9</b>	<b>\$3,700.0</b>	<b>16.1%</b>

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

# APPENDIX



**Table A-1**

**Proposed CDBG Entitlement Funding by Activity Groups  
*N* 1975 - 1991  
(Dollars in Millions)**

	<u>FYs 75-83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY91</u>	<u>Total Dollars</u>
Housing Related	\$5,821.2 (24.6)	\$970.3 (36.2)	\$996.7 (36.2)	\$858.9 (35.2)	\$876.1 (35.8)	\$923.2 (36.1)	\$872.7 (35.9)	\$949.6 (375)	\$1,097.1 (415)	\$13,365.8 (30.2)
Public Facilities and Improvements	7,007.9 (29.6)	586.5 (21.9)	599.9 (21.8)	505.7 (20.7)	534.4 (21.8)	476.4 (18.6)	524.7 (21.6)	603.6 (23.9)	504.0 (19.1)	\$11,343.1 (25.7)
Economic Development	814.9 (3.4)	355.3 (13.3)	305.5 (11.1)	304.3 (12.5)	254.7 (10.4)	322.7 (12.6)	241.9 (10.0)	194.4 (7.7)	213.8 (8.1)	\$3,007.5 (6.8)
Public Services	1,734.2 (7.3)	240.2 (9.0)	264.6 (9.6)	236.2 (9.7)	242.4 (9.9)	256.3 (10.0)	212.0 (8.7)	276.5 (10.9)	317.1 (12.0)	\$3,779.5 (8.6)
Acquisition, Clearance Related	3,244.3 (13.7)	90.8 (3.4)	112.1 (4.1)	150.9 (6.2)	140.4 (5.7)	127.9 (5.0)	118.7 (4.9)	109.9 (4.3)	83.0 (3.1)	\$4,178.0 (9.5)
Other	2,015.7 (8.5)	81.1 (3.0)	91.1 (3.3)	78.9 (3.2)	93.2 (3.8)	129.3 (5.0)	112.2 (4.6)	11.4 (0.5)	56.1 (2.1)	\$2,669.0 (6.0)
Administration and Planning	3,066.0 (12.9)	355.9 (13.3)	380.7 (13.8)	303.7 (12.5)	307.4 (12.6)	325.0 (12.7)	347.5 (14.3)	385.2 (15.2)	373.2 (14.1)	\$5,844.6 (13.2)
<b>Total Program Resources</b>	<b>\$23,704.2</b>	<b>\$2,680.1</b>	<b>\$2,750.6</b>	<b>\$2,438.6</b>	<b>\$2,448.6</b>	<b>\$2,560.8</b>	<b>\$2,429.7</b>	<b>\$2,530.6</b>	<b>\$2,644.3</b>	<b>\$44,187.5</b>

This table includes CDBG Entitlement grants, program income, Section 108 loan proceeds, CD float loans, and funds reprogrammed from prior years' grants.

The data within parentheses are percentages.

Source: U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance.

Table A-2

**Proposed CDBG Entitlement Funding for Specific Activities**  
**FY 1984 -1991**  
(Dollars in Millions)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
<b>Housing Related</b> .....	<b>\$970.3</b>	<b>\$996.7</b>	<b>\$858.9</b>	<b>\$876.1</b>	<b>\$923.2</b>	<b>\$872.7</b>	<b>\$949.6</b>	<b>\$1,097.1</b>
(percent) .....	(36.1)	(36.2)	(35.2)	(35.8)	(36.1)	(35.9)	(37.5)	(41.5)
Private Residential Rehabilitation:								
Single-Family .....	514.7	523.0	523.6	563.9	503.3	505.3	467.8	516.9
Multi-Family .....	129.1	96.7	185.0	158.1	190.4	184.3	223.1	252.0
Rehabilitation of Public Residential Property .....	95.8	16.2	5.7	0.6	5.0	4.2	1.8	3.5
Rehabilitation of Public Housing .....	21.6	15.7	19.6	17.6	28.9	13.0	31.2	20.9
Code Enforcement .....	48.0	45.5	34.7	32.3	37.7	36.5	56.3	36.9
Historic Preservation .....	3.2	0.4	4.3	0.7	1.7	0.6	0.7	0.9
Housing Activities by Subrecipients .....	71.7	187.9	41.4	49.3	36.6	20.0	26.2	44.7
Weatherization/Energy Efficiency Improvments .....	10.2	8.1	6.6	4.7	5.6	8.5	4.5	8.8
Limited New Construction .....	*	*	*	*	*	17.5	5.6	5.5
Acquisition for Housing Activities .....	*	*	*	*	*	*	*	92.6
Rehabilitation Administration .....	76.0	103.2	38.0	48.9	114.0	82.8	132.6	114.4
<b>Public Facilities and Improvements</b> .....	<b>586.5</b>	<b>599.9</b>	<b>505.7</b>	<b>534.4</b>	<b>476.4</b>	<b>524.7</b>	<b>603.6</b>	<b>504.0</b>
(percent) .....	(21.8)	(21.8)	(20.7)	(21.9)	(18.6)	(21.6)	(23.9)	(19.1)
Street Improvements .....	251.4	211.6	208.5	220.4	162.9	103.9	124.8	131.4
Parks, Recreation, etc. ....	67.2	69.6	53.6	48.4	46.1	59.0	87.9	45.9
Water and Sewer .....	99.5	79.9	63.0	50.1	47.1	37.7	42.0	47.0
Food and Drainage .....	17.9	28.8	13.1	29.9	33.6	21.7	24.4	5.9
Neighborhood Facilities .....	30.2	24.7	30.7	39.3	61.5	33.0	41.6	28.3
Solid Waste Facilities .....	2.8	1.8	1.4	3.2	4.5	0.3	0.4	2.3
Removal of Architectural Barriers .....	11.1	15.7	13.5	14.9	16.4	14.0	12.2	20.0
Senior Centers .....	13.6	16.8	11.8	14.6	23.8	26.9	14.6	25.6
Centers for the Handicapped .....	7.1	1.9	2.6	5.3	6.9	1.4	5.8	9.7
Historic Preservation .....	8.3	4.7	2.2	6.2	5.0	3.8	7.6	6.4
Centers for the Homeless .....								15.6
Other Public Facilities and Improvements .....	77.4	144.4	105.3	102.1	68.6	223.0	242.3	165.9
<b>Economic Development</b> .....	<b>355.3</b>	<b>305.5</b>	<b>304.3</b>	<b>254.7</b>	<b>322.7</b>	<b>241.9</b>	<b>194.4</b>	<b>213.8</b>
(percent) .....	(13.2)	(11.1)	(12.5)	(10.4)	(12.6)	(10.0)	(7.7)	(8.1)
Assistance to For-Profit Entities .....	60.1	118.6	260.5	173.0	188.7	157.7	151.0	136.7
Improvements by Grantee for Economic Development ..	279.7	175.2	40.8	69.7	125.2	72.2	24.7	65.2
Rehabilitation of Private Property .....	15.5	11.7	3.0	12.0	8.8	12.0	18.7	11.9
<b>Public Services</b> .....	<b>240.2</b>	<b>264.6</b>	<b>236.2</b>	<b>242.4</b>	<b>256.3</b>	<b>212.0</b>	<b>276.5</b>	<b>317.1</b>
(percent) .....	(8.9)	(9.6)	(9.7)	(9.9)	(10.0)	(8.7)	(10.9)	(12.0)
<b>Acquisition, Clearance Related</b> .....	<b>90.8</b>	<b>112.1</b>	<b>150.9</b>	<b>140.4</b>	<b>127.9</b>	<b>118.7</b>	<b>109.9</b>	<b>83.0</b>
(percent) .....	(3.4)	(4.1)	(6.2)	(5.7)	(5.0)	(4.9)	(4.3)	(3.1)
Acquisition of Real Property .....	12.6	60.1	76.5	66.0	57.2	61.9	60.9	23.5
Clearance .....	45.9	24.1	35.5	39.5	52.8	35.4	33.6	41.4
Relocation .....	20.7	17.2	21.2	21.6	14.2	13.4	13.6	13.1
Disposition .....	11.6	10.7	17.7	13.3	3.7	8.0	1.7	5.0
<b>Other</b> .....	<b>81.1</b>	<b>91.1</b>	<b>78.9</b>	<b>93.2</b>	<b>129.3</b>	<b>112.2</b>	<b>11.4</b>	<b>56.1</b>
(percent) .....	(3.0)	(3.3)	(3.2)	(3.8)	(5.0)	(4.6)	(0.5)	(2.1)
Contingencies .....	53.7	53.8	51.7	43.7	59.7	40.9		52.6
Completion of Urban Renewal .....	9.8	5.3			11.8	14.2	11.4	3.5
Repayment of Section 108 Loans .....	17.6	32.0	27.2	49.5	57.8	57.1		
<b>Administration and Planning</b> .....	<b>355.9</b>	<b>380.7</b>	<b>303.7</b>	<b>307.4</b>	<b>325.0</b>	<b>347.5</b>	<b>385.2</b>	<b>373.2</b>
(percent) .....	(13.3)	(13.8)	(12.5)	(12.5)	(12.7)	(14.3)	(15.2)	(14.1)
Administration .....	325.0	344.5	282.6	284.9	295.0	287.3	350.2	343.0
Planning .....	30.9	36.2	21.1	22.5	30.0	60.2	35.0	30.2
<b>Total Program Resources</b> .....	<b>\$2,680.1</b>	<b>\$2,750.6</b>	<b>\$2,438.6</b>	<b>\$2,448.6</b>	<b>\$2,360.8</b>	<b>\$2,429.7</b>	<b>\$2,530.6</b>	<b>\$2,644.3</b>

This table includes CDBG Entitlement grants, program income, Section 108 loan proceeds, CD float loans, and funds reprogrammed from prior years' grants.

\* Included within Acquisition of Real Property under the Acquisition, Clearance Related activity group.

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

Table A-3

**Proposed CDBG Metropolitan City Funding for Specific Activities**  
**FY 1984-1991**  
(Dollars in Millions)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
<b>Housing Related</b> .....	\$837.8	\$871.2	\$745.0	\$767.2	\$812.1	\$768.3	\$830.6	\$939.7
(percent) .....	(37.9)	(38.2)	(35.9)	(38.1)	(38.9)	(37.8)	(38.9)	(43.8)
Private Residential Rehabilitation:								
Single-Family .....	.414.4	427.0	429.9	475.6	422.8	432.6	381.5	406.2
<b>Multi-Family</b> .....	<b>-114.9</b>	<b>91.2</b>	<b>182.4</b>	<b>156.5</b>	<b>186.3</b>	<b>179.0</b>	<b>219.8</b>	<b>244.6</b>
Rehabilitation of Public Residential Property .....	94.8	14.6	4.2	0.2	2.8	3.4	1.4	2.8
Rehabilitation of Public Housing .....	19.0	13.1	17.6	15.8	24.4	11.2	24.3	15.5
Code Enforcement .....	45.2	42.2	31.8	29.0	35.7	32.6	54.1	33.5
Historic Preservation .....	3.0	0.3	3.4	0.5	1.6	0.6	0.6	0.7
<b>Housing Activities by Subrecipients</b> .....	<b>665</b>	<b>178.3</b>	<b>35.8</b>	<b>41.9</b>	<b>30.6</b>	<b>16.9</b>	<b>24.5</b>	<b>40.6</b>
<b>Weatherization/Energy Efficiency Improvements</b> .....	<b>8.2</b>	<b>5.7</b>	<b>4.2</b>	<b>3.6</b>	<b>4.1</b>	<b>6.7</b>	<b>3.7</b>	<b>6.9</b>
Limited New Construction .....				*		165	44	4.8
Acquisition for Housing Activities .....	•	•	•		•	*	*	81.1
Rehabilitation Administration .....	71.8	98.8	35.7	44.1	103.8	68.8	116.3	103.0
<b>Public Facilities and Improvements</b> .....	<b>421.8</b>	<b>433.3</b>	<b>370.5</b>	<b>382.4</b>	<b>320.7</b>	<b>390.0</b>	<b>461.6</b>	<b>339.6</b>
(percent) .....	(19.1)	(19.0)	(18.4)	(19.0)	(15.4)	(19.2)	(21.6)	(15.8)
Street Improvements .....	186.7	156.2	158.0	162.8	116.1	68.2	83.8	77.6
Parks, Recreation, etc. ....	55.0	56.9	44.2	38.1	35.3	49.7	78.4	34.6
Water and Sewer .....	56.2	43.1	27.6	22.7	18.1	12.0	14.3	21.9
Flood and Drainage .....	11.2	21.1	9.0	17.0	19.2	10.6	12.4	2.6
Neighborhood Facilities .....	24.6	17.9	23.5	30.7	48.4	25.0	31.1	22.3
Solid Waste Facilities .....	2.6	1.8	1.1	2.7	1.9	0.3	0.3	1.7
Removal of Architectural Barriers .....	5.7	8.2	7.7	10.0	10.4	8.8	6.5	11.6
Senior Centers .....	4.3	6.6	6.2	5.5	13.5	19.1	7.7	12.4
Centers for the Handicapped .....	4.7	0.8	1.2	3.3	5.2	0.5	3.2	5.3
Historic Preservation .....	5.4	3.0	1.8	6.0	3.6	2.4	5.9	5.0
Centers for the Homeless .....								13.2
Other Public Facilities and Improvements .....	65.4	117.7	90.2	83.6	49.0	193.4	218.0	131.4
<b>Economic Development</b> .....	<b>293.1</b>	<b>263.3</b>	<b>257.3</b>	<b>217.0</b>	<b>248.9</b>	<b>204.2</b>	<b>172.3</b>	<b>186.2</b>
(percent) .....	(13.3)	(11.5)	(12.8)	(10.8)	(11.9)	(10.1)	(8.1)	(8.7)
Assistance to For-Profit Entities .....	55.2	102.5	224.4	152.4	152.0	131.9	133.9	118.4
Improvements by Grantee for Economic Development .....	225.9	149.9	30.0	55.0	89.0	62.0	21.3	57.6
Rehabilitation of Private Property .....	12.0	10.9	2.9	9.6	7.9	10.3	17.1	10.2
<b>Public Services</b> .....	<b>217.9</b>	<b>241.2</b>	<b>213.5</b>	<b>214.0</b>	<b>228.8</b>	<b>191.5</b>	<b>250.6</b>	<b>278.0</b>
(percent) .....	(9.9)	(10.6)	(10.6)	(10.6)	(11.0)	(9.4)	(11.7)	(12.9)
<b>Acquisition, Clearance Related</b> .....	<b>85.3</b>	<b>96.2</b>	<b>133.3</b>	<b>120.7</b>	<b>111.5</b>	<b>99.4</b>	<b>95.2</b>	<b>73.3</b>
(percent) .....	(3.9)	(4.2)	(6.6)	(6.0)	(5.3)	(4.9)	(4.5)	(3.4)
Acquisition of Real Property .....	11.7	47.9	65.7	53.1	47.3	50.7	51.5	19.6
Clearance .....	43.8	21.9	32.0	35.5	48.1	30.2	30.7	37.7
Relocation .....	18.5	15.9	18.4	20.1	13.1	11.1	11.8	11.4
Disposition .....	11.3	10.5	17.2	12.0	3.0	7.4	1.2	4.6
<b>Other</b> .....	<b>64.5</b>	<b>60.2</b>	<b>54.6</b>	<b>70.4</b>	<b>107.9</b>	<b>93.0</b>	<b>11.4</b>	<b>38.7</b>
(percent) .....	(2.9)	(2.5)	(2.7)	(3.4)	(5.2)	(4.6)	(0.5)	(1.8)
Contingencies .....	38.0	33.7	31.0	24.9	43.8	27.6		35.4
Completion of Urban Renewal .....	9.8	5.0			11.4	13.5	11.4	3.3
Repayment of Section 108 Loans .....	16.7	21.5	23.6	45.5	52.7	51.9		
<b>Administration and Planning</b> .....	<b>287.3</b>	<b>317.1</b>	<b>242.9</b>	<b>243.8</b>	<b>257.6</b>	<b>284.2</b>	<b>312.0</b>	<b>291.4</b>
(percent) .....	(13.0)	(13.9)	(12.0)	(12.1)	(12.3)	(14.0)	(14.6)	(13.6)
Administration .....	264.0	289.4	227.3	225.9	233.9	233.7	281.1	266.0
Planning .....	23.3	27.7	15.6	17.9	23.7	50.5	30.9	25.4
<b>Total Program Resources</b> .....	<b>\$2,207.7</b>	<b>\$2,282.5</b>	<b>\$2,017.1</b>	<b>\$2,015.5</b>	<b>\$2,087.5</b>	<b>\$2,030.6</b>	<b>\$2,133.7</b>	<b>\$2,146.9</b>

This table includes CDBG Entitlement grants, program income, Section 108 loan proceeds, CD float loans, and funds reprogrammed from prior years' grants.

\* Included within Acquisition of Real Property under the Acquisition, Clearance Related activity group.

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

Table A-4

## Proposed CDBG Urban County Funding for Specific Activities

FY 1984 - 1991

(Dollars in Millions)

	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>	<u>FY 91</u>
<b>Housing Related</b> .....	\$1325	\$125.5	\$1139	\$108.9	\$111.1	\$104.4	\$119.0	\$157.4
(percent) .....	(27.9)	(26.8)	(27.0)	(25.1)	(23.5)	(26.2)	(30.0)	(31.7)
Private Residential Rehabilitation:								
Single-Family .....	100.3	96.0	93.7	88.3	80.5	72.8	86.3	110.7
Multi-Family .....	14.2	5.5	2.6	1.6	4.1	5.1	3.3	7.4
Rehabilitation of Public Residential Property .....	1.0	1.6	1.5	0.4	2.2	0.9	0.3	0.7
Rehabilitation of Public Housing .....	2.6	2.6	2.0	1.8	4.5	1.8	6.9	5.4
Code Enforcement .....	2.8	3.3	2.9	3.3	2.0	4.0	2.2	3.4
Historic Preservation .....	0.2	0.1	0.9	0.2	0.1	0.0	0.0	0.2
Housing Activities by Subrecipients .....	5.2	9.7	5.6	7.4	6.0	3.1	1.7	4.1
Weatherization/Energy Efficiency Improvements .....	2.0	2.3	2.4	1.1	1.5	1.8	0.8	1.9
Limited New Construction .....	.	.	.	.	.	1.0	1.2	0.7
Acquisition for Housing Activities .....	.	*	*	*	*	.	*	1.15
Rehabilitation Administration .....	4.2	4.4	2.3	4.8	10.2	13.9	16.3	11.4
<b>Public Facilities and Improvements</b> .....	164.7	166.6	135.2	152.0	155.7	134.0	141.8	164.4
(percent) .....	(34.7)	(35.6)	(32.1)	(35.3)	(32.9)	(33.6)	(35.7)	(33.0)
Street Improvements .....	6.47	55.4	50.5	57.6	46.8	35.8	41.0	53.8
Parks, Recreation, etc. ....	12.2	12.7	9.4	10.3	10.8	9.4	9.5	11.3
Water and Sewer .....	43.3	35.8	35.4	27.4	29.0	24.7	27.6	25.1
Flood and Drainage .....	6.7	7.7	4.1	12.9	14.4	11.1	12.0	3.3
Neighborhood Facilities .....	5.6	6.8	7.2	8.6	13.1	7.9	10.5	6.0
Solid Waste Facilities .....	0.2	0.0	0.3	0.5	2.6	.	.	0.6
Removal of Architectural Barriers .....	5.4	7.5	5.8	4.9	6.0	5.3	5.8	8.4
Senior Centers .....	9.3	10.2	5.6	9.1	10.3	7.8	6.9	13.2
Centers for the Handicapped .....	2.4	1.1	1.4	2.0	1.7	0.9	2.6	4.4
Historic Preservation .....	2.9	1.7	0.4	0.2	1.4	1.4	1.6	1.4
Centers for the Homeless .....	.	.	.	.	.	.	.	2.4
Other Public Facilities and Improvements .....	12.0	26.7	15.1	18.5	19.6	29.5	24.3	34.5
<b>Economic Development</b> .....	62.2	42.2	47.0	37.7	73.8	79.4	22.2	27.6
(percent) .....	(13.1)	(9.0)	(11.1)	(8.6)	(15.6)	(25.7)	(5.6)	(5.5)
Assistance to For-Profit Entities .....	4.9	16.1	36.1	20.6	36.7	.	17.2	18.3
Improvements by Grantee for Economic Development .....	53.8	25.3	10.8	14.7	35.2	10.2	3.3	7.6
Rehabilitation of Private Property .....	3.5	0.8	0.1	2.4	0.9	1.7	1.7	1.7
<b>Public Services</b> .....	22.3	23.4	22.7	28.4	27.5	20.6	25.9	39.1
(percent) .....	(4.7)	(5.0)	(5.4)	(6.5)	(5.8)	(5.2)	(6.5)	(7.9)
<b>Acquisition, Clearance Related</b> .....	5.5	15.9	17.6	19.7	16.4	19.2	14.6	9.7
(percent) .....	(1.2)	(3.4)	(4.2)	(4.5)	(3.5)	(4.8)	(3.7)	(2.0)
Acquisition of Real Property .....	0.9	12.2	10.8	12.9	9.9	11.2	9.3	3.9
Clearance .....	2.1	2.2	3.5	4.0	4.7	5.2	2.9	3.7
Relocation .....	2.2	1.3	2.8	1.5	1.1	2.3	1.8	1.7
Disposition .....	0.3	0.2	0.5	1.3	0.7	0.5	0.6	0.4
<b>Other</b> .....	1.66	30.9	24.3	22.8	21.4	19.2	0.1	17.4
(percent) .....	(3.5)	(6.6)	(5.8)	(5.3)	(4.5)	(4.8)	(0.0)	(3.5)
Contingencies .....	15.7	20.1	20.7	18.8	15.9	13.3	.	17.2
Completion of Urban Renewal .....	.	0.3	.	.	0.4	0.7	0.1	0.2
Repayment of Section 108 Loans .....	0.9	10.5	3.6	4.0	5.1	5.2	.	.
<b>Administration and Planning</b> .....	68.6	63.6	60.8	63.6	67.4	63.3	73.1	81.8
(percent) .....	(14.4)	(13.6)	(14.4)	(14.7)	(14.2)	(15.9)	(18.4)	(16.4)
Administration .....	61.0	55.1	55.3	59.0	61.1	53.6	69.1	77.0
Planning .....	7.6	8.5	5.5	4.6	6.3	9.7	4.0	4.8
<b>Total Program Resources</b> .....	\$472.4	\$468.1	\$421.5	\$433.1	\$473.3	3398.3	\$396.7	\$497.4

This table includes CDBG Entitlement grants, program income, Section 108 loan proceeds, CD float loans, and funds reprogrammed from prior years' grants.

\* Included within Acquisition of Real Property under the Acquisition, Clearance Related activity group.

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

Table A-5  
 CDBG Entitlement Program Expenditures  
 By Activity Group and National Objective  
 FY 1982 - 89  
 (Dollars in Millions)

	FY 1982		FY 1983		FY 1984		FY 1985		FY 1986		FY 1987		FY 1988		FY 1989	
	Amt.	Pct.														
<b>Housing Related</b>	<b>\$988</b>	<b>(35)</b>	<b>\$917</b>	<b>(34)</b>	<b>\$976</b>	<b>(35)</b>	<b>\$952</b>	<b>(33)</b>	<b>\$883</b>	<b>(34)</b>	<b>\$850</b>	<b>(35)</b>	<b>\$925</b>	<b>(35)</b>	<b>\$919</b>	<b>(36)</b>
<b>Low/Mod</b>	943	96	858	94	929	95	874	92	817	93	797	94	880	95	863	94
Slum/Blight	45	5	59	6	47	5	76	8	66	7	53	6	45	5	56	6
Urgent Need							2	*	*	*	*	*	*	*	*	*
<b>Public Works</b>	<b>726</b>	<b>(26)</b>	<b>705</b>	<b>(26)</b>	<b>697</b>	<b>(25)</b>	<b>698</b>	<b>(24)</b>	<b>634</b>	<b>(24)</b>	<b>545</b>	<b>(24)</b>	<b>556</b>	<b>(21)</b>	<b>590</b>	<b>(23)</b>
<b>Low/Mod</b>	673	93	644	91	638	92	635	91	576	91	501	91	525	94	544	92
Slum/Blight	44	6	53	8	54	8	50	7	56	9	41	9	39	6	39	7
Urgent Need	9	1	7	1	5	1	14	2	2	*	3	*	2	*	7	1
<b>Economic Development</b>	<b>269</b>	<b>(10)</b>	<b>214</b>	<b>(8)</b>	<b>335</b>	<b>(12)</b>	<b>398</b>	<b>(14)</b>	<b>358</b>	<b>(14)</b>	<b>311</b>	<b>(14)</b>	<b>353</b>	<b>(13)</b>	<b>251</b>	<b>(10)</b>
<b>Low/Mod</b>	213	79	177	83	276	82	323	81	295	82	274	82	290	82	225	90
Slum/Blight	55	21	35	16	59	18	74	19	63	18	37	18	63	18	26	10
Urgent Need	1	1	2	1	*	*	1	*	*	*	*	*	*	*	*	*
<b>Public Services</b>	<b>232</b>	<b>(7)</b>	<b>213</b>	<b>(8)</b>	<b>213</b>	<b>(8)</b>	<b>220</b>	<b>(8)</b>	<b>210</b>	<b>(8)</b>	<b>223</b>	<b>(8)</b>	<b>232</b>	<b>(9)</b>	<b>266</b>	<b>(10)</b>
<b>Low/Mod</b>	229	66	210	99	213	100	220	100	209	100	222	100	231	100	263	99
Slum/Blight	3	30	2	1	1	*	1	*	1	*	1	*	1	*	3	1
Urgent Need	*	4	*	*	*	*	*	*	*	*	*	*	*	*	*	*
<b>Acquisition/Clearance</b>	<b>194</b>	<b>(7)</b>	<b>222</b>	<b>(8)</b>	<b>199</b>	<b>(7)</b>	<b>215</b>	<b>(8)</b>	<b>165</b>	<b>(6)</b>	<b>173</b>	<b>(6)</b>	<b>215</b>	<b>(8)</b>	<b>152</b>	<b>(6)</b>
<b>Low/Mod</b>	129	66	157	71	127	64	142	66	113	68	129	68	158	73	93	61
Slum/Blight	59	30	61	27	70	35	34	34	52	32	44	32	57	27	59	39
Urgent Need	1	4	4	2	2	1	1	1	*	*	*	*	*	*	*	*
<b>Urban Renewal</b>	<b>50</b>	<b>(2)</b>	<b>31</b>	<b>(1)</b>					<b>29</b>	<b>(1)</b>	<b>13</b>	<b>(1)</b>	<b>24</b>	<b>(1)</b>	<b>26</b>	<b>(1)</b>
<b>Low/Mod</b>	25	50	17	54					8	28	6	28	13	54	9	35
Slum/Blight	25	50	14	46					20	70	7	70	11	46	17	65
Urgent Need									1	2	*	2	*	*	*	*
<b>Administration/Planning</b>	<b>370</b>	<b>(13)</b>	<b>387</b>	<b>(14)</b>	<b>397</b>	<b>(14)</b>	<b>402</b>	<b>(14)</b>	<b>328</b>	<b>(13)</b>	<b>324</b>	<b>(13)</b>	<b>364</b>	<b>(14)</b>	<b>350</b>	<b>(14)</b>
<b>Repay Section 108 Loan</b>	3	(*)	3	(*)	4	(*)	2	(*)	11	(*)						
<b>Total</b>	<b>\$2,832</b>		<b>\$2,691</b>		<b>\$2,821</b>		<b>\$2,888</b>		<b>\$2,618</b>		<b>\$2,439</b>		<b>\$2,669</b>		<b>\$2,554</b>	
<b>Net Program Benefit</b>	<b>\$2,459</b>		<b>\$2,301</b>		<b>\$2,420</b>		<b>\$2,484</b>		<b>\$2,279</b>		<b>\$2,115</b>		<b>\$2,305</b>		<b>\$2,204</b>	
<b>Low/Mod</b>	2,212	90	2,064	90	2,183	90	2,194	88	2,018	89	1,929	91	2,097	91	1,997	91
Slum/Blight	230	9	224	10	230	10	272	11	257	11	182	9	214	9	200	9
Urgent Need	17	1	13	1	7	*	19	1	3	*	4	*	2	*	7	*

Data within parentheses are percentages of the total expenditures for the year.

\* The detail may not add to totals due to rounding.

- Less than \$1 million or one percent.

Source: U.S. Department of Housing and Urban Development, Community Planning and Development, Office of Block Grant Assistance.

**Table A-6**

**CDBG Entitlement Program Income  
FY 1982 - 1989  
(Dollars in Millions)**

<u>Fiscal Year</u>	<u>Metropolitan Cities</u>	<u>Urban Counties</u>	<u>All Communities</u>
1982	\$184	\$18	\$202
1983	317	41	358
1984	322	50	372
1985	316	50	366
1986	423	62	485
1987	390	64	454
1988	385	64	449
1989	<u>420</u>	<u>74</u>	<u>494</u>
Total	\$2,757	\$423	\$3,180

Source: U.S. Department of **Housing** and Urban Development,  
**Community Planning** and Development, Office of Block Grant Assistance.

**Table A-7**

**CDBG Entitlement Program Income, FY 1989  
(Dollars in Millions)**

<u>Source of Income</u>	<u>Metro Cities</u>		<u>Urban Counties</u>		<u>All Grantees</u>	
	<u>Amt.</u>	<u>Pct.</u>	<u>Amt.</u>	<u>Pct.</u>	<u>Amt.</u>	<u>Pct.</u>
<b>Loan Repayments:</b>						
Housing Rehabilitation	\$200	48%	\$30	41%	\$230	47%
Economic Development	108	26	32	43	140	28
Sale of Land	26	6	3	4	29	6
Fees for Service	40	10	*	*	40	8
Rental Income	10	2	1	1	11	2
CD Float <b>Loans</b>	10	2	4	6	14	3
Refunds	5	1	1	1	6	1
Other Sources	<u>21</u>	<u>5</u>	<u>3</u>	<u>4</u>	<u>24</u>	<u>5</u>
Total	\$420	100%	\$74	100%	\$494	100%

\* - Less than \$1 million or one percent.

Source: U.S. Department of **Housing** and Urban Development,  
**Community Planning** and Development, Office of Block Grant Assistance.



