

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

**1992**

**Assistant Secretary for Community Planning and Development  
U. S. Department of Housing and Urban Development  
March 1992**

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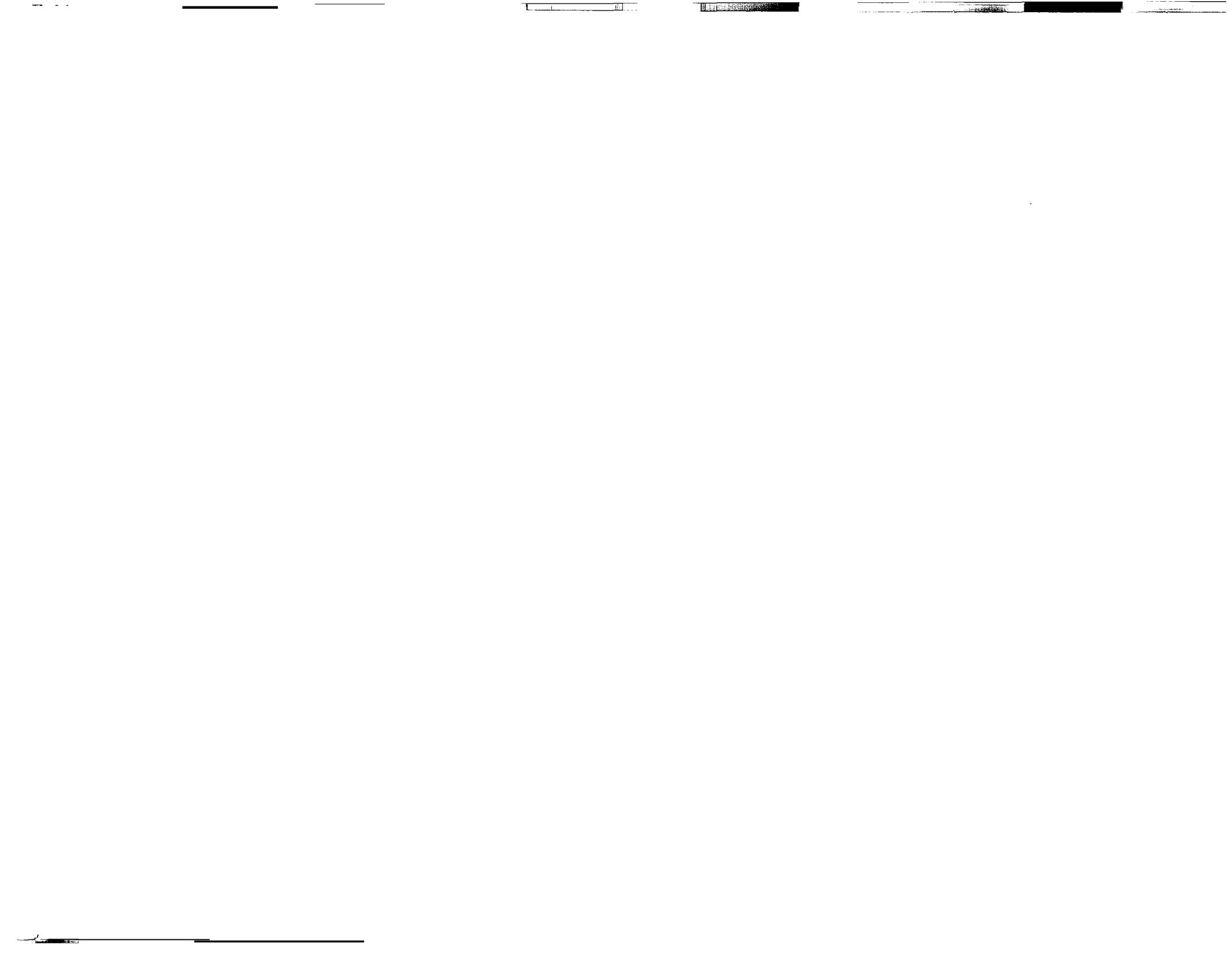
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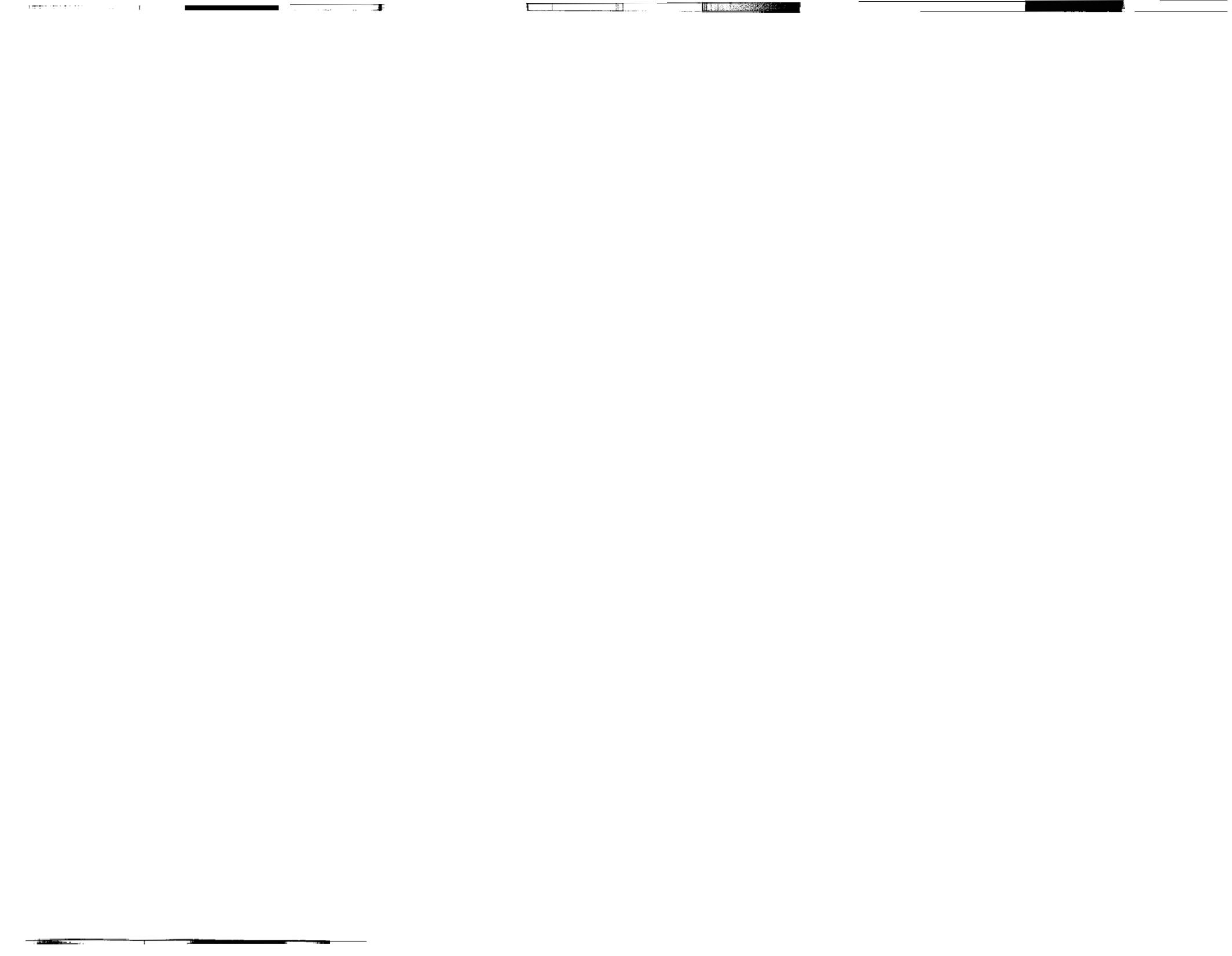


# 1992 ANNUAL REPORT TO CONGRESS

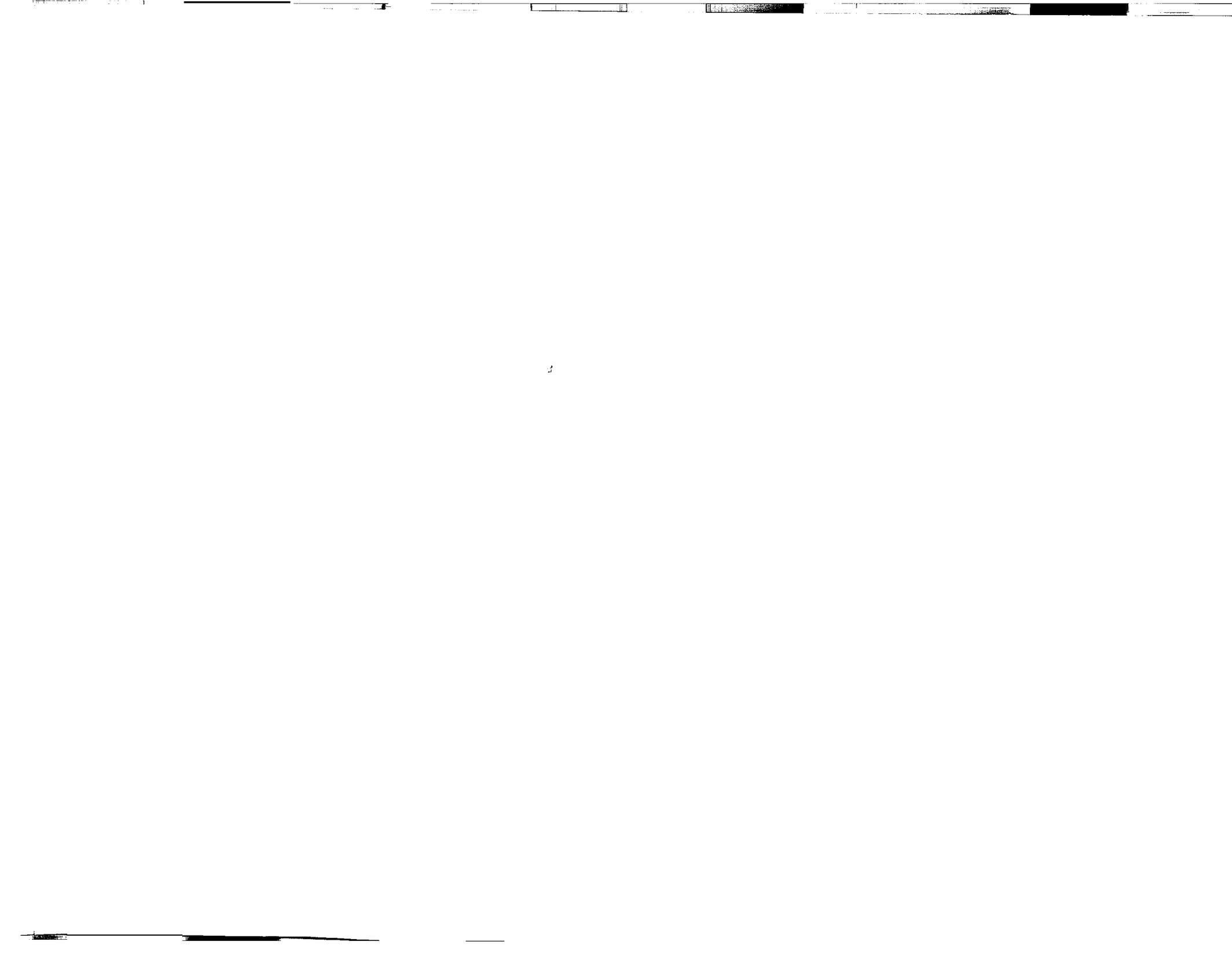
## ON THE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

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**CHAPTER 1**  
**CDBG ENTITLEMENT**



# 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.

## Legislative Authority

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

## Program Description

The Entitlement Program is CDBG's largest component. 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 (MSA's), 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 with 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 are eligible and 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 standard to 70 percent.

## Funding History

Funds available to entitlement grantees in FY 1991 amounted to \$2,202,600,000. This is the highest amount appropriated within the program since 1985. (See Table 1-1)

Table 1-1

**Community Development Block Grant Program  
Entitlement Allocations  
(Dollars in Millions)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1975	\$2,219	1981	\$2,667	1987	\$2,059
1976	2,353	1982	2,380	1988	1,973
1977	2,663	1983	2,380	1989	2,053
1978	2,794	1984	2,380	1990	1,972
1979	2,752	1985	2,388	1991	2,203
1980	2,175	1986	2,053		

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

### Participation

In FY 1991, a total of **882** communities (**757** metropolitan cities and **125** urban counties) were eligible for entitlement funds from HUD. This reflected an increase of sixteen eligible grantees (all of which were metropolitan cities) compared to **1990**. These new entitlement communities would have been eligible in **1990** based on their population but for the fact that they were participating communities in an Urban County. They became eligible in **1991** when their participating agreements with the Urban Counties expired after FY **1990**.

Of the **882** eligible entitlement communities, **858** participated in FY **1991** (seven communities did not apply, **16** combined with other eligible jurisdictions, and funding was deferred for one). This compares with **845** participants in FY **1990**. Table 1-2 tracks the growth in the number of eligible CDBG entitlement communities since the inception of the program.

### 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 subrecipients, such as repayments of loans made with CDBG funds, proceeds from the use of CDBG-assisted properties which are controlled by grantees and subrecipients, and sales proceeds from properties acquired or improved with CDBG funds.

Table 1-2

**Number of Eligible CDBG Entitlement Communities  
For Selected Years, 1975 - 1991**

<u>Year</u>	<u>Total</u>	<u>Metro Cities</u>	<u>Urban Counties</u>	<u>Total Increase From Previous Year</u>
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
1991	882	757	125	16

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

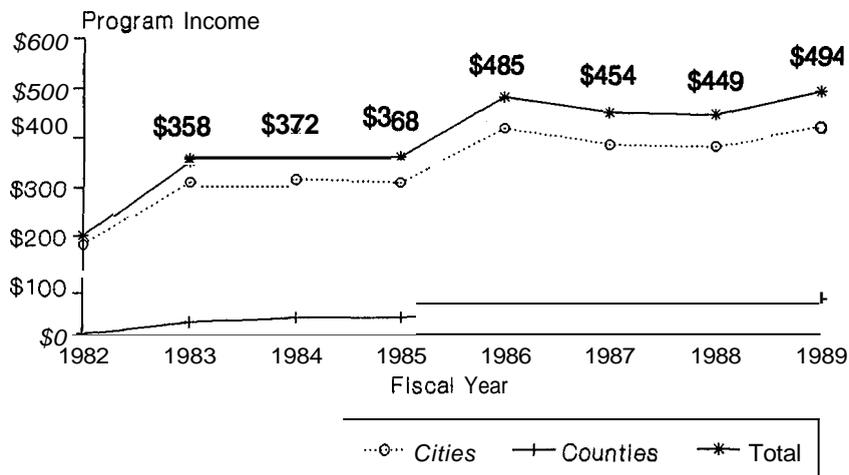
In FY 1989, the latest full year for which information on program income has been reported, entitlement grantees in the aggregate reported that they had received \$494 million, an amount equal to 24 percent of their FY 1989 allocation. This is based on a subset of approximately 99 percent of all entitlement grantees. After a pattern of steady increases in the amount of program income reported from 1983 to 1986, followed by slight decreases between 1986 and 1988, program income received in 1989 increased by \$45 million from 1988. The 1988 amount is somewhat less than what was reported in last year's annual report primarily due to corrections to what communities had reported. Figure 1-11 illustrates the pattern of program income received between 1982 and 1989 by all entitlement grantees, metropolitan cities, and urban counties.

In FY 1989, as in past years, the largest amount of program income (47%) came from repayments of housing rehabilitation loans. Another large portion (28%) came from businesses repaying economic development loans. The other most significant source of program income was from the payment of fees (8%). The balance of program income was from land sales, repayment of float loans, rentals and other sources.

Eighty-seven percent of all communities reported some program income. However, a few communities accounted for a large proportion of all the program income. Ten percent of

Figure 1-1

### CDBG Entitlement Program Income Fiscal Years 1982 - 1989 (Dollars in Millions)



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

the localities, those for which the amount of program income was 50 percent or more of their annual CDBG grant, accounted for 34 percent of the program income received. By contrast, 48 percent of the localities, those for which the program income was less than 10 percent of their CDBG grant amount, reported only seven percent of the program income received. (See Table 1-3)

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 instances of failures by grantees and subrecipients to properly use, monitor and report program income. The Department has continued to emphasize steps which increase recipient compliance with program income requirements. During 1991, it issued to field office staff a revised monitoring guide for financial management which included questions for reviewing program income.

### Program Activities

Expenditures as reported in the 1989 Grantee Performance Reports (GPRs) are the principal source of information for describing the use of funds by entitlement grantees in this report. The 1991 Final Statements were also used to a limited extent to describe planned use of funds. The Final Statement describes how a grantee proposes to use CDBG funds it

expects to receive in the coming program year. GPRs are submitted three months after the end of a grantee's program year and describe how the funds actually were used. They are usually more detailed than Final Statements. 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**.

**Table 1-3**

**Program Income Received as a  
Percent of Grant Amount**

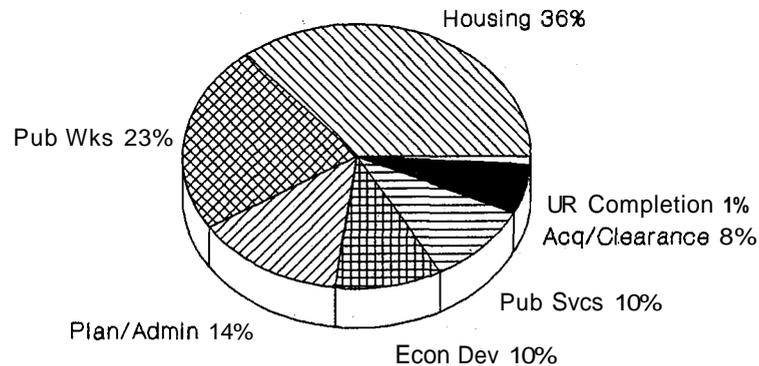
<b>Program Income as a Percent of Grant Amount</b>	<b>Localities</b>		<b>Grant Amt. (Dollars in Millions) Pct.</b>		<b>Program Inc. (Dollars in Millions) Pct.</b>	
	<b>#</b>	<b>Pct.</b>				
No PI Reported	106	13	72.4	4	--	--
1 - 9 %	295	35	653.9	32	33.6	7
10 - 24	212	25	580.3	28	98.6	20
25 - 49	144	17	563.5	27	193.8	39
50 - 74	48	6	103.0	5	61.4	12
<u>75% +</u>	<u>32</u>	<u>4</u>	<u>81.1</u>	<u>4</u>	<u>106.7</u>	<u>22</u>
<b>Total</b>	<b>837</b>	<b>100</b>	<b>2,054.2</b>	<b>100</b>	<b>494.1</b>	<b>100</b>

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

GPRs submitted by grantees following the conclusion of their 1989 program year provide the most recent data available to HUD that includes expenditures for **all** entitlement grantees. The expenditures discussed below reflect information from 791 FY 1989 GPRs, or 95 percent of the 837 reports required to be submitted. The 791 reports account for 93 percent of CDBG funds appropriated for all entitlement communities for FY 1989. Information on planned fund usage **was** taken from 787 Final Statements for FY 1991, or 92 percent of the 858 actually submitted. The 787 Statements account for 92 percent of CDBG funds appropriated for all entitlement communities for FY 1991. The information on both planned and actual expenditures were weighted to reflect all entitlement Communities.

In their GPRs, local officials reported spending \$2.55 billion during their 1989 program year. 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. Figure 1-2 shows how entitlement communities, in the ag-

**Figure 1-2**  
**Expenditures by Activity**  
**1989 Program Year**




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

gregate, spent their funds among the major activity categories. Metropolitan cities and urban counties differed somewhat in this regard, as will be discussed later in *this* chapter.

Housing - As in previous years, the highest proportion of expended CDBG entitlement funds (36% or \$919 million) continued to be for housing-related activities. The relative proportion for housing activities has remained fairly constant since 1982, fluctuating between 33 percent and 36 percent of all CDBG entitlement expenditures. Almost all of these expenditures were devoted to improving grantees' existing stock of housing for low- and moderate-income households. Expenditures in 1989 for housing included:

- o Rehabilitation loans and grants for single family dwelling units: \$444 million;
- o Rehabilitation of multifamily and public housing: \$176 million;
- o Rehabilitation of other publicly-owned residential buildings: \$79 million;
- o Administrative rehabilitation services such as loan processing, preparation of work specifications, and rehabilitation counseling: \$89 million;
- Acquisition of housing for rehabilitation: \$51 million;
- o Special activities, such as the construction of new housing, where the activities were undertaken for the purpose of neighborhood revitalization: \$32 million;

- o Code enforcement: **\$32 million;**
- o Weatherization of housing units: **\$9 million;** and
- o Other housing related activities: **\$7 million.**

**Public Works** - Spending for public works (**\$590 million**) represented the second highest proportion of entitlement expenditures among major activity categories. It has dropped a bit over time from **26 percent** of CDBG expenditures in **1982** to **23 percent** in **1989**. Expenditures in **1989** for public works included

- o Street and sidewalk improvements: **\$202 million;**
- o Construction or renovation of senior centers, facilities for the handicapped, neighborhood facilities, halfway houses, shelters, and other public buildings: **\$165 million;**
- o Water, sewer, flood control, and drainage systems: **\$74 million;**
- o Parks and recreation facilities: **\$55 million;**
- o Special purpose activities, such as the removal of architectural barriers and historic preservation: **\$23 million;** and
- o Other public facilities and improvements: **\$71 million.**

**Economic Development** - Local grantees used **\$251 million** for economic development projects in **1989**, down from a revised figure of **\$302 million** for **1988**. It accounted for **10 percent** of CDBG entitlement expenditures. It has remained between **10 and 13 percent** of all expenditures for the past **6 years**. Expenditures for economic development in **1989** included:

- o Direct financial aid to for-profit businesses: **\$130 million;**
- o Assistance to for-profit businesses for land acquisition, infrastructure development, construction and/or rehabilitation of buildings, equipment, and other assistance: **\$45 million;** and
- o 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: **\$76 million.**

**Public services** - The proportion of funds expended for public services has gradually risen over time, increasing from seven percent in **1982** to **10 percent** in **1989**. That is up one percent from **1988**. A community may not expend for public service activities more than **15 percent** of the **sum** of their grant and the program income that it received over the previous year. Expenditures for public services in **FY 1989** totalled **\$266 million**. They include:

- o Services for the elderly and handicapped: \$33 million;
- o Services for youth: \$30 million;
- o Services for the homeless: \$24 million;
- o Housing counselling including fair housing counselling: \$22 million;
- o Homeownership assistance in the form of mortgage and income subsidies: \$20 million;
- o Day care: \$16 million;
- o Crime Awareness: \$14 million;
- Health care services: \$13 million;
- o Job training: \$10 million; and
- o Other public services: \$84 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 six percent and eight percent of **all** CDBG expenditures. \$152 million (6%) was spent on acquisition and clearance-related activities. The funds were for:

- o Purchasing property for non-housing/non-economic development purposes: \$52 million;
- o Clearing of land: \$49 million; and
- o Disposition and relocation: \$51 million.

**Administration/Planning/Other** - Since 1982, administration and planning activities have remained proportionately stable, accounting for between 13% and 14% of CDBG expenditures. \$350 million (14%) was spent on **planning** and administration, which continues to be well below the 20 percent statutory limitation imposed on each grantee for funds used for these purposes. Of this amount, \$313 million was used for administration and \$37 million for planning activities. The balance of expenditures by entitlement communities, \$26 million (1%) was used for the completion of urban renewal programs.

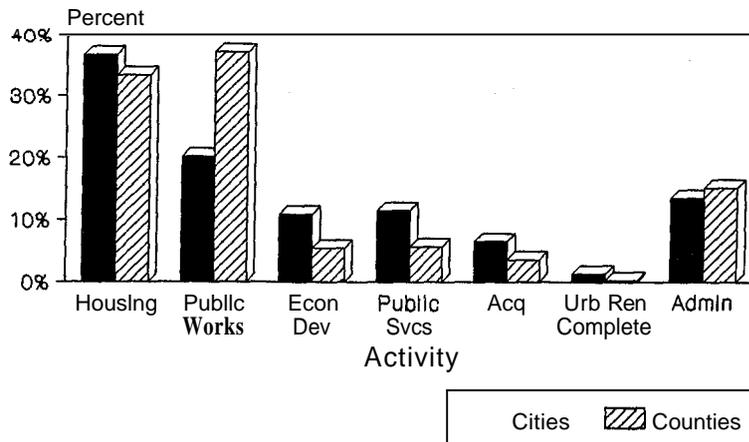
### **Metropolitan City vs. Urban County Spending Patterns**

Metropolitan cities and urban counties differed somewhat in the degree to which they funded various activities. (See Figure 1-3)

**Housing** - Metropolitan cities spent the largest proportion of their CDBG funds for housing-related activities. Nationally, in 1989, metropolitan cities used 37 percent (\$762 mil-

Figure 1-3

**Percent of CDBG Funds by Activity  
Metropolitan Cities vs. Urban Counties  
FY 1989**



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

lion) of their **CDBG** funds for housing-related activities compared to 33 percent (\$157 million) used by urban counties for that purpose. Urban counties used 22 percent of all their **CDBG** funds to rehabilitate single-family dwelling units compared to 16 percent for metropolitan cities. However, metropolitan cities used eight percent of all their **CDBG** expenditures for rehabilitation of multi-family and public housing compared to only two percent for urban counties.

**Public Works** - While metropolitan cities gave top priority to housing activities, urban counties emphasized public works activities. Urban counties used 37 percent of their funds for such activities while metropolitan cities **only** used 20 percent of their **CDBG** funds for public works activities. The principal public works projects for both metropolitan cities and urban counties were street improvements (6% for cities and 11% for counties). The next highest priorities for urban counties were water improvements (5%) and centers for senior citizens (3%) while for metropolitan cities the next priorities were centers to help the homeless (3%) and parks/recreational facilities (2.1%).

**Other Activities** - Metropolitan cities proportionally spent over twice as much in 1989 on economic development activities as urban counties (metropolitan cities: 11%; urban counties: 5%). For public services, the spending for metropolitan cities was 11 percent compared to six percent for urban counties, perhaps due to the greater concentration of poor persons in metropolitan cities.

## stan to the eless

The CDBG Entitlement program has been a major local resource for assisting the homeless among entitlement communities. Between **FY 1983** and **FY 1991**, at least **\$425** million in entitlement funds are estimated to have been allocated for projects benefitting the homeless. The amount of **1991** CDBG funds budgeted by communities for homeless assistance amounted to about **\$84** million.

In **FY 1991** about **32** percent of all communities reported budgeting funds for homeless assistance. Of the **\$84** million proposed for homeless assistance in **1991** statements, **\$70** million was allocated for shelter acquisition and rehabilitation and **\$14** million for food and other services. New York City accounts for more than one-half of the all entitlement funds budgeted nationally for homeless assistance.

### Program National Objectives

The Housing and Community Development Act of **1974** requires that each activity assisted with CDBG funds meet one of three national objectives:

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

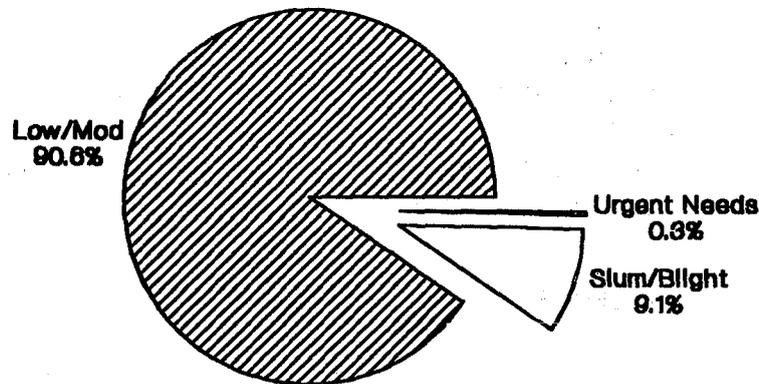
In **1989**, local officials identified approximately **\$2.2** billion of total expenditures for activities meeting one of the three national objectives. The balance of funds were used for planning and administration which are presumed to meet the national objectives since they support the overall program of individual activities. Grantees reported that **90.6** percent of expended funds went for activities benefiting low- and moderate-income persons, **9.1** percent went for slum or blight treatment, and about three-tenths of one percent for urgent community needs. (See Figure 1-4)

**Low- and Moderate-Income Benefit** - Almost **\$2.0** billion was reportedly spent for activities **qualifying** under the objective of benefit to low- and moderate-income persons in **FY 1989**. Activities considered to benefit low- and moderate-income persons are further divided into four sub-categories:

- o **Area Benefit** - These are activities which benefit all persons residing in the area served by the activity. Generally, at least **51** percent 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.)

Figure 1-4

## Percent of CDBG Funds Spent by National Objective, FY 1989



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

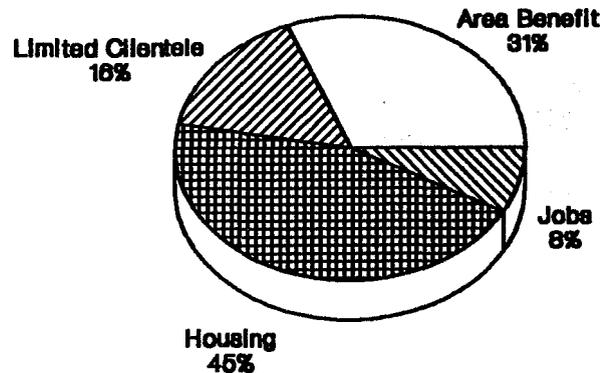
- o Housing- An activity which adds to or improves permanent, residential structures must be occupied by low- and moderate-income households upon completion, in order to qualify under this category.
- o Jobs - An activity which creates or retains permanent jobs may qualify under this category if at least 51 percent 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 percent of whom are low- and moderate-income persons may qualify under this sub-category.

Communities are required to identify the specific category under which an activity qualifies for low- and moderate-income benefit. Figure 1-5 identifies the percentage of CDBG funds expended in FY 1989 for activities claimed as benefiting low- and moderate-income persons by each of the above categories. Figure 1-6 compares the percentage of metropolitan city vs. urban county expenditures for each of these categories.

**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**

Figure 1-5

### Low/Mod National Objective Percent by Qualification Category




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

1989, grantees reported that they spent \$200 million for activities meeting the slum/blight national objective.

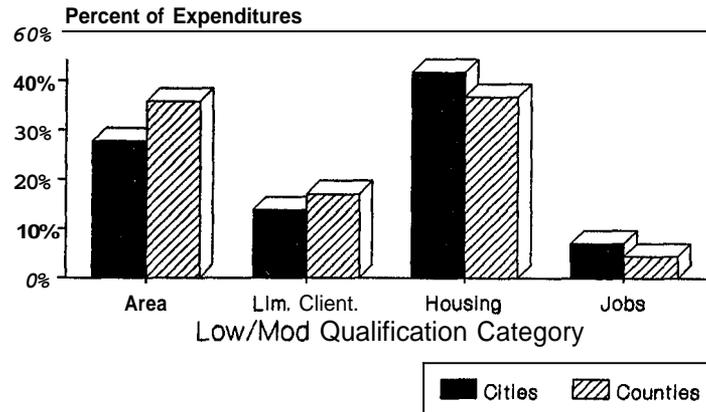
**Urgent Needs** - Expenditures reported for urgent community needs were proportionally very small, just over \$7.6 million dollars. This was similar to previous years in that it accounted for well under one percent of all program expenditures.

**Overall Benefit** - The general requirement in FY 1989 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 may choose to meet this requirement over a period of up to three years, it is not possible to tell from 1989 reporting alone whether any grantees did not meet the requirement.

As shown in Table 1-4, 74 percent of the 1989 entitlement grantees reported that more than 90 percent of their expenditures were for activities benefiting low- and moderate-income persons. This proportion is slightly more than in 1988 when two-thirds of the grantees reported that at least 90 percent of their expenditures were for low- and moderate-income activities. In addition, a lower percentage of 1989 grantees (6%) expended between 60 percent and 74 percent of their funds for such activities compared to 1988 (10%). Only three percent of 1989 entitlement grantees expended less than 60 percent of their funds for low- and moderate-income activities.

Figure 1-6

**Low/Mod National Objective  
Metropolitan Cities vs. Urban Counties  
FY 1989**



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

**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 1989 program year, a total of \$1.37 billion in entitlement funds was reported as expended for direct benefit activities which primarily benefit low- and moderate-income persons or households. Localities identified 74 percent of their direct beneficiaries as low income, 20 percent as moderate income, and 6 percent as above moderate income. 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-two percent of the beneficiaries of direct benefit activities were identified as Black and 17 percent Hispanic. This contrasts with an average of 15 percent Black and nine percent Hispanic for all entitlement communities. Minorities also were the predominant beneficiaries of direct benefit activities. 54 percent of the beneficiaries were either Black, Hispanic, Asian, or American Indian.

### Use of

CDBG grantees often make use of nonprofit organizations and other entities to perform CDBG activities. For the purposes of this program, these entities are referred to as "subrecipients." A total of \$538 million was expended in FY 1989 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-four percent of all expenditures for subrecipient activities were reported by metropolitan cities

and 16 percent by urban counties. Figure 1-7 shows the major categories of activities which are being carried out by subrecipients by type of grantee.

**Table 1-4**

**Entitlement Grantee Expenditures Reported  
as Low- and Moderate-Income Benefit, FY1989\***

Percent of Expenditures Reported as Low- and Moderate-Income Benefit	Metro Cities		Urban Counties		All Grantees	
	#	Pct.	#	Pct.	#	Pct.
100	260	38%	46	40%	306	39%
90 - 99	233	35	47	41	280	35
75 - 89	116	17	17	15	133	17
60 - 74	46	7	4	4	50	6
51 - 59	14	2	0	0	14	2
50 or less	8	1	0	0	8	1
Total	677	100%	114	100%	791	100%

\* - This information represents only those FY 1989 Grantee Performance Reports reviewed for this report.

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

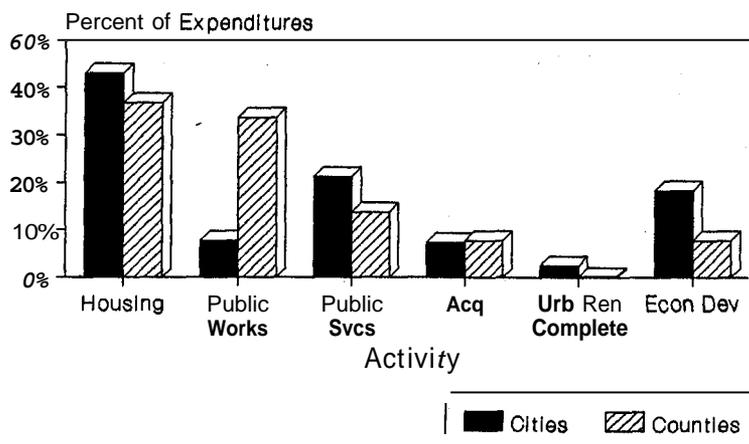
### Subrecipient Management

As a result of an audit by the Office of Inspector General which identified serious problems with subrecipient performance, the Department proposed a technical assistance effort to develop a CDBG Subrecipient Management Training Program. The purpose of the technical assistance effort is to aid entitlement communities in monitoring subrecipients more effectively and in reducing the opportunities for fraud, waste, and mismanagement in their CDBG programs. The main objectives are to aid grantees in:

- o improving their subgrant award procedures in order to lay a proper foundation for monitoring, particularly in terms of developing effective subrecipient agreements;
- o developing training programs to improve subrecipients' performance;
- o developing effective monitoring strategies and procedures; and
- o following through on monitoring findings to improve the performance of non-performing or poor-performing subrecipients.

Figure 1-7

### Use of Funds by Subrecipients of Metropolitan Cities and Urban Counties FY 1989



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

HUD has signed a sixteen month contract to accomplish this effort. At the conclusion of the contract in **FY 1993**, grantees **will** have received guidebooks and related training materials to help them more effectively manage their CDBG subrecipients.

### 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 its program year, and, in most cases, by HUD monitoring of 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, 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 Department places special restrictions on the grant 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 Department may reduce a grant after the grantee is given the opportunity for a hearing if it disputes either the finding of non-compliance or the proposed remedial action and the administrative law judge supports the Department's position.

During 1991, twelve grants were conditioned by HUD: five for failure to carry out CDBG-assisted activities in a timely manner; two for deficiencies involving financial management and subrecipient management; two for failure to monitor subrecipients and submit GPRs; one for failure to carry out its HAP in a timely manner; and two for failure to carry out economic development activities in accordance with applicable requirements.

Four grantees were notified that the Department intended to initiate action to reduce grants and were offered an opportunity for a formal hearing. Two grantees waived their rights to a hearing and agreed to the reductions rather than repay costs disallowed as a result of audit findings. Two grantees accepted offers for a hearing. One of these cases involved a grantee's refusal to accept a grant that contained conditions requiring improved HAP performance. The hearing was held before a HUD Administrative Law Judge and the city and the Department met to work out a settlement in the case. The other case involved the grantee's expenditure of funds for salary and fringe benefit costs for City employees without having an approved timekeeping system and the expenditure of funds for code enforcement activities without demonstrating compliance with program requirements in violation of conditions that had been imposed on the City's grant. A hearing date for the case has not yet been scheduled.

### **CDBG Paperwork Reduction Task Force**

During FY 1991, the Department began an assessment of program regulations and other requirements to minimize and rationalize paperwork in the CDBG Program. The review was initiated with the recognition that the program was over fifteen years old and had undergone numerous changes since its inception. Despite its wide-ranging success, there was concern that the program had become bogged down by additional paperwork requirements. The Department decided to address this concern by making a systematic assessment of program requirements to minimize paperwork burdens.

To maximize the expertise of those who are involved in the administration of the CDBG program at the local level, HUD requested nominations of individuals to serve on task force working groups from grantees, national public interest groups and HUD field staff. A total of eight task force working groups were established for the following program areas: Final Statements, Rehabilitation, Economic Development, Environment, State and Small Cities, Financial Management/Miscellaneous, Grantee Performance Reports, and the Housing Assistance Plan (which later converted to the Comprehensive Housing Affordability Strategy as a result of changes made by the National Affordable Housing Act).

Task force participants met to analyze the program requirements in their assigned areas and developed recommendations to address their concerns. HUD staff assessed these recommendations which were presented to the Assistant Secretary for Community Plan-

ning and Development. Final decisions were made as to needed changes to eliminate unnecessary paperwork burdens. **An** action plan has been developed to set time frames for implementation of the recommendations.

Proposed changes resulting from the task force recommendations include:

- o develop regulatory amendments to reflect changes made by the National Affordable Housing Act, such as a need for an "appropriate" determination when providing assistance to for-profit businesses;
- clarify ways that economic development jobs can be created or retained;
- o consolidate reports into the fewest number possible, principally the Grantee Performance Report and the Comprehensive Housing Affordability Strategy performance report;
- o simplify the GPR and improve the utility of the computerized system for its preparation;
- o revise processes for submitting annual certifications and Final Statement amendments;
- streamline environmental review processes;
- automate reports to the greatest extent possible;
- o revise and clarify the conflict of interest provisions in the regulations; and
- o revise the urban county qualification process.

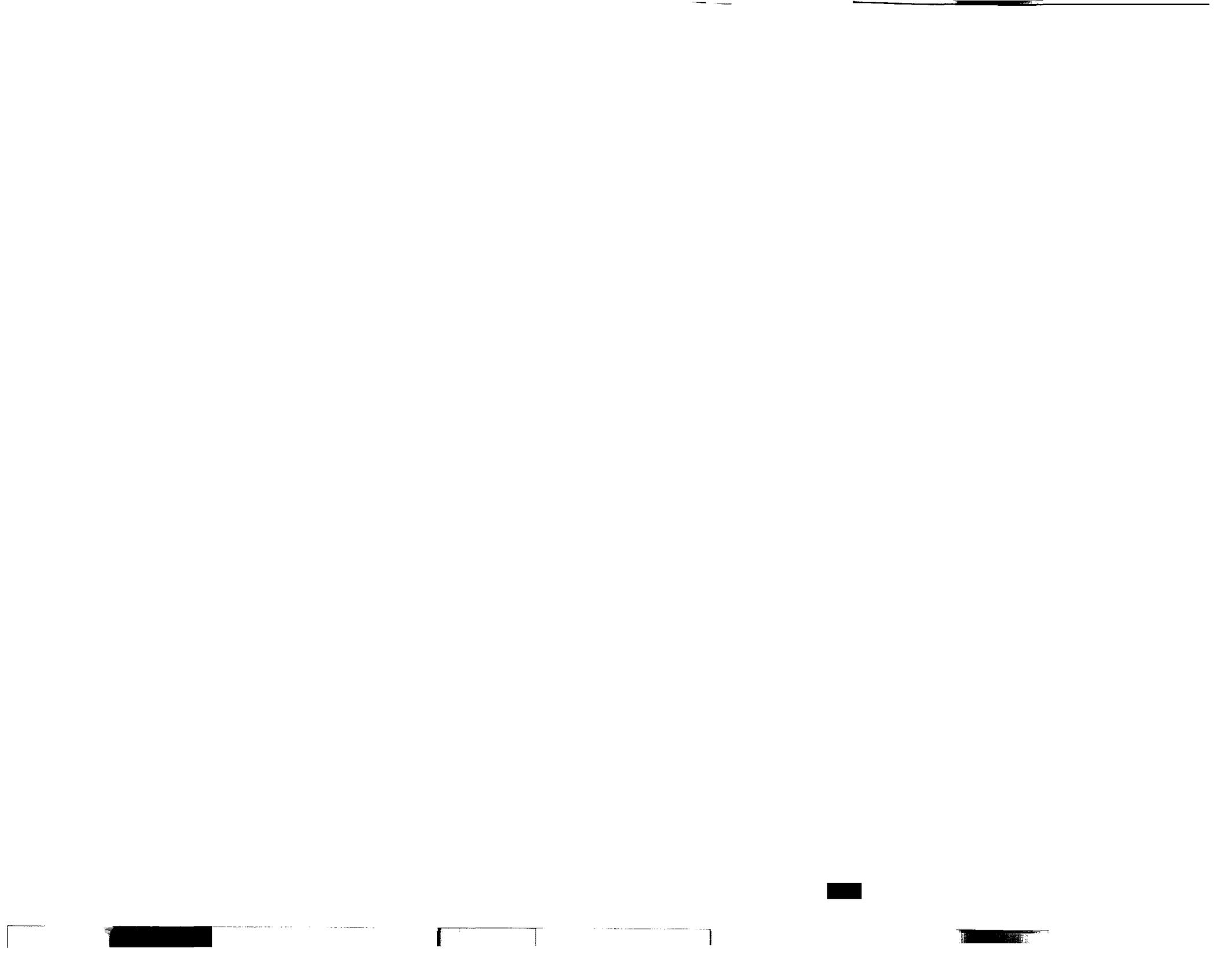
Status reports will be sent on a regular basis to task force participants to keep them apprised of the changes made based upon their recommendations.



**CHAPTER 2**

**SECTION 108**

**LOAN GUARANTEE**



## SECTION 108 LOAN GUARANTEE PROGRAM

### Purpose

The Section 108 Loan Guarantee program provides entitlement public entities receiving annual grants and nonentitlement public entities assisted by States 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.

### Legislative Authority

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

### Program Administration

HUD may guarantee notes issued by (a) entitlement public entities, (b) nonentitlement public entities assisted by States that administer the Community Development Block Grant program, or (c) public agencies designated by such public entities. 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. Additionally, guaranteed notes may be used for related relocation, clearance and site improvements, for payment of interest expense and guaranteed loan issuance costs of public offerings and for debt service reserves. Further, guaranteed loan funds may be used to finance construction of housing by nonprofit organizations when undertaken as part of a project that is also financed under the Housing Development Grants (HODAG) or Nehemiah Housing Opportunity Grants programs. Each activity funded with guaranteed loan funds 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 entitlement public entity or a State pledges its current and future CDBG grants for the repayment of the guaranteed loan. Additional security may be required if deemed necessary by HUD. Neither the public entity nor a State is required to pledge its full faith and credit for repayment of a guaranteed loan. Guarantees issued by HUD are, however, 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 has been around six years with a maximum repayment period of twenty 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 entitlement public entity is limited to five times the amount of the public entity's annual CDBG grant. The maximum amount for **all** nonentitlement public entities in a State is limited to five times the most recent CDBG grant received by that State. 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 1991 was \$139.9 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 most recent underwriting group included:

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

\* Minority owned

A public offering was held on July 18, 1991 in which 38 borrowers issued guaranteed notes in the amount of **\$103,315,000**. This issuance was the fifth public offering since 1987, for a total amount of \$397,560,000. **As** of September 30, 1990, the outstanding balance of notes held by private investors was \$346,385,000.

Borrowers requiring funds between public offerings may issue notes through an interim lending facility (recently provided by Merrill Lynch Government Securities, Inc.). The interim lending facility is an integral part of the private market financing mechanism. Interim financing in the amount of \$39 million was provided prior to the last public offering of guaranteed notes sold in July 1991.

**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, 1991, the outstanding balance of notes held by the **FFB** was \$204,535,718.

**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	179.4	1986	113.3	1990	119.3
				1991	84.5

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

**Program**

In **FY 1991**, **HUD** approved 26 applications for loans totaling \$84.5 million. The median approval was \$2.0 million. Two-thirds of the **FY 1991** commitments (total amount) were issued to communities with populations of less than 250,000. This group comprised nearly eighty-five percent of all the borrowers participating in the **FY 1991** Section 108 program. (See Table 2-2)

One community, Portland, Oregon received approval for a loan of over \$13 million. Another community, Scranton, Pennsylvania received a loan amount of slightly less than \$10 million, while several communities received loan guarantee commitments from \$5 to \$6.75 million: New Haven, CT; Elizabeth, NJ; Spokane, WA, New Orleans, LA; and Baltimore, MD.

**Program Activities**

As shown in Figure 2-1, approximately 48% of the amount approved in **FY 1991** was budgeted for economic development activities. The next highest amount (approximately 35% of the amount approved) was budgeted for acquisition of real property and related activities (e.g., public improvements). Housing and publicly owned rehabilitation activities accounted for approximately 15% of the amount approved in **FY 1991**.

Table 2-2

**Distribution of Section 108 Loan Guarantee Commitments  
By Population Size (1988 est)**

<u>Applicant's Population</u>	<u>Number of Commitments Approved</u>	<u>Commitment Amounts (000's)</u>
< 100,000	12	\$26,766
100,000-249,999	10	29,480
250,000-499,999	1	13,750
<u>500,000 +</u>	<u>3</u>	<u>14,470</u>
Total	26	\$84,466

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

### **Selected Activities Assisted**

Some examples of the types of activities carried out by the entitlement public entities receiving Section 108 guaranteed loans include:

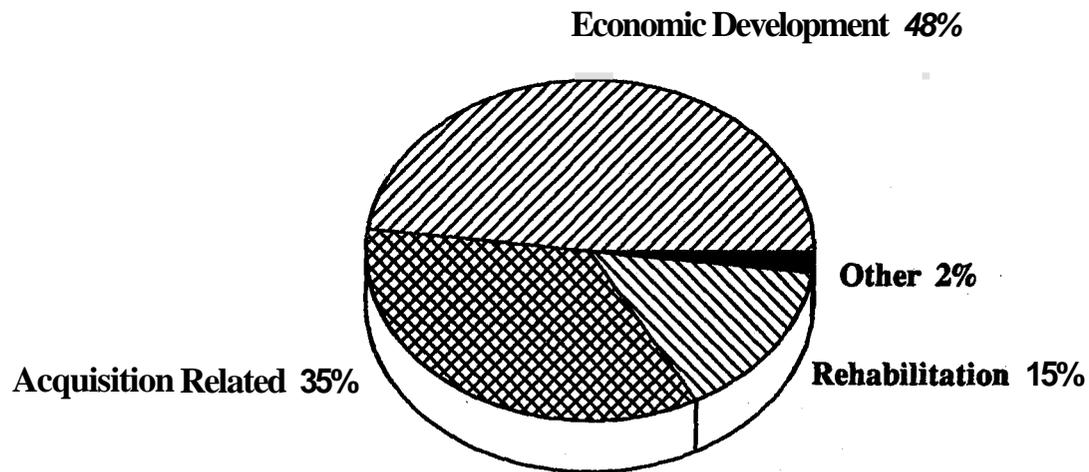
- o New Haven, CT will use guaranteed loan funds for rehabilitation loans to alleviate slums and blight or create new housing opportunities for low and moderate income persons within the context of the City's Residential Rehabilitation Loan Program.
- Caguas, PR will use guaranteed loan funds to expand a public facility to provide space to private entrepreneurs for the provision of accessible and technically superior conference and mini-convention facilities.
- o Portland, OR will use guaranteed loan funds to assist a nonprofit organization in financing the acquisition, rehabilitation and certain other expenses of owner-occupied and residential rental properties in the north and northeastern part of the City. The nonprofit will be involved in selling, renting, managing, and providing counselling with respect to the properties which will principally benefit low- and moderate-income persons.

### **Program Objectives**

Applicants budgeted \$68.2 million (80% of the amount approved in FY 1990) for activities benefitting low- and moderate-income persons. The remaining amount, \$16.2 million, was budgeted for activities aiding in the elimination or prevention of slums or blight.

Figure 2-1

## Section 108 FY 1991 Distribution of Activities



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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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**CHAPTER 3**

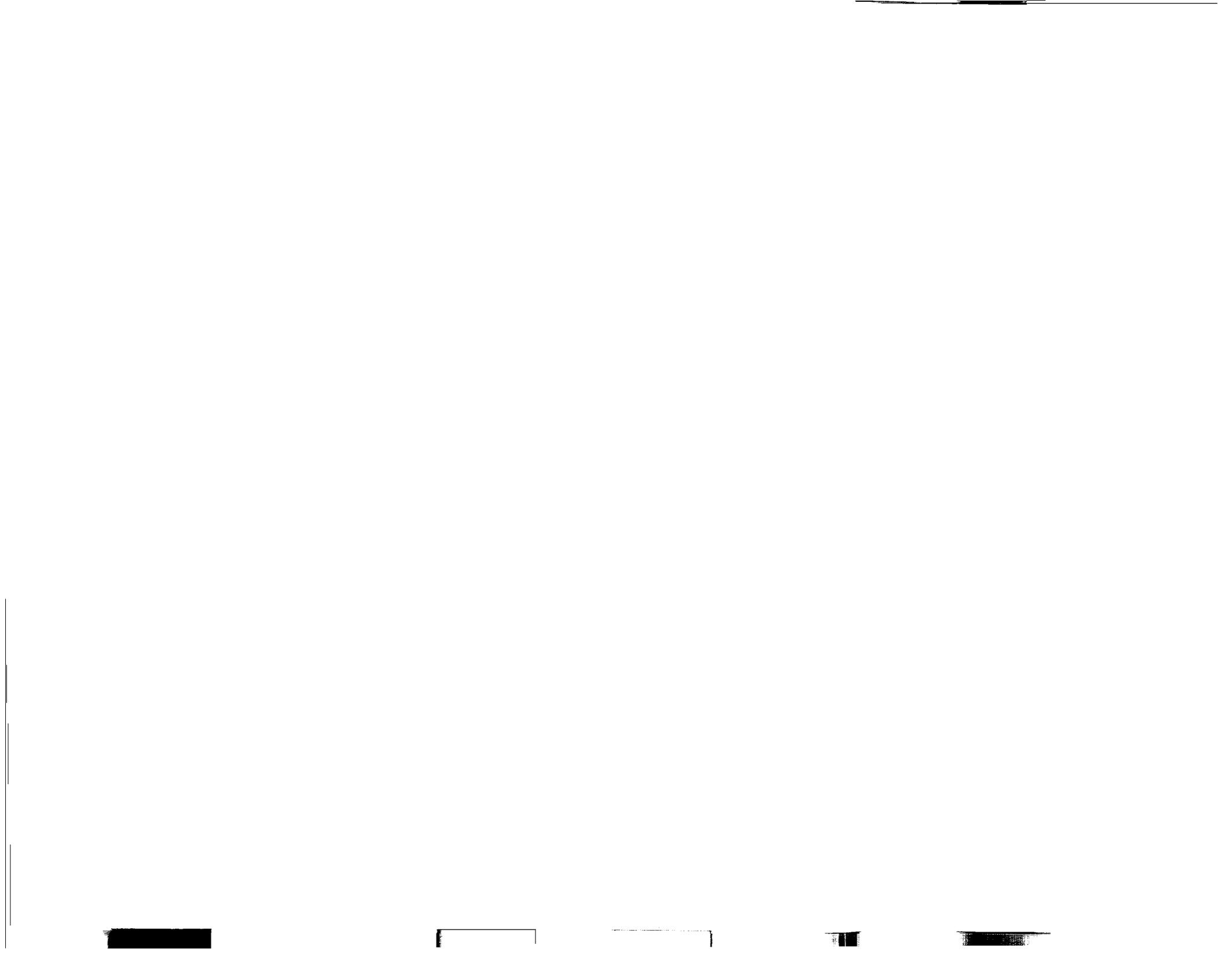
**STATE CDBG**

**and**

**XUD-ADM REGISTERED**



**CITIES**



## STATE AND HUD-ADMINISTERED SMALL CITIES PROGRAMS

### Purpose

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 the Indian CDBG **Program**, 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 formulas use data for non-entitlement areas of the State. The program provides funds to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services.

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 **1991** Puerto Rico and all States except for New York and Hawaii administered the State CDBG program. Puerto Rico will be termed a State for the remainder of this chapter.

### Legislative Authority

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

### I. The State CDBG Program

#### Program Administration

To implement the State CDBG program States must submit a Final Statement that includes community development objectives and a method to distribute the funds among nonentitlement communities. The Department does not participate in State administrative processes concerning funding decisions.

States have broad discretion in designing their **own** community development programs. However, each activity funded must meet one of the CDBG program's national objectives of benefiting low- and moderate-income persons, eliminating or preventing slums or blight,

or meeting urgent community development needs. The program's social targeting goal was strengthened in **1988** 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** increased this level to 70 percent, beginning with the **N 1991** allocation. Each State selects the relevant period for meeting this requirement, but that period cannot exceed three years.

States must submit Performance Evaluation Reports (PERs) to HUD by September **30** each year. The most recent PERs contain information through June **30, 1991**. 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 **1990** grant funds since that is the most recent year with relatively complete information. All States submitted FY **1990** PERs in September **1991** but **only 27** States submitted PERs covering their FY **1991** funds. By that date, States submitting FY **1991** PERs had awarded only **16** percent of their **FY 1991** grants.

Data contained in this report may differ slightly from data contained in previous annual reports on the State CDBG Program. This is due principally to the creation of a new PER database which more accurately captures the status of the program.

### Funding History

Of the total **\$3.147** billion appropriated for the CDBG program in **N 1991**, **\$944 million** was apportioned for non-entitlement areas. Of this, **\$903** million went to States in the State CDBG program and **\$41** million went to the two States in the HUD-Administered Small Cities program. (Figure 3-1)

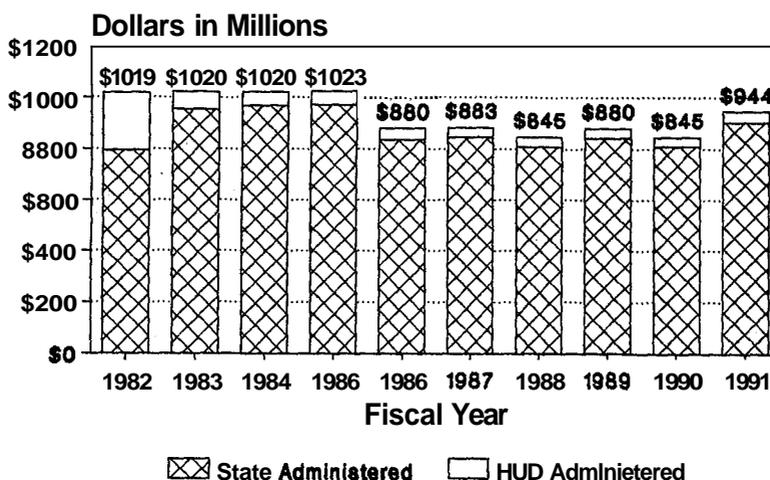
### Meeting National Objectives

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. **As** part of this certification, a State ensures that not less than 70 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. This is referred to **as** the primary objective.

Low- and moderate-income families are defined in the State CDBG program **as** those families at or below the Section 8 low- and moderate-income levels issued by the Department. Those levels are, for nonmetropolitan areas, 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, a low- and moderate-income family is one that is at or below **80** percent of the median family income of the

**Figure 3-1**

**Community Development Block Grants  
Nonentitlement Program Funding**



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

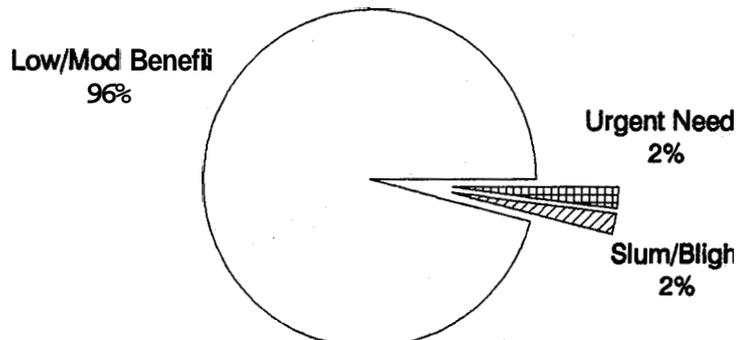
metropolitan area. Adjustments are made by HUD for areas which have median income levels which deviate significantly from the national median income.

- Of all funds awarded to eligible small communities since the State program began in FY 1982, 96 percent were to provide low- and moderate-income benefit. About 2 percent addressed the national objective of eliminating slums and blight and another 2 percent were for urgent needs. (Figure 3-2).
- States attributed a low- and moderate-income benefit objective to activities accounting for 98 percent of all FY 1990 grant funds awarded to recipients as of June 30, 1991 (Table 3-1). States failed to specify the purpose for 5 percent of the funds distributed.

**Participation**

Forty-nine States administered the State CDBG program in their jurisdictions in FY 1990. ~~Within~~ Federal regulations, these States determine which communities to fund, the number of grants to make, and the types of activities to be undertaken.

**Figure 3-2**  
**State CDBG Objectives**  
**Percent of Funding, FYs 1982-1991**



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

**Table 3-1**

**FY 1990 State CDBG Awards by  
 Purpose of Funds and National Objective †  
 (Dollars in Millions)**

<u>Purpose</u>	<u>National Objectives</u>			<u>Total</u>
	<u>Low-Moderate- Income Benefit</u>	<u>Slums and Blight</u>	<u>Urgent Needs</u>	
Public Facilities	\$365.5	\$5.3	\$6.2	\$377.0
Housing	185.7	1.8	1.2	188.7
Economic Development	125.9	2.6	0.1	128.6
Planning	4.5	1.2	0	5.7
Public Services	5.2	0	0	5.2
No Data	<u>34.7</u>	<u>0</u>	<u>0</u>	<u>34.7</u>
Total Funds	\$721.4	\$11.1	\$7.4	\$739.9
Percent	98%	1%	1%	100%

† - **AS** of June 30, 1991. Note that FY 1990 is the most recent year for which **HUD** has relatively complete data.

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

**Local Funding Levels** - States typically make more than 3,000 grants with each annual allocation to small communities through the State CDBG program. Since 1982, the average grant has been for about \$244,000. Through June 30, 1991, 3,093 grants have been made to small communities, averaging \$239,000 in program funds from the FY 1990 allocation (Table 3-2). Less than \$60 million in FY 1990 funds remained to be distributed as of June 30, 1991.

**Table 3-2**

**Number of Grants to Communities  
FY 1982 -- FY 1991 +  
(Dollars in Thousands)**

<b>Year</b>	<b>Number of Grants</b>	<b>Amount of Funding</b>	<b>Average Grant Size</b>
1982	2,463	\$764,595	\$310
1983	3,546	979,148	276
1984	4,129	955,656	231
1985	4,136	961,778	233
1986	3,892	818,542	210
1987	3,633	822,285	226
1988	3,195	805,349	252
1989	3,354	810,467	242
1990	3,093	739,924	239
<b>1991 +</b>	<b>594</b>	<b>148,512</b>	<b>250</b>
<b>Totals</b>	<b>32,035</b>	<b>\$7,806,256</b>	<b>\$244</b>

+ - Through June 30, 1991.

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

**Types of Communities Funded** - The State CDBG Program provides funding to very small communities as well as to communities with populations as high as 50,000 and to counties. 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 55 percent of FY 1990 funds went to counties or communities with populations of less than 2,500 (Table 3-3).

- As of June 30, 1991, 3,093 State CDBG grants had been awarded by 49 States to communities using FY 1990 allocations (Table 3-3).

**Table 3-3**  
**Characteristics of FY 1990 State CDBG Program Recipients**  
**As of June 30, 1991**  
**(Dollars in Thousands)**

<u>Type of community</u>	<u>Grants</u>		<u>Funds</u>		<u>Average Award</u>
	<u>Number</u>	<u>Pct</u>	<u>Dollars</u>	<u>Pct</u>	
Places with populations:					
Less than 2,500	944	31%	\$204,937	28%	\$217
2,500 - 10,000	720	23	179,116	24	249
Greater than 10,000	514	17	148,823	20	289
Counties	903	29	205,429	28	227
<u>No Information</u>	<u>12</u>	<u>*</u>	<u>1,619</u>	<u>*</u>	<u>135</u>
Total	3,093	100%	\$739,924	100%	\$228

\* - Less than 0.5%.

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

### Program Activities

Just as States have discretion over which communities to fund, they also determine which eligible activities to emphasize.

**Purposes of Grants and Activities Funded** - As of June 30, 1991, States were able to report awards of FY 1990 funds to communities of about \$740 million, or about 93 percent of FY 1990 State allocations. These totals include program income redistributed in FY 1990 but do not reflect amounts used for State administration purposes. In their Performance and Evaluation Reports (PERs), 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 1990, 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 1990 funds. Housing rehabilitation, with about \$137 million budgeted in FY 1990 was the largest housing-related activity.
- Economic development constituted the third largest concentration of State CDBG-funded activity in FY 1990.

Table 3-4

**FY 1990 State CDBG Funding by Purpose of Award  
and Principal Activities Funded +  
(Dollars in Thousands)**

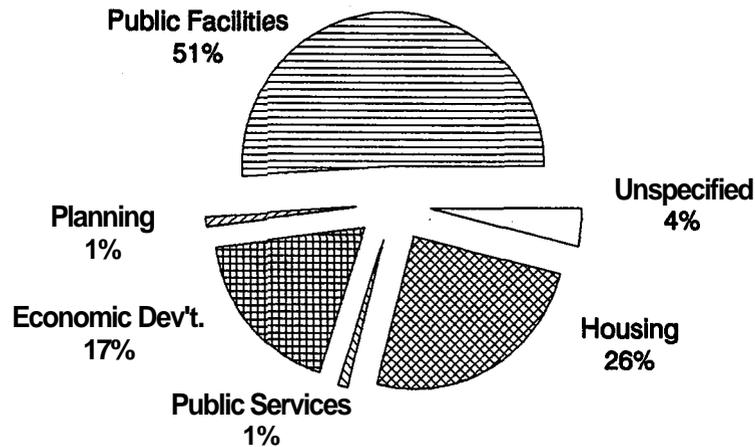
<u>Purpose and Major Activities</u>	<u>Activities</u>		<u>Funds</u>	
	<u>Number</u>	<u>Pct.</u>	<u>Amount</u>	<u>Pct.</u>
<b>Public Facilities:</b>				
Water, sewer, flood	1,268	16%	\$214,532	29%
Streets	381	5	32,587	4
Community Centers	276	3	35,137	5
Other	851	11	68,046	9
<u>Administration</u>	<u>1,327</u>	<u>17</u>	<u>26,698</u>	<u>4</u>
Subtotal	4,103	52	\$377,000	51
<b>Housing:</b>				
Rehabilitation	787	10	146,272	20
Acquisition related	229	3	7,897	1
Other	332	4	18,594	3
<u>Administration</u>	<u>546</u>	<u>7</u>	<u>15,940</u>	<u>2</u>
Subtotal	1,894	24	188,703	26
<b>Economic Development:</b>				
For-profits	346	4	70,679	10
Infrastructure	229	3	36,998	5
Non-profits	39	1	8,993	1
Other	78	1	8,445	1
<u>Administration</u>	<u>256</u>	<u>3</u>	<u>3,459</u>	<u>*</u>
Subtotal	948	12	128,574	17
Planning	280	4	5,681	1
Public Services	139	2	5,254	1
Contingencies and <u>Unspecified Activities</u>	<u>453</u>	<u>6</u>	<u>34,712</u>	<u>4</u>
Total	7,817	100%	739,924	100%

+ As of June 30, 1991.

\* - Less than one percent.

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

**Figure 3-3**  
**Percent of Funding by Purpose**  
**FY 1990**




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

- o Within each Purpose category, Administration activities should not be considered as separate activities. In virtually **all** cases, an Administration activity is integral to one of the other activities in the particular Purpose category.
- o As Table 3-5 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 about 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. There are two developing trends. **First**, there has been a reduction in the percent of funds going to economic development, particularly since **1988**. It should be noted that economic development funds are often the last funds obligated by States due to the open nature of their economic development programs. **Second**, there appears to be an increase in the percent of funds going to housing activities since **1988**.

Table 3-5

**Purpose of State CDBG Funding  
FY 1982 Through FY 1991 †  
(Dollars in Millions)**

<i>Purpose</i>	<u>1982-7</u>	<u>1988</u>	<u>1989</u>	<u>1990+</u>	<u>1991+</u>	<u>Avg.</u>
Public Facilities	50%	53%	55%	51%	51%	51%
Housing	26	22	25	26	39	26
Economic Devt.	21	21	16	17	6	20
Planning	1	1	1	1	1	1
Public Services	*	1	1	1	1	1
<u>No Data</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>1</u>	<u>2</u>
Total	100%	100%	100%	100%	100%	100%
Amount	\$5,299	\$805	\$810	\$740+	\$148+	\$7,803

† - Through June 1991. By this date, not all FY 1990 and FY 1991 funds had been obligated by States.

\* - Less than one percent.

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

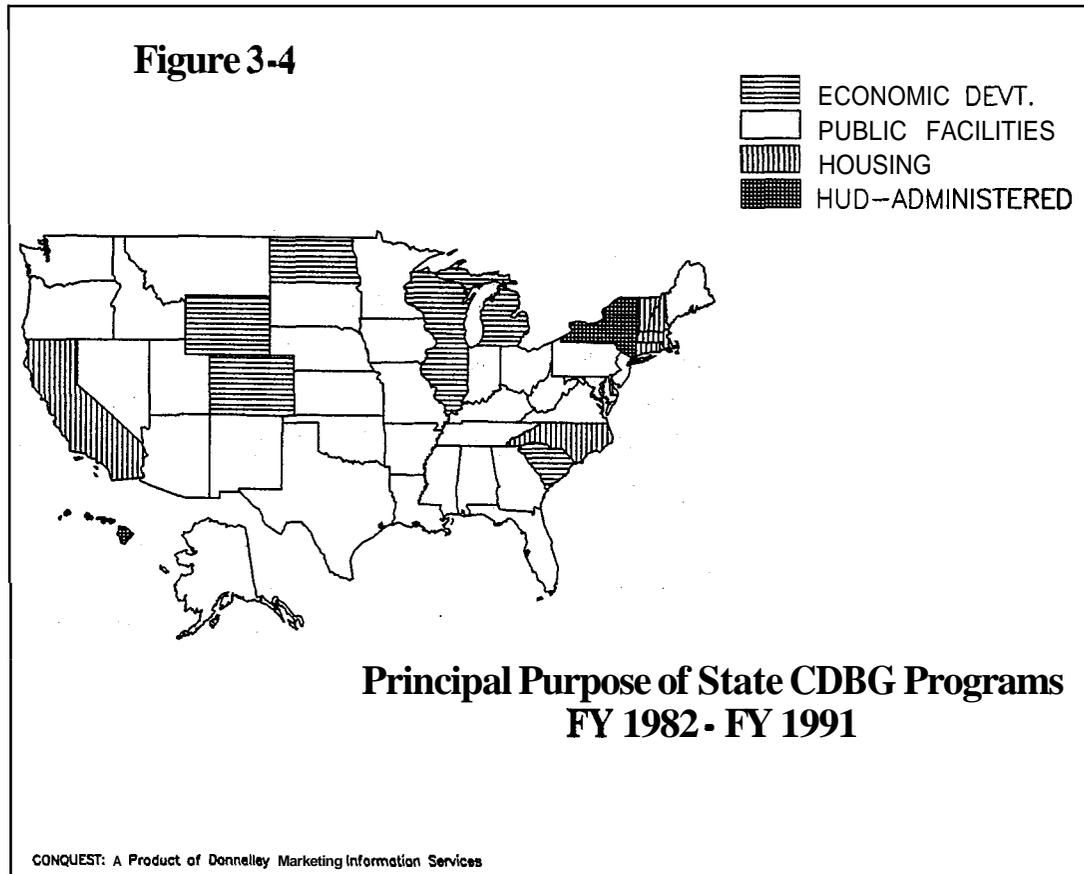
The predominance of public facilities in State CDBG funding manifests itself **also** in the principal activity groupings for individual States over the program's length. In 31 of 49 State CDBG programs, public facilities-related activities obtained the most funding. Seven States put the most State CDBG resources into housing-related activity, and seven States put the most dollars into economic development (Figure 3-4).

The purpose of State CDBG funding varies substantially by type of recipient (Table 3-6).

- Recipient small communities are more likely to conduct public works projects than are larger communities.
- Recipient large communities are more likely to pursue housing and economic development projects than are the smallest communities.
- When the recipient unit 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 statutory objectives.



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

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 (including eligibility and national objective); and grant closeout system. The Department **also** reviews cross-cutting requirements, including equal opportunity, environment, labor standards, and relocation and acquisition.

HUD monitored **48** States administering the CDBG program during **FY** 1991. 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 1991 included audits management, fundability and financial management. A single grantee may have more than one finding in each monitoring area. Thus, the 30 findings in the financial management area do not necessarily mean that 30 States were in non-compliance.

Table 3-6

**FY 1990 State CDBG Funding by Purpose of Award +  
and Type of Recipient  
(In Millions of Dollars)**

<u>Purpose</u>	<u>Type of Recipient</u>			<u>Counties</u>	<u>No Data</u>	<u>Total</u>
	<u>Communities with Populations of:</u>					
	<u>Under 2,500</u>	<u>2,500 - 9,999</u>	<u>10,000 or More</u>			
Public Facilities	\$122.1	\$74.8	\$69.9	\$110.2	----	\$377.0
Housing	52.8	50.9	42.8	41.2	\$1.0	188.7
Economic Devt.	22.4	41.5	31.1	33.1	0.5	128.6
Planning	1.5	1.8	1.1	1.2	0.1	5.7
Public Services	0.2	0.7	1.2	3.1	---	5.2
<u>No Data</u>	<u>5.9</u>	<u>9.4</u>	<u>2.7</u>	<u>16.6</u>	<u>0.1</u>	<u>34.7</u>
Total	\$204.9	\$179.1	\$148.8	<b>\$205.4</b>	\$1.7	\$739.9

+ - As of June 30, 1991.

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

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.

**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 measured States' performance with regard to timely distribution of funds. In May of 1991, HUD established the current policy that States should have all of its funds distributed within 15 months of the grant award date.

Although most States are meeting the timeliness standards set by the Department, a significant number have not distributed funds in a timely manner.

- Between 1989 and 1990, there was a slight decrease in the number of States having 100 percent of their funds distributed within 15 months of award (Table 3-8).

Table 3-7

**HUD Monitoring of State CDBG Programs,  
FY 1991**

<u>Monitoring Area</u>	<u>Number of:</u>		
	<u>States Monitored</u>	<u>Findings</u>	<u>States with Findings</u>
Audits Management	45	27	11
Monitoring	44	18	13
Grant Closeout System	40	7	3
Timeliness	44	15	11
Distribution	41	6	5
Economic Development	41	15	8
Fundability	47	22	9
Financial Management	40	30	11

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

- However, approximately one-third of the States failed to meet the 15 month standard with their FY 1990 grants.

**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.

Program income that is returned to the States is reported to HUD when the State obligates these **funds** in grants to localities. The number of States receiving and distributing program income has risen steadily over the years. Further, the aggregate amount of program income distributed appears to be on the increase, with **\$25** million reported **as** distributed in FY 1990, an increase of **\$7** million over FY 1989. The total amount of program income distributed beginning with **N** 1984 is in excess of \$84 million.

Table 3-8

**Timeliness of State Distribution of CDBG Funds to Recipients,  
NS 1988 through 1990**

Percent of Funds Under Contract	15 Months after HUD Award					
	FY 1988		FY 1989		FY 1990	
	States	Pct.	States	Pct.	States	Pct.
95 - 100%	32	65%	37	76%	33	67%
90- 94	9	18	2	4	4	8
80- 89	3	6	2	4	5	10
70- 79	3	6	4	8	3	6
60- 69	0	0	3	6	1	2
40- 59	2	4	0	0	2	4
0- 39	0	0	1	2	1	2
Total	49	100%	49	100%	49	100%

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

**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 HUD received comments from 45 interested parties. The proposed rule presented 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 final regulations will **clarify** and codify all basic requirements in one document when published.

During FY 1991, HUD sponsored a CDBG Paperwork Reduction **Task** Force which was commissioned to examine ways in which the administrative burden upon CDBG recipients could be reduced. One of the working groups of the **Task** Force focused exclusively on issues related to the State CDBG Program. Many of recommendations made by the State CDBG Working Group were accepted by the Assistant Secretary and HUD intends to implement those recommendations in the future.

A provision of the National Affordable Housing Act of 1990 required the States of Texas, New Mexico, Arizona and California to set-aside 10 percent of their FY 1991 CDBG allocation to be available for activities in areas known as "colonias" along the U.S.-Mexican border. Colonias are generally unincorporated areas with severe needs with respect to basic community infrastructure and housing. HUD has worked with these States to interpret the provision and to aid in implementing programs and processes which will meet the requirements of the statutory provision as well as the needs of residents of the colonias. The

provision is effective through FY 1993 and HUD is directed to establish set-aside levels for FYs 1992 and 1993.

Table 3-9

**State Distribution of Program Income,  
FY 1984 - N 1991  
(Dollars in Thousands)**

<u>Fiscal Year</u>	<u>Amount of Program Income</u>	<u>Number of States Distributing Program Income</u>	<u>Average Amount per State</u>
1984	\$419	3	\$140
1985	2,558	7	365
1986	7,143	14	510
1987	13,885	14	992
1988	16,019	13	1,232
1989	18,099	18	1,005
1990	25,388	19	1,336
<u>1991'+</u>	<u>1,140</u>	5	228
Total	\$84,649		

† - Through June 30, 1991.

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

## II. The Administered Small Cities

Two States, Hawaii and New York, have still not elected to assume 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 funded 110 Small Cities projects in FY 1991, totalling \$41 million. Approximately 86 percent of all projects are single purpose projects, with housing activities comprising the largest share, both in number and in dollars. Comprehensive projects (i.e., those in which multiple activities are pursued in a coordinated approach to a local problem) made up about 16 percent of the projects and received about 26 percent of the FY 1991 funds, since the average grant size is larger for comprehensive projects than for single purpose projects. This represents a slight decrease from FY 1990, when comprehensive grants accounted for 22 percent of the dollar volume.

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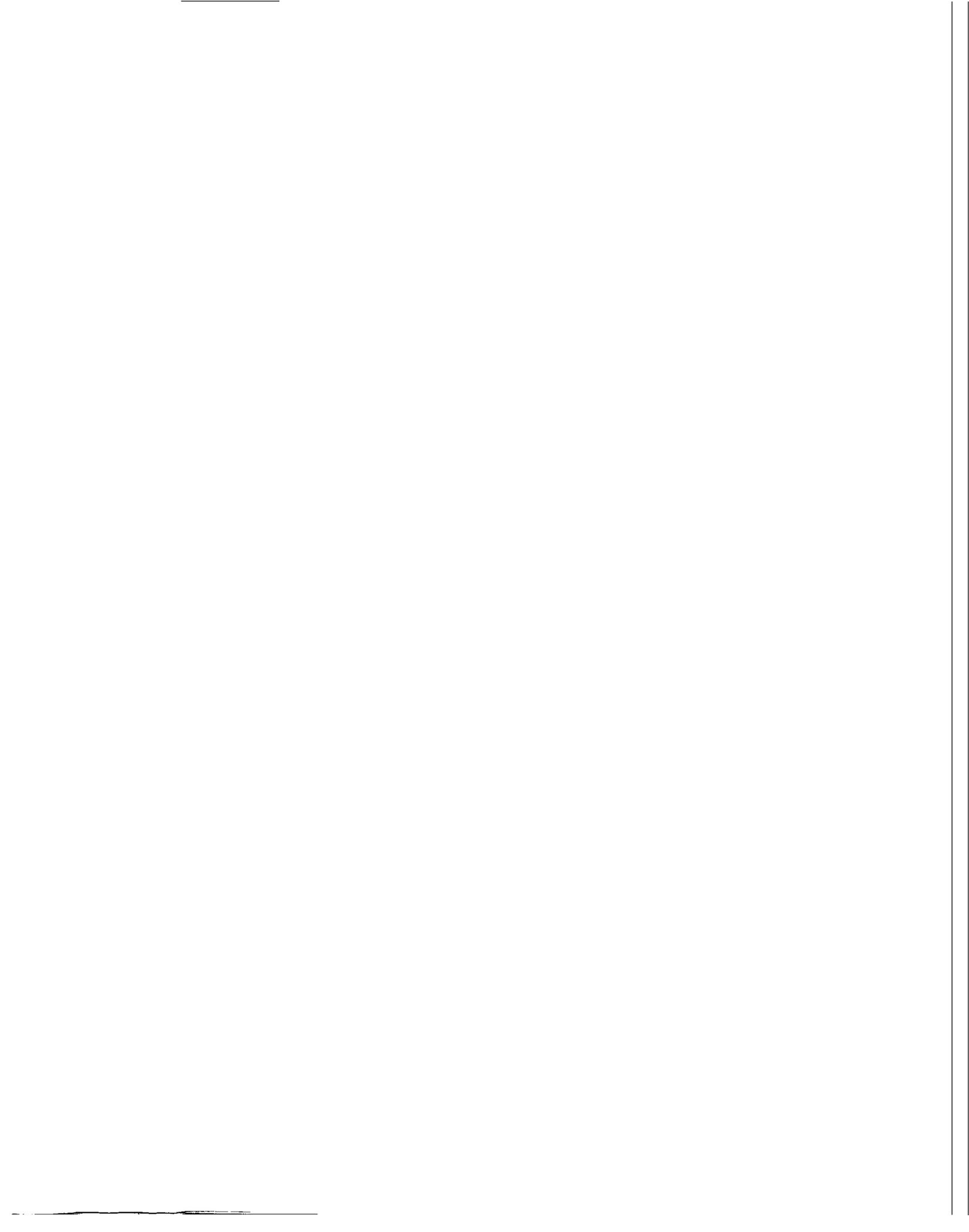
Source: U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance

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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**

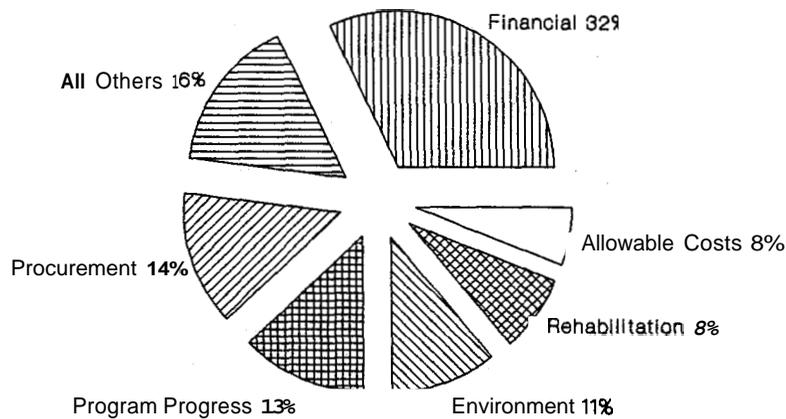
**Indian CDBG Monitoring - *N* 1991**

<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>
X - Anchorage	<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**



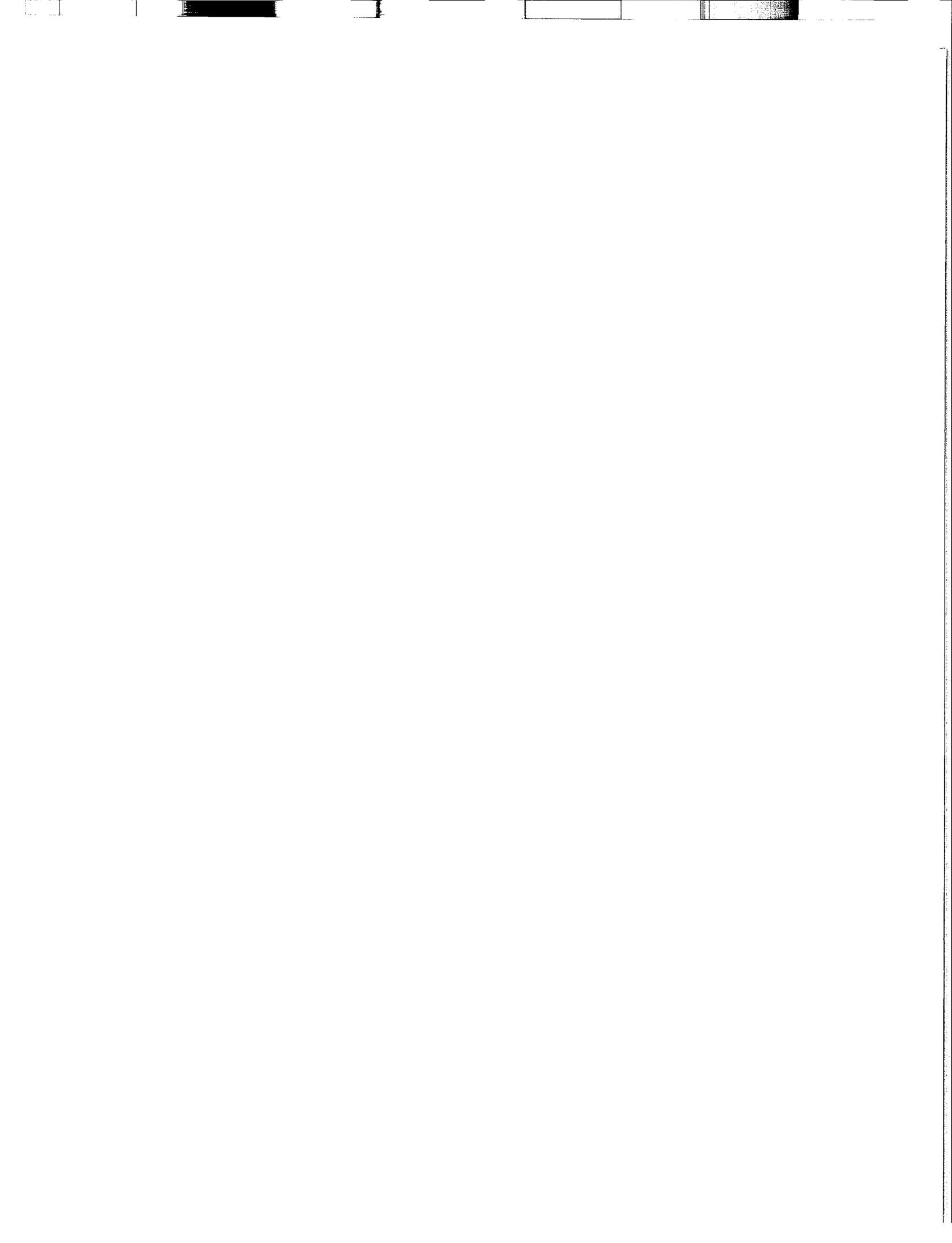
Source: U.S. Department of Housing and Urban Development, **Community Planning** and Development, Office of Block Grant Assistance.



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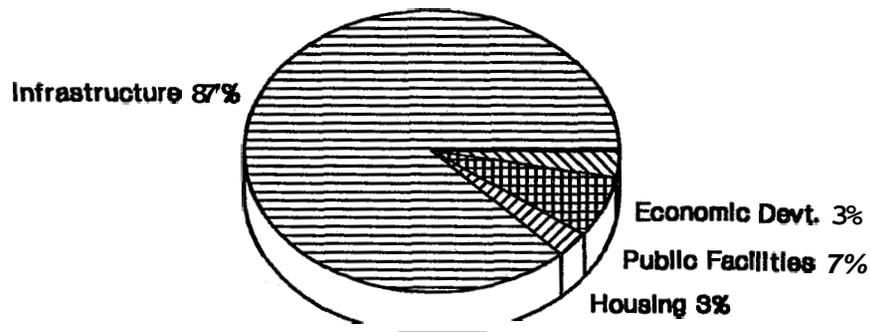
**Source:** U.S. Department of Housing and Urban Development,  
Community Planning and Development, Office of Block Grant Assistance.

## 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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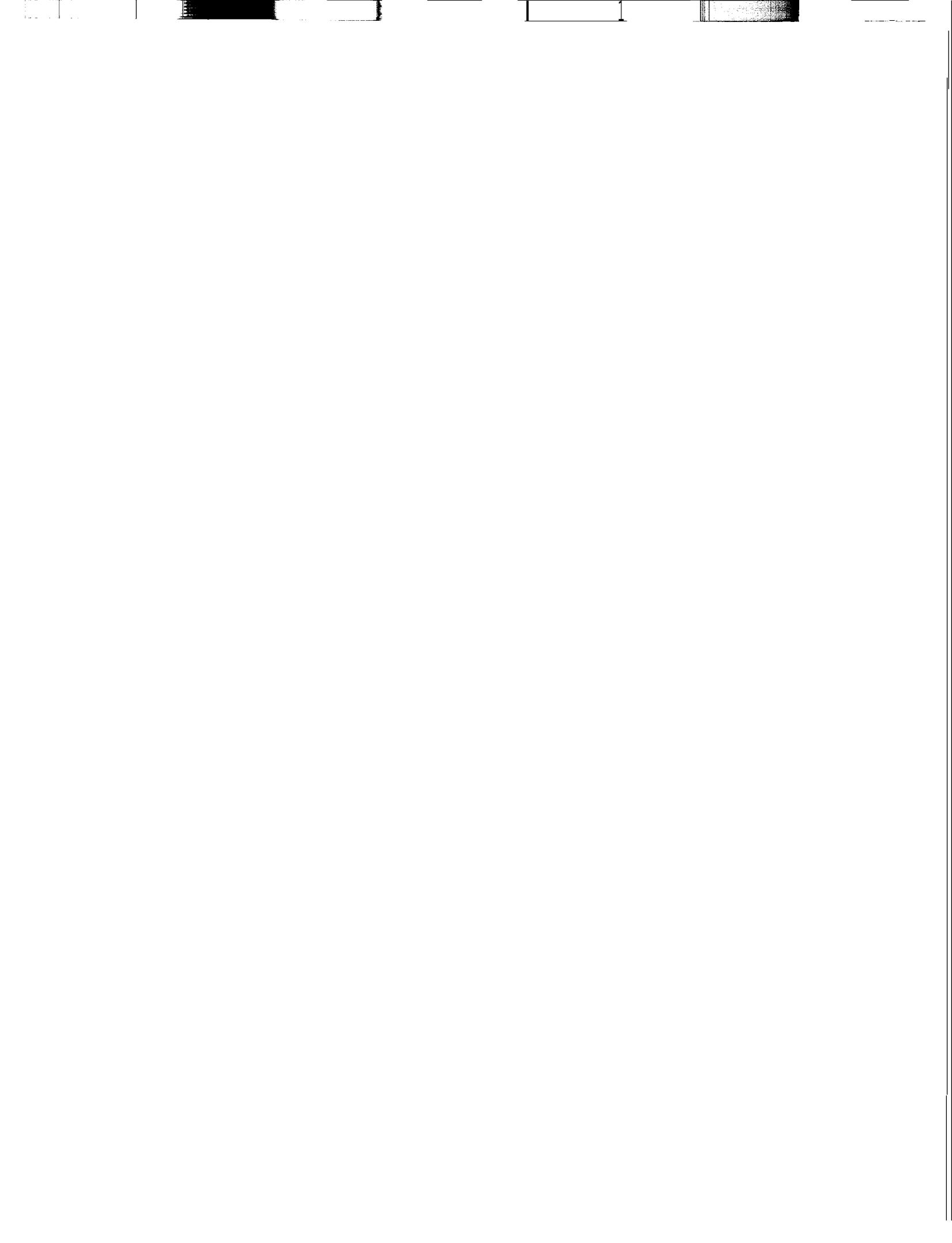
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**GRANTS**

**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.

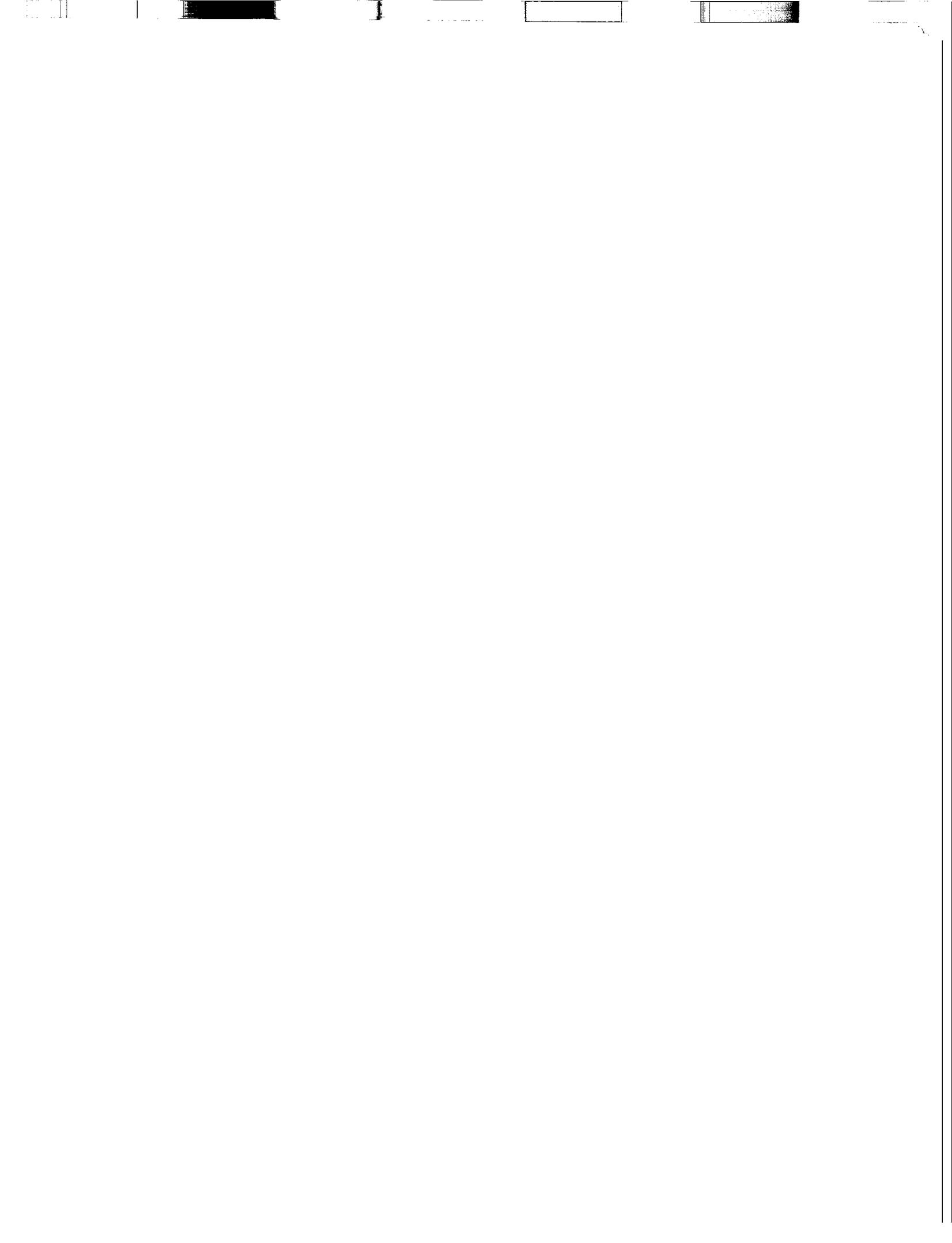
Table 6-4

**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.

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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> .....	114.9	91.2	182.4	156.5	186.3	179.0	219.8	244.6
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> .....	665	178.3	35.8	41.9	30.6	16.9	24.5	40.6
<b>Weatherization/Energy Efficiency Improvements</b> .....	8.2	5.7	4.2	3.6	4.1	6.7	3.7	6.9
Limited New Construction .....				*		165	4.4	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> .....	421.8	433.3	370.5	382.4	320.7	390.0	461.6	339.6
(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> .....	293.1	263.3	257.3	217.0	248.9	204.2	172.3	186.2
(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> .....	217.9	241.2	213.5	214.0	228.8	191.5	250.6	278.0
(percent) .....	(9.9)	(10.6)	(10.6)	(10.6)	(11.0)	(9.4)	(11.7)	(12.9)
<b>Acquisition, Clearance Related</b> .....	85.3	96.2	133.3	120.7	111.5	99.4	95.2	73.3
(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> .....	64.5	60.2	54.6	70.4	107.9	93.0	11.4	38.7
(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> .....	287.3	317.1	242.9	243.8	257.6	284.2	312.0	291.4
(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> .....	\$2,207.7	\$2,282.5	\$2,017.1	\$2,015.5	\$2,087.5	\$2,030.6	\$2,133.7	\$2,146.9

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	339.3	\$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.



