



Annual Report to Congress on the Community Development Block Grant Program

1993





U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, D.C. 20410-0001

July 26, 1993

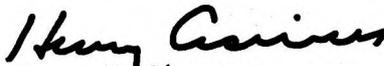
TO THE CONGRESS OF THE UNITED STATES:

In accordance with the provisions of Section 113(a) of the Housing and Community Development Act of 1974, as amended, it is my pleasure to submit the Department's 1993 Annual Report on the Community Development Block Grant Program.

President Clinton and I are committed to the program's goal of assisting low- and moderate income Americans. We further recognize the importance of this program within local economies. Community Development funds help generate important job creating activities in local communities. These activities help combat joblessness and despair that face many in the urban core of many American cities.

The CDBG program assists in creating affordable housing opportunities, fighting homelessness, providing critical services and building public facilities in low-income communities. We hope that you will continue with the President and this Department to make these activities a high priority.

Sincerely,


Henry G. Cisneros

Enclosure

1993 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. All funded projects also help to create important employment opportunities that assist in supporting local economies.

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 funds remaining after one percent of the basic CDBG appropriation has been set aside for Indian tribes. It 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 in MSA's (excluding the population of entitled cities) are entitled to receive annual grants. In this program, cities with entitlement status are referred to as 'metropolitan cities' 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 to benefit low- and moderate-income persons, to aid in the prevention or elimination of slums or blight, and to meet other urgent community development needs. The primary emphasis is on benefit to low- and moderate-income persons. Prior to fiscal year (FY) 1991, the law required at least 60 percent of the program expenditures to address this national objective over a period specified by the grantee but not to exceed three years. 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 1992 amounted to \$2,344,070,000. This is 6.4 percent more than what was appropriated for FY 1991 and the highest amount appropriated within the program since 1985. (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 ¹	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	1992	2,344

1 - Does not include Jobs Bill supplement.

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

Program Participation

In FY 1992, a total of 889 communities (758 metropolitan cities and 131 urban counties) were eligible for entitlement funds from HUD. This reflected an increase of seven eligible grantees over 1991. These communities became eligible because 1990 population counts were used for the first time in that year to determine eligible communities.

Of the 889 eligible entitlement communities, 866 participated in FY 1992 (seven communities did not apply, 14 combined with other eligible jurisdictions, and two did not have an approved Comprehensive Housing Affordability Strategy [CHAS]). (Table 1-2) This compares with 858 participants in FY 1991. Table 1-3 tracks the growth in the number of eligible CDBG entitlement communities since the inception of the program.

Each grantee submits a Final Statement prior to the beginning of its next program year to describe how it proposes to use CDBG funds it expects to receive in the coming program year. It must submit a Grantee Performance Report (GPR) to HUD within three months after the end of its program year to account for how program funds were used. GPR's are generally much more detailed than Final Statements and reflect actual rather than proposed fund usage. 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.

The information for describing the use of funds by entitlement grantees in this report was taken from expenditures listed in GPR's submitted to HUD for FY 1990. These reports were submitted to HUD generally throughout 1991. These are the most recent GPR's for

Table 1-2

**New Eligible Communities in FY 1992 and
Eligible Communities Not Participating**

New Eligible Communities

Arapahoe County, CO
 Port St. Lucie, FL
 Wake County, NC
 Vega Baja Municipio, PR
 Shelby County, TN
 Fort Bend County, TX
 Chesterfield County, VA
 Prince William County, VA

Eligible Grantees That Did Not Apply

Torrance, CA
 Berwyn, IL
 Carrollton, TX
 Irving, TX
 Richardson, TX
 Colonial Heights, VA
 Hopewell, VA

Eligible Grantees That Entered into a Joint Agreement with an Urban County

Cerritos, CA
 Redlands, CA
 Rialto, CA
 Coral Springs, FL
 Plantation, FL
 Marietta, GA
 Chicago Heights, IL
 Rochester Hills, MI

Troy City, MI
 Brooklyn Park, MN
 Henderson, NV
 North Las Vegas, NV
 Clay Town, NY
 West Seneca Town, NY
 Wauwatosa, WI

Eligible Grantees Without an Approved CHAS

Cocoa, FL
 Oak Lawn, IL

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

which HUD could computerize data from virtually all grantees in time for this report. An insufficient number of Final Statements for FY 1992 had been computerized at the writing of this report to be used. Since information from Final Statements for FY 1991 was contained in last year's annual report, this report does not use any information from Final Statements.

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:

Table 1-3

**Number of Eligible CDBG Entitlement Communities
For Selected Years, 1975 - 1992**

<u>Year</u>	<u>Total</u>	<u>Metro Cities</u>	<u>Urban Counties</u>	<u>Increase in # of Grantees</u>
1975	594	521	73	
1980	663	549	84	69
1985	814	707	107	151
1990	866	741	125	52
1991	882	757	125	16
1992	889	758	131	7

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

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

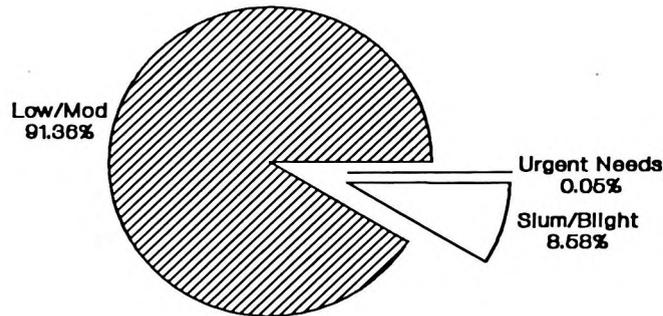
For 1990, local officials identified approximately \$2.3 billion of total expenditures for activities meeting one of the three national objectives. The balance of funds were used for planning and administration which are presumed to meet the national objectives since they support the overall program of individual activities. Grantees reported that 91.4 percent of expended funds went for activities meeting the low- and moderate-income objective, 8.6 percent went for slum or blight treatment, and less than one-tenth of one percent for urgent community needs. (Figure 1-1)

Low- and Moderate-Income Benefit - Almost \$2.1 billion were 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:

- **Area Benefit** - These are activities for which the benefit is available to 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. (Public facilities and improvements typically are area benefit activities.)

Figure 1-1

Percent of CDBG Funds Expended by National Objective, FY 1990



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

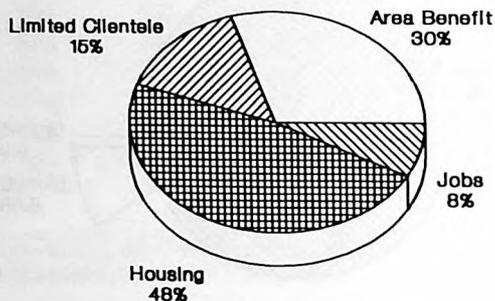
- **Housing** - In order to qualify under this criterion, an activity must add to or improve permanent, residential structures. These housing units must be occupied upon completion of work by low- and moderate-income households.
- **Jobs** - While all CDBG funded activities create or retain jobs, an activity may qualify under this category only if it creates or retains permanent jobs of which at least 51 percent are either taken by low- and moderate-income persons or can be considered to be made available to such persons.
- **Limited Clientele** - An activity may qualify under this standard if it benefits a specific group of persons (rather than all the residents in a particular area) and at least 51 percent of them are low- and moderate-income persons.

Communities are required to identify the specific category under which an activity qualifies for low- and moderate-income benefit. Figure 1-2 identifies the percentage of CDBG funds expended in FY 1990 for activities claimed as benefitting low- and moderate-income persons by each of the above categories. Figure 1-3 compares the percentage of metropolitan city versus urban county expenditures for each of these categories.

Prevention or Elimination of Slums or Blight - Activities may qualify under this objective if they are either carried out in a designated area which meets specific criteria or on a spot

Figure 1-2

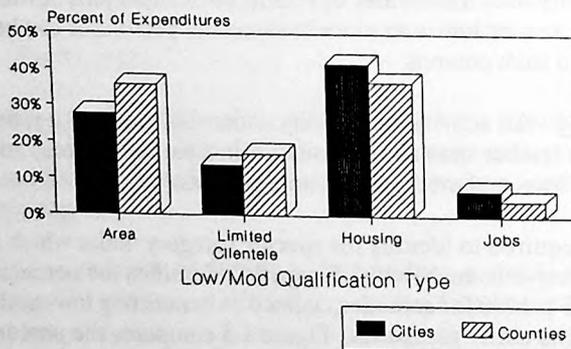
Percent Expended by Low/Mod National Objective Type, FY 1990



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

Figure 1-3

Pct. for Low/Mod National Objective Type Metropolitan Cities vs. Urban Counties FY 1990



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

basis with limitations on the types and extent of activities which are eligible. This objective also includes the completion of approved activities in an Urban Renewal area. During FY 1990, grantees reported that they spent \$195 million for activities meeting the slum/blight national objective.

Urgent Needs - In order to qualify under this objective, an activity must address a serious and immediate threat to public health or welfare for which no other funds are available. Expenditures reported for urgent community needs were very small, just over \$1.2 million dollars. This was under one-tenth of one percent of all program expenditures.

Overall Benefit - The general requirement in FY 1990 was that 60 percent of all funds spent on CDBG-assisted activities had to be used for activities that benefitted low- and moderate-income persons. A grantee could choose to meet this requirement over a period of up to three consecutive years. While not all grantees met this standard from their 1990 reporting, all grantees met the overall benefit requirement over the period of time that each chose. As was mentioned on page 1-1 of this report, the statute was amended early the next fiscal year to increase this requirement to 70 percent.

As shown in Table 1-4, 74 percent of the 1990 entitlement grantees reported that more than 90 percent of their expenditures were for activities benefitting low- and moderate-income persons. This proportion is the same as what grantees reported for FY 1989 but somewhat higher than what they reported for FY 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, six percent of FY 1990 grantees expended between 60 percent and 74 percent of their funds for such activities, the same figure as for FY 1989 but down compared to the FY 1988 figure (10%). Only one percent of 1990 entitlement grantees expended less than 60 percent of their funds for low- and moderate-income activities, down from three percent for FY 1989. These are grantees that meet the program's overall benefit requirement over a multiple year period.

Alternative Method of Attributing Benefit to Low- and Moderate Income People -

Statements in this report about the extent to which funds have been used for activities that benefit low- and moderate-income persons may be misleading concerning the degree to which low- and moderate-income persons benefit from program expenditures. Most activities assisted with CDBG funds to some degree benefit persons who are not low- or moderate-income. This is even true of most activities that qualify as addressing the national objective of benefit to low- and moderate-income persons. The statement made in the previous section that 91.4% of the funds were used for activities that met the low- and moderate-income objective should not be interpreted to mean that 91.4% of the funds benefitted solely those persons.

The general program rule is that if the majority of persons (51% +) benefiting from a CDBG assisted activity are low- and moderate-income, the activity qualifies as meeting the low- and moderate-income benefit national objective. However, the statute and the regulations also allow a grantee to consider area benefit activities to qualify if the percentage of low- and moderate-income persons residing in the area served by the activity is at

least equal to the community's "upper quartile.". (Section 105(c)(2)(A)(ii) of the 1974 Act) Therefore, it can be seen that there can be a substantial portion of beneficiaries of activities qualifying under this national objective who are not low- and moderate-income persons. On the other hand, low- and moderate-income persons often benefit to a significant degree from activities that are qualified under the other two national objectives. In order to assess

Table 1-4

**Entitlement Grantee Expenditures Reported
as Low- and Moderate-Income Benefit, FY1990⁽¹⁾**

Percent of Expenditures Reported as Low- and Moderate-Income Benefit	Metro Cities		Urban Counties		All Grantees	
	#	Pct.	#	Pct.	#	Pct.
100	242	35%	43	37%	285	35%
90 - 99	266	38	50	43	316	39
75 - 89	131	19	18	16	149	19
60 - 74	45	7	4	3	49	6
51 - 59	5	1	1	1	6	1
50 or less	3	*	0	0	3	*
Total	692	100%	116	100%	808	100%

(1)- This information represents only those FY 1990 Grantee Performance Reports reviewed for this report.

* - Less than one-half of one percent.

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

the amount of funds actually benefitting low- and moderate-income persons, the Department conducted a further analysis of the GPR data.

The analysis done by HUD was based on the assumption that it is more accurate to ascribe benefit of an activity by assuming that all persons benefitting from the activity do so to the same degree. For instance, if \$10,000 were spent for an activity that had ten beneficiaries, it could be said that each person received a benefit equal to \$1,000. Using this example, if six of the ten persons who benefitted from the activity were low and moderate income, we could say that 60% of the dollars spent on the activity, or \$6,000, benefitted low- and moderate-income persons. HUD conducted its analysis of this issue using this method.

The percent of the persons that are low- and moderate-income is reported in the GPR for each activity meeting the low- and moderate-income Area benefit national objective. HUD multiplied expenditures for each Low/Mod Area benefit activity by the reported percent of the area's population that was low- and moderate-income. For projects directly benefitting low- and moderate-income persons, HUD multiplied the percent of beneficiaries reported

to be low- and moderate-income on the Direct Benefits form by the expenditures for those projects reported on the Activity Summary form.

Using this method, 65.6 percent of expenditures for activities qualifying under the low- and moderate-income Area benefit national objective benefit low- and moderate-income persons. The percentage of funds benefitting low- and moderate-income persons for activities qualifying under the low- and moderate-income Limited Clientele category was 89.9 percent. For the low- and moderate-income Jobs category, the percent of funds benefitting was 74.6 percent. For the low- and moderate-income Housing category, the percent of benefit was 94.8 percent. Over \$1.7 billion, or almost 84 percent of all low- and moderate-income national objective expenditures, actually benefitted low- and moderate-income persons.

HUD further assumed that the percentage of expenditures qualified under the Slum/Blight and Urgent Needs national objectives which benefitted low- and moderate-income persons ranged between zero and 50 percent. Should any of those activities have had 51 percent or more of its expenditures benefitting low- and moderate-income persons, the grantee then would have classified it as meeting the low- and moderate-income benefit national objective. Using these assumptions, the percent of 1990 CDBG expenditures that actually benefitted low- and moderate-income persons could have been as low as 76.7 percent or as high as 81 percent.

Direct Benefit Beneficiaries - Entitlement grantees must provide specific information on the beneficiaries of CDBG-funded activities which directly benefit individuals or households rather than residents of a designated area. Low-income persons and minorities, particularly Blacks, make up the majority of beneficiaries of CDBG-funded direct benefit activities. For the 1990 program year, \$1.40 billion in entitlement funds were reported as expended for direct benefit activities which primarily benefit low- and moderate-income persons or households. Localities identified 68 percent of their direct beneficiaries as low income, 15 percent as moderate income, and 17 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 percent of the beneficiaries of direct benefit activities were identified as Black and 16 percent Hispanic. This contrasts with an average of 15 percent Black and nine percent Hispanic of all persons residing in entitlement communities. Overall, minorities were the predominant beneficiaries of direct benefit activities. Fifty percent of the beneficiaries were either Black, Hispanic, Asian, or American Indian, down from 54 percent which was reported for FY 1989 last year.

Program Income

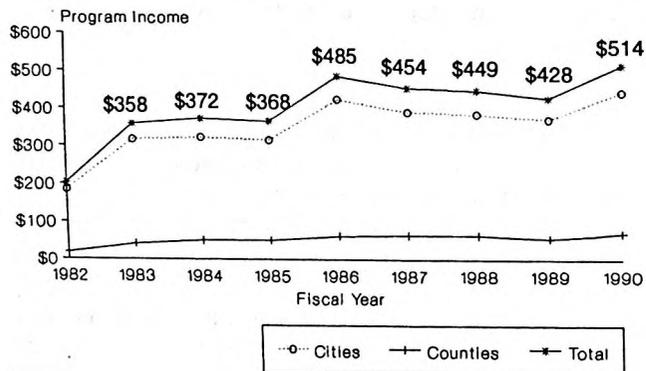
In addition to their regular entitlement funds, most CDBG entitlement grantees receive program income from activities they have undertaken with CDBG funds in past years. Program income is money directly generated from the use of CDBG funds and received by the grantee or its subrecipients, such as repayments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

In FY 1990, the latest full year for which information on program income has been reported, entitlement grantees in the aggregate reported that they had received \$514 million, an amount equal to 22 percent of their FY 1990 allocations. The 1990 estimate is based on information from approximately 97 percent of all entitlement grantees and is 20 percent higher than the estimated amount received in FY 1989.

The amount shown for 1989 is quite a bit less than what was reported for that year in last year's annual report. This is due partially to corrections over the last year to what communities had originally reported and partially to an improved process of estimating. Figure 1-4 illustrates the pattern of program income received between 1982 and 1990 by metropolitan cities, urban counties, and both combined.

Figure 1-4

CDBG Entitlement Program Income
Fiscal Years 1982 - 1990
(Dollars in Millions)



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

In FY 1990 as in previous years, the largest amount of program income (60%) came from repayments of housing rehabilitation loans. The next largest source (28%) came from businesses repaying economic development loans. Other significant sources of program income were land sales (5%) and repayment of float loans (5%). The balance of program income came from rental payments and payment of fees.

Eighty-nine percent of all communities reported some program income. This is up two percent from last year. However, a few communities accounted for a large proportion of all the program income received. Two percent of the grantees, those which receive program

income exceeding or matching their annual CDBG grant, accounted for 13 percent of the national program income received. Ten percent of the localities, those for which the amount of program income was 50 percent or more of their annual CDBG grant, accounted for 39 percent of the program income received. By contrast, 45 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 total program income received. (Table 1-5) This pattern is similar to what was reported last year.

Program regulations require grantees to use program income before drawing funds from the Treasury. Whereas the Housing and Community Development Act of 1992 allows an exclusion from program requirements for small amounts of program income, the Department has not yet issued rules to establish criteria for implementing this provision. However, in 1990 all program income had to be spent according to the same rules as CDBG funds with no exception allowed for small amounts of program income. The Department has emphasized steps which increase recipient compliance with program income requirements.

Table 1-5

**Program Income Received As a
Percent of Grant Amount, FY 1990**

Program Income as a Percent of Grant Amount	Localities		Grant Amt. (Dollars in Millions)		Program Inc. (Dollars in Millions)	
	#	Pct.	Pct.	Pct.	Pct.	
No Program Income	94	11%	62.9	3%	--	--
1 - 9%	296	34	629.7	32	33.8	7%
10 - 24	221	25	568.2	29	97.5	19
25 - 49	146	17	488.9	25	177.9	35
50 - 74	53	6	94.1	5	57.9	11
75 - 99	18	2	88.4	4	79.3	15
100% +	17	2	39.8	2	67.3	13
Total	845	100%	1,972.0	100%	513.7	100%

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

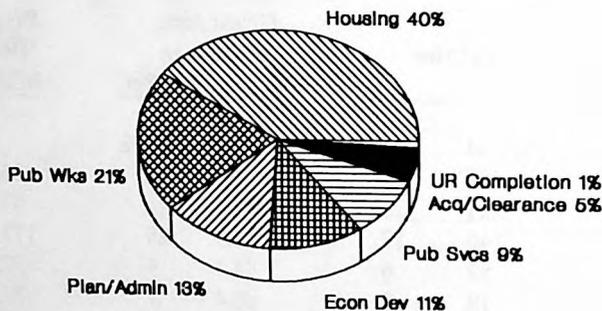
Program Activities

The expenditures discussed below reflect information from 799 FY 1990 GPR's. The 799 reports account for 85 percent of CDBG funds appropriated for all entitlement communities for FY 1990. The information on actual expenditures was weighted to reflect all entitlement communities.

The rate of spending for the CDBG Entitlement program for program year 1990 increased over the rate for program year 1989. The total spending for program year 1990 of \$2.63 billion was 106 percent of the sum of the FY 1990 appropriation amount plus new program income received in that program year. By comparison total spending of \$2.57 billion for program year 1989 was 104 percent of the sum of that year's appropriation plus program income received.

1990 program year expenditures were from 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 1-5 shows how entitlement communities, in the aggregate, spent their funds among the major activity categories. Metropolitan cities and urban counties differed somewhat in this regard, as will be discussed briefly later in this chapter.

Figure 1-5
**Expenditures by Activity
1990 Program Year**



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

Housing - Among the various type of activities assisted with CDBG funds, the highest proportion (40% or \$1,044 million) was expended for housing-related activities. While these activities collectively have received the most funds each year since the start of the program, the relative proportion of CDBG funds spent on them increased from 35 percent for FY 1988 to 40 percent for FY 1990. Three of the additional five percentage points for housing activities was due to decreased support for acquisition and clearance activities. The remain-

ing two percentage point increase was due to a drop in expenditures for special economic development activities.

Almost all housing-related expenditures were devoted to improving grantees' existing housing stock for low- and moderate-income households. Among the more prominent items funded were:

- Rehabilitation loans and grants for single family dwelling units: \$474 million, up from \$349 million for FY 1988;
- Rehabilitation of multifamily and public housing: \$137 million, down from \$141 million for FY 1988;
- Rehabilitation of other publicly-owned residential buildings: \$192 million, up from \$172 million for FY 1988;
- Administrative rehabilitation services such as loan processing, preparation of work specifications, and rehabilitation counseling: \$80 million, up considerably from \$35 million for FY 1988; and
- Acquisition of housing for rehabilitation: \$52 million, up from \$32 million for FY 1988.

The Department's 1993 Annual Report to Congress on Community Planning and Development Housing Rehabilitation Programs provides a full discussion of the accomplishments which resulted from the expenditure of these funds. That information is not replicated in this report.

Public Works - Spending for public works (\$550 million) was the second most prominent item for the entitlement program. It has dropped somewhat over time from 26 percent of CDBG expenditures in 1982 to 21 percent in 1990 but has actually changed very little from what was reported two years ago. Expenditures in 1990 for public works included:

- Street and sidewalk improvements: \$187 million, up slightly from \$180 million for FY 1988;
- Construction or renovation of senior centers, facilities for the handicapped, neighborhood facilities, halfway houses, shelters, and other public buildings: \$115 million, up from \$78 million for FY 1988;
- Water, sewer, flood control, and drainage systems: \$63 million, down from \$78 million for FY 1988;
- Parks and recreation facilities: \$57 million, up a bit from \$53 million for FY 1988; and
- Special purpose activities, such as the removal of architectural barriers and historic preservation: \$27 million, down slightly from \$30 million for FY 1988.

Special Economic Development - Local grantees used \$290 million for economic development projects in 1990, down from a revised figure of \$302 million for 1988. It accounted for 11 percent of CDBG entitlement expenditures, down from 13 percent of expenditures for 1988. Nonetheless, it has remained between 10 and 13 percent of all expenditures for the past seven years. Expenditures for economic development in 1990 included:

- Direct financial aid to for-profit businesses: \$178 million, up from \$136 million for FY 1988;
- Assistance to for-profit businesses for land acquisition, infrastructure development, construction and/or rehabilitation of buildings, equipment, and other assistance: \$66 million; down from \$143 million for FY 1988; and
- Commercial and industrial improvements by the grantee or a nonprofit in the form of land acquisition, infrastructure improvements, building construction or rehabilitation and other capital improvements: \$46 million, virtually unchanged from \$48 million for FY 1988.

Public Services - The proportion of funds expended for public services has changed little over the last several years. Of the 1990 CDBG funds, nine percent was spent for public services, the same percent reported by grantees for FY 1988. Most grantees may not obligate for public service activities more than 15 percent of all program funds (CDBG grant and program income) they obligate in a program year. Expenditures for public services in FY 1990 totalled \$234 million, up slightly from the \$226 million that was spent in FY 1988. Some of the more prominent items funded were:

- Services for the elderly and handicapped: \$32 million, virtually unchanged from \$31 million for FY 1988;
- Services for youth: \$29 million, up from \$24 million for FY 1988;
- Services for the homeless: \$26 million, and not reported for FY 1988;
- Housing counselling including fair housing counselling: \$25 million, up from \$22 million for FY 1988; and
- Job training: \$15 million, up from \$8 million for FY 1988.

Acquisition/Clearance/Relocation - The proportion of funds used for the acquisition and clearance of real property and for relocation dropped over the period from FY 1988 to FY 1990 from eight percent of the program to five percent. \$141 million was spent on acquisition and clearance-related activities, down from \$200 million in FY 1988. The funds were for:

- Purchasing property for non-housing/non-economic development purposes: \$43 million, down from \$103 million for FY 1988;

- Clearing of land: \$59 million, up from \$47 million for FY 1988; and
- Disposition and relocation: \$39 million, down from \$50 million for FY 1988.

Administration/Planning/Other - Since 1982, administration and planning activities have remained relatively stable, accounting for between 13% and 14% of CDBG expenditures. In FY 1990 \$351 million (13%) 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, \$310 million was used for administration and \$41 million for planning activities. The balance of expenditures reported by entitlement communities, \$15 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. (Figure 1-6) Metropolitan cities reported spending about \$2.16 billion while urban counties reported expenditures of about \$470 million.

Housing vs. Public Works - Metropolitan cities spent the largest proportion of their CDBG funds for housing-related activities. Nationally, in 1990, metropolitan cities used 41 percent (\$891 million) of their CDBG funds for housing-related activities compared to 32 percent (\$148 million) by urban counties. Urban counties, on the other hand, used 36 percent of their funds for public works activities while metropolitan cities only used 18 percent of their CDBG funds for them.

The two activities for which metro cities provided the most funds were rehabilitation of single unit housing (17.3%) and rehabilitation of other publicly owned residential buildings (8.7%). By contrast, the two activities for which urban counties provided the most funding were rehabilitation of single unit housing (22%) and street improvements (10.1%).

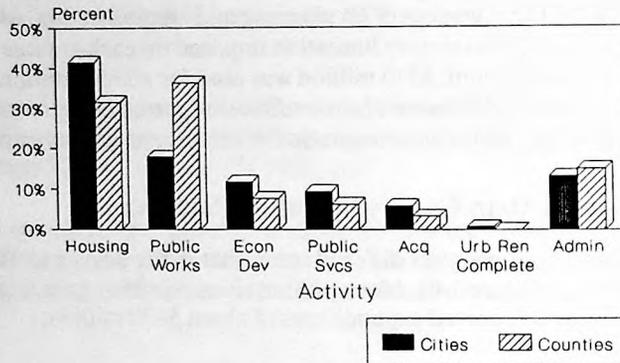
Other Activities - While the differences between metropolitan cities and urban counties were not as dramatic for other types of activities as they were for housing and public works, nonetheless metropolitan cities proportionally spent 50 percent more on economic development activities than urban counties (metropolitan cities: 12%; urban counties: 8%). Also, for public services, the spending by metropolitan cities was 11 percent of funds compared to six percent by urban counties.

Assistance to the Homeless

The CDBG Entitlement program has been a major local resource for assisting the homeless in entitlement communities. From FY 1983 through 1990 grantees indicated in their Final Statements that they planned to spend at least \$425 million of their CDBG funds to assist the homeless. However, it now appears that actual assistance for the homeless may have been 50 to 70 percent greater, ranging between \$637 million and \$744 million. Comparing grantees' Final Statements for FY 1988, 1989, and 1990 to their GPR's for the same program years has shown that whereas the planned funding reported in the Final Statements

Figure 1-6

Pct. of CDBG Funds Expended by Activity
Metropolitan Cities vs. Urban Counties
FY 1990



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

was \$184.8 million, actual funding was \$293 million. Likewise, the average number of grantees reporting on their Final Statements for 1988 through 1990 that they planned to assist the homeless was 254. By contrast, the number of grantees reporting such assistance on their GPR's for those years was 361. One reason for the discrepancies is that the GPR requires much more specific and descriptive information about how CDBG funds are used than the Final Statement does.

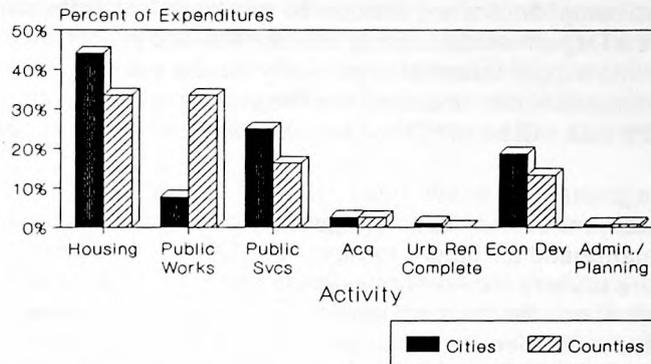
While a large number of grantees have spent some CDBG funds for assistance for the homeless, New York City has accounted for more than one-half of all entitlement funds budgeted nationally for homeless assistance from FY 1988 through 1990. For that period it reported that it spent over \$150 million to assist the homeless. Most of these funds have been used for rehabilitation of abandoned structures for occupancy by homeless families.

Use of Subrecipients

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 \$566 million was expended in FY 1990 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. In general, subrecipients of met-

Figure 1-7

Use of Funds by Subrecipients of Metropolitan Cities and Urban Counties FY 1990



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

ropolitan cities and urban counties tend to follow the same funding emphases previously mentioned for metropolitan cities and urban counties.

Performance Review and Sanctions

Section 104(e) of the Housing and Community Development Act of 1974, as amended, requires HUD to review each grantee's performance at least annually to determine whether the grantee met program requirements and carried out its activities in a timely manner. This determination is accomplished primarily through a HUD review of the performance report submitted annually by each grantee and on-site monitoring visits. In addition, audit reports, correspondence, litigation and citizen comments are sources of information regarding performance. Each year hundreds of instances of non-compliance are identified through this process. In most cases where HUD identifies grantee non-compliance and recommends corrective actions, the grantee quickly takes measures to correct the deficiency. These actions are intended to prevent a continuation of the performance deficiency, to mitigate to the extent possible the adverse effects of the deficiency, and to prevent a recurrence. HUD's emphasis is on working cooperatively with the grantee to validate the deficiency and agree on voluntary grantee actions to correct the non-compliance.

When voluntary efforts fail to effectively resolve deficiencies in a timely manner, the Department follows one of two directions: 1) the Department places special restrictions on the grant (contract conditions) to protect against future non-compliance or to give the

grantee a chance to decrease the amount of funds in its line of credit; or, 2) the Department notifies the grantee that it proposes to reduce a grant as a result of the non-compliance. In the first approach, a failure by the grantee to meet the conditions specified in the grant agreement may also result in a reduction of the grant by an appropriate amount. Before a grant is reduced, the grantee is offered the opportunity for a hearing. If the non-compliance has been determined to be substantial, the hearing is held before an Administrative Law Judge. If the non-compliance is not considered substantial, an informal due process hearing is held before a Departmental hearing officer. The due process hearing was instituted this year to provide a more informal opportunity for the grantee to be heard in Headquarters. HUD has initiated action to amend the program's regulations to reflect this and related processes. This rule will be published for comment before it is adopted.

During 1992, thirteen grants were conditioned by HUD; several had multiple conditions. Two grantees had fiscal year 1991 conditions extended to the grantee's use of 1992 funds. Seven grants were conditioned for failure to carry out CDBG-assisted activities in a timely manner; five for failure to carry out economic development activities in accordance with regulatory requirements; one for deficient monitoring and management of subrecipients and city agencies; one for deficiencies in carrying out code enforcement; one for failure to ensure that funded activities were eligible and met a national objective; and one for deficient financial management systems. In one case, HUD initiated action for a formal hearing before an Administrative Law Judge to reduce the grantee's line-of-credit by the amount expended in violation of two special contract conditions. HUD and the grantee negotiated a settlement. Three grantees requested and received an informal due process hearing. Decisions were rendered in two cases and a decision is still pending in the third. Seven additional grantees requested voluntary reductions of their grants rather than repay the disallowed costs from non-federal sources and, accordingly, waived their right to a due process hearing.

Subrecipient Management

An audit by the Office of Inspector General in 1989 identified serious problems with subrecipient performance. Consequently, the Department proposed a technical assistance effort to develop a CDBG Subrecipient Management Training Program. The purpose of the technical assistance effort has been 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:

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

HUD signed a seventeen month contract to accomplish this effort. A draft guidebook on subrecipient management has been developed for use by grantees. This guidebook was presented for review and comment at a series of fifteen training sessions held throughout the country for both grantees and subrecipients. A related purpose of the training was to improve grantees' skills in monitoring their subrecipients, and to aid subrecipients in assessing their own performance with respect to program objectives, permitted activities, and implementation procedures. Approximately 1250 persons attended these training sessions which included HUD field staff. At the conclusion of the contract in FY 1993, grantees will have received a final version of the guidebook for managing CDBG-funded subrecipients and a companion handbook designed specifically for subrecipients that explains the requirements that accompany CDBG funding. The materials are expected to improve a grantee's ability to effectively manage its CDBG subrecipients.

CDBG Paperwork Reduction Task Force

During FY 1991, the Department undertook an assessment of regulations and other requirements for 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 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 involved in the local administration of the CDBG program, HUD requested nominations from grantees, national public interest groups, and HUD field staff of individuals to serve on task force working groups. A total of eight 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 Comprehensive Housing Affordability Strategy (converted from the original intent of a Housing Assistance Plan working group 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 then presented to the Assistant Secretary for Community Planning and Development. Decisions were made concerning changes to eliminate unnecessary paperwork burdens. An action plan was developed to set deadlines for implementation of the recommendations.

Among the proposed changes resulting from the task force recommendations are:

- clarify the program's regulations on the ways that jobs can be created or retained through economic development. A survey has been sent to various national economic development public interest groups to ask them about the types of business assistance that grantees would be interested in funding but which the regulations currently restrict in complying with the program's low- and moderate-income benefit national objective.

- simplify the GPR and improve the utility of the computerized system for its preparation. The GPR has been considerably revamped in response to suggested changes and is currently under review by the Office of Management and Budget. A Department project to develop computer software to produce the new GPR and Final Statement is discussed further in this chapter.
- revise and clarify the conflict of interest provisions in the regulations. An interim rule was made effective July 17, 1992 which clarifies this section of the regulations.
- revise the urban county qualification process. Revised procedures for submission of co-operation agreements were completed in March, 1992.
- pursue a statutory change to allow small amounts of program income to be excluded from the requirement that they be treated as CDBG funds. A statutory change was passed by Congress on September 28, 1992 as part of the Housing and Community Development Act of 1992.
- revise guidance on the "appropriate" determination and develop a policy on self-employment. Guidance covering both of these issues were conveyed to grantees in a memorandum from the Assistant Secretary for Community Planning and Development dated March 6, 1992.

Progress is being made on the implementation of items included in the action plan. Semi-annual status reports are being sent to task force group leaders to keep them informed of changes resulting from their recommendations.

Computerized GPR/Final Statement Software

On September 22, 1992 the Department entered into a contract with the Orkand Corporation of Silver Spring, Maryland for the development of software which will computerize the production of the Final Statement and proposed new GPR format. The name of this new software will be CDBG ENTERS which is an acronym for Entitlement Entry and Reporting System. ENTERS will replace the AMRS software which the Department disseminated to grantees four years ago but which produced only two of the GPR's forms.

The current project plan calls for ENTERS to be disseminated to all CDBG grantees during May, 1993. Extensive classroom training will be conducted for grantees at various sites around the country over several months. A computer-based training (CBT) tutorial is also being developed. This should help those grantees to learn ENTERS that are unable to attend one of the classroom training sessions. The CBT tutorial should be disseminated to all CDBG grantees by the summer of 1993.

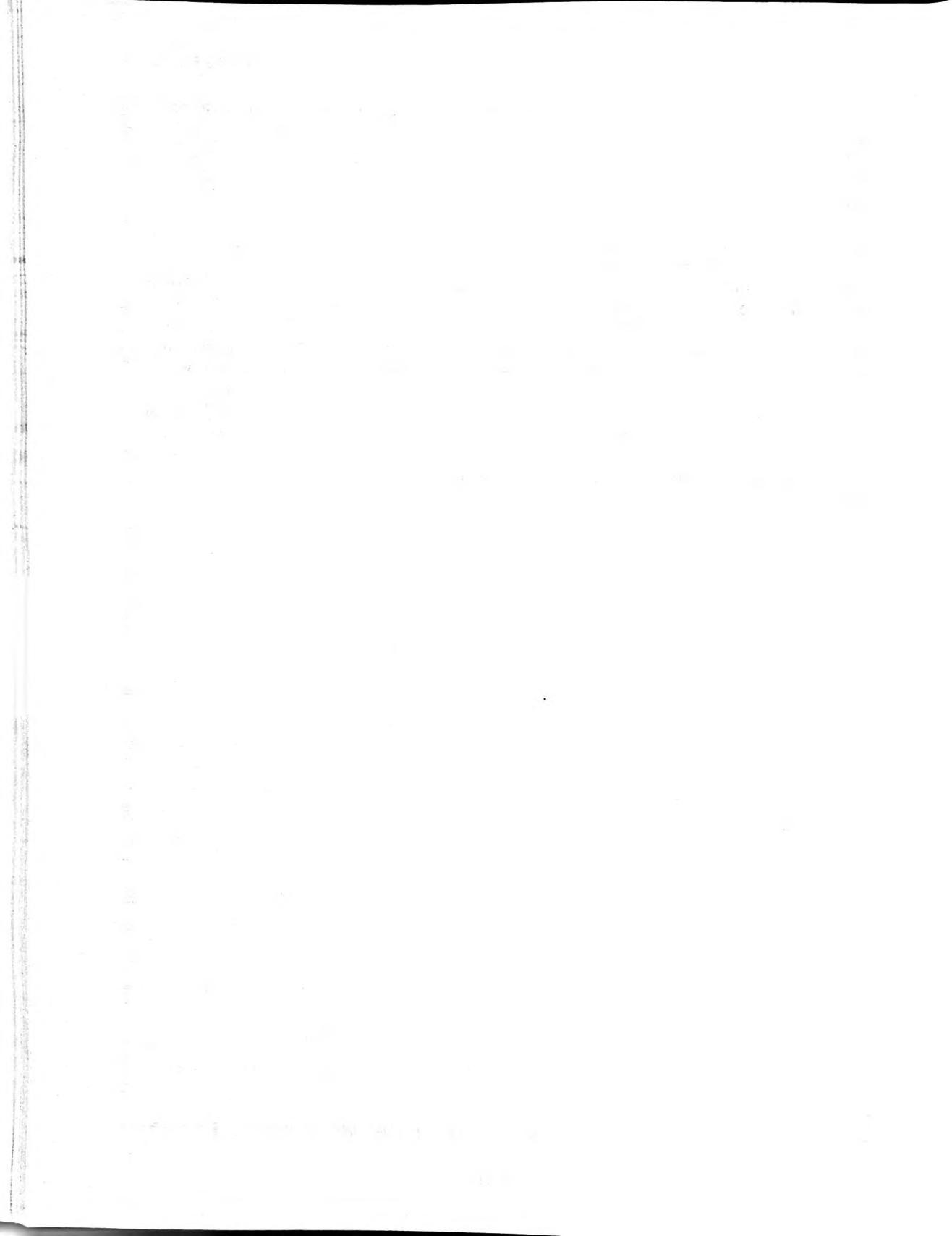
Electronic Policy Reference System

The Office of Community Planning and Development (CPD) is exploring the use of an electronic policy reference system which has been successfully developed by the Department of

Transportation. This new system would provide modem or telephone access for grantees, HUD staff, and others to CDBG-related statutes, regulations, notices, policies, training bulletins, and computer-based training modules. The system would have the capacity to download items via fax or modem.

Computer-based Training

The Department has also entered into an interagency agreement with the Office of Personnel Management to develop a series of computer-based training courses for HUD and grantee CDBG program staff. These courses will address a number of program requirements such as national objectives, eligible activities, procurement, financial management, and economic development. The Department has pursued this effort for a number of reasons. Monitoring and audit reports have indicated the need for such training among current HUD and grantee staff. Normal turnover of these staff also creates the need for future training. Fortunately, research on computer-based training indicates that this method is more efficient, cost-effective, and enjoys a higher learning retention rate than classroom or video training. The Department hopes to have the first courses available for use by the end of 1993.



CHAPTER 2

SECTION 108

LOAN GUARANTEE



SECTION 108 LOAN GUARANTEE PROGRAM

Purpose

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

Legislation

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

Program Administration

HUD may guarantee notes issued by (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. (Neither of these two grant programs has been recently funded. Guaranteed loan funds were used in projects assisted by previously approved Housing Opportunity and Housing Development grants.) 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. The maximum repayment period of the guaranteed loan is 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 1992 was \$225.0 million.

Loan Financing

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

Dillon, Read & Co. Inc.

Merrill Lynch & Co., and

Smith Barney, Harris Upham & Co. Incorporated

A public offering was held on December 15, 1992 in which 46 borrowers issued guaranteed notes in the amount of \$140,385,000. This issuance was the sixth public offering since 1987, for a total amount of \$537,945,000. As of September 30, 1992, the outstanding balance of notes held by private investors was \$341,234,500.

Borrowers requiring funds between public offerings may obtain financing through an interim lending facility currently provided by a money market fund. The interim lending facility is an integral part of the private market financing mechanism. Interim financing in the amount of \$53.6 million was provided prior to the last public offering of guaranteed notes sold in December 1992.

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, 1992, the outstanding balance of notes held by the FFB was \$174,444,000.

Funding History

Table 2-1

**Section 108 Loan Commitments
(Dollars in Millions)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978-9	\$ 31.2	1983	\$ 60.6	1988	\$ 143.6
1980	156.9	1984	86.9	1989	122.9
1981	156.5	1985	133.5	1990	119.3
1982	179.4	1986	113.3	1991	84.5
		1987	30.0	1992	163.8

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

Program Participation

In FY 1992, HUD approved 46 applications for loans totaling \$163.8 million. The median approval was \$2.45 million. Over three-quarters (76.3%) of the FY 1992 commitments (total amount) were issued to communities with populations of less than 250,000. This group comprised seventy-eight percent of all the borrowers participating in the FY 1992 Section 108 program. (Table 2-2)

Examples of the level of loan guarantee assistance provided for certain communities for FY 1992 include Richmond, Virginia and Syracuse, New York, each of which received over \$14 million in loan guarantee assistance. Utica, New York and Providence, Rhode Island each were assisted in the amount of \$9,000,000 while several other communities received assistance ranging from \$5 million to nearly \$8.0 million: the District of Columbia; Toa Baja, PR; Lynn, MA; Trenton, NJ; Erie and Philadelphia, PA; Buffalo, Rochester and Nassau County, NY.

Program Activities

As shown in Figure 2-1, approximately 51% of the amount approved in FY 1992 was budgeted for economic development activities. The next highest amount (approximately 33% of the amount approved) was budgeted for housing rehabilitation (24%) and publicly-owned rehabilitation (9%) activities. Acquisition of real property and related activities (e.g., public improvements) accounted for approximately 11% of the amount approved in FY 1992.

Table 2-2

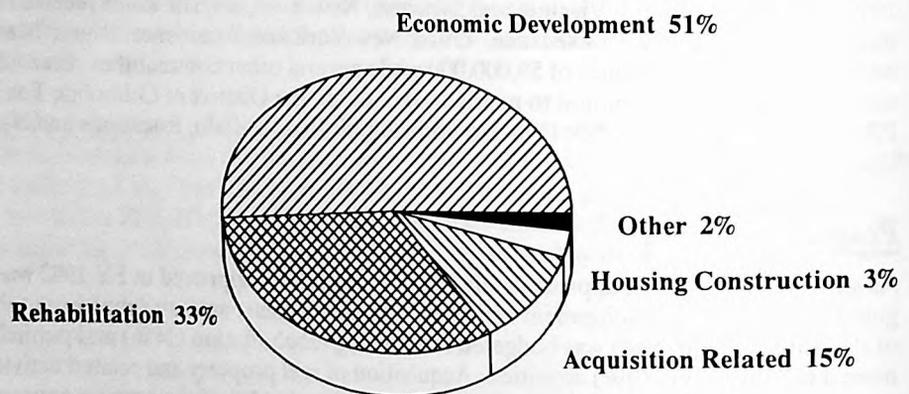
**Distribution of Section 108 Loan Guarantee Commitments
By Population Size (1988 est)**

<u>Applicant's Population</u>	<u>Number of Commitments Approved</u>	<u>Commitment Amounts (000's)</u>
< 100,000	25	\$58,745
100,000-249,999	11	66,305
250,000-499,999	4	14,750
<u>500,000 +</u>	<u>6</u>	<u>23,980</u>
Total	46	\$163,780

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

Figure 2-1

**Section 108
FY 1992 Distribution of Activities**



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:

- | | |
|------------------|---|
| Bessemer, AL | The City of Bessemer will use guaranteed loan funds to construct and equip a 20,000 sq. ft. manufacturing center to be used as a business incubator for new start-up businesses. The project is jointly undertaken by the City's Economic and Community Development Department and the Bessemer State Technical College. Faculty from the College will provide counseling and technical expertise to tenant companies. |
| Washington, D.C. | Guaranteed loan funds will be used to facilitate the construction of 100 single family townhouses for purchase by low- and moderate-income households, many of whom will be first-time buyers. The housing is being constructed by a nonprofit organization and is eligible for 108 assistance because it is also being financed by a Housing Development Grant (HODAG). |
| Trenton, NJ | Financing both economic development and housing rehabilitation projects is the focus of Section 108 assistance in the City of Trenton. Housing projects will include the rehabilitation of multifamily rental properties and transitional housing for the homeless to benefit low- and moderate-income households. The Trenton Business Assistance Corporation will process economic development loan applications with particular attention to those from businesses having difficulty securing conventional loans adequate to enable the businesses to proceed. |

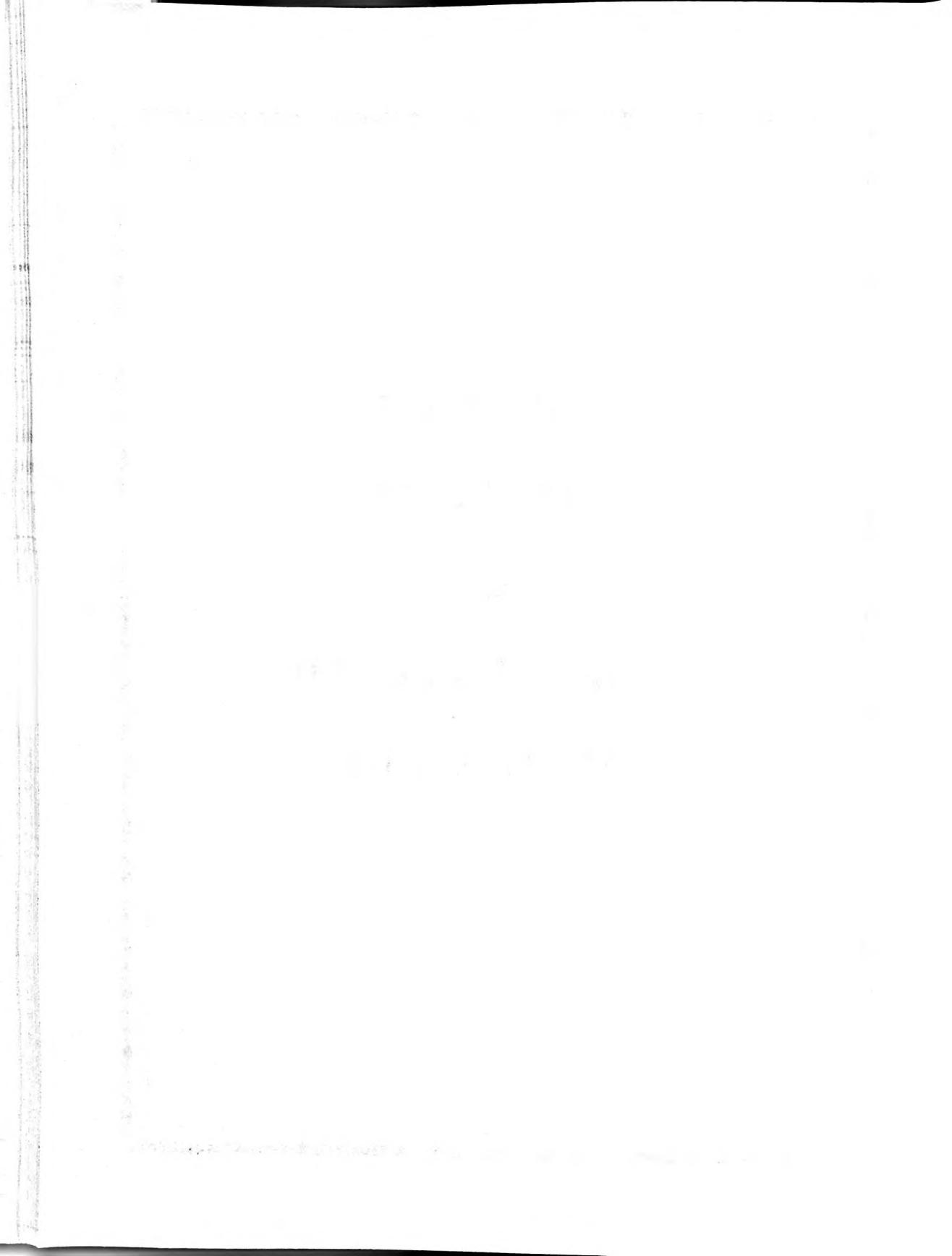
Program Objectives

Applicants budgeted \$151.6 million (93% of the amount approved in FY 1992) for activities benefitting low- and moderate-income persons. The remaining amount, \$12.1 million, was budgeted for activities aiding in the elimination or prevention of slums or blight.

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CHAPTER 3
STATE CDBG
and
HUD-ADMINISTERED
SMALL CITIES



STATE AND HUD-ADMINISTERED SMALL CITIES PROGRAMS

Introduction and Background

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

Each State receives a grant based on the higher of two different needs-based formula calculations. The first formula uses population, overcrowded housing, and poverty, and the second formula uses age of housing, poverty, and population. The formulas use data for nonentitlement areas of the State and allow for a pro rata reduction of each amount allocated to the nonentitlement areas in each State to ensure equity.

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 1992 Puerto Rico and all States except for New York and Hawaii administered the State CDBG program. For purposes of convenience, Puerto Rico will be termed a State for the remainder of this chapter.

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 the State administrative process 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 benefitting low- and moderate-income persons, aiding in the elimination of 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 benefitting low and moderate income persons. The National Affordable Housing Act of 1990 increased this level to 70 percent, beginning with the FY 1991 allocation. Each State selects the relevant period for meeting this requirement, but that period cannot exceed three years.

Performance Evaluation Reports

States must submit Performance Evaluation Reports (PER's) to HUD by September 30 each year. These reports cover the status of all CDBG grants currently being administered

by the State. The PER must include such information as which communities received funding, the amount of their grants, the activities being funded, and the national objective being met by the activity. Much of the information contained in this annual report is derived from the PER documents.

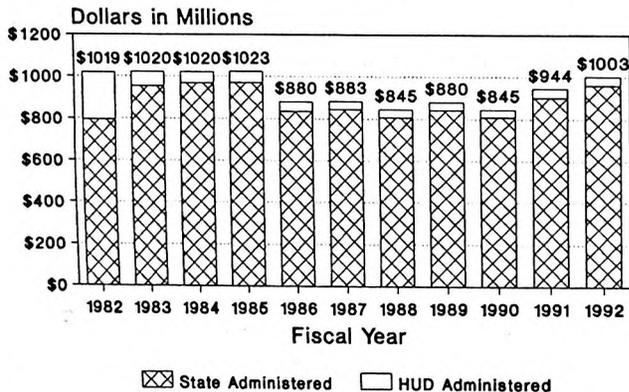
This report focuses on FY 1991 grant funds. The most recent PER's contain information through June 30, 1992. By that date, States had awarded only about two percent of their FY 1992 grants. Fiscal year 1991 is the most recent year with relatively complete information.

Funding History

Of the total \$3.334 billion appropriated for the CDBG program in FY 1992, \$1.003 billion was apportioned for non-entitlement areas. Of this \$1.003 billion to States in the State CDBG program, \$43 million went to New York and Hawaii, the two States in the HUD-Administered Small Cities program. (Figure 3-1)

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.

Meeting National Objectives

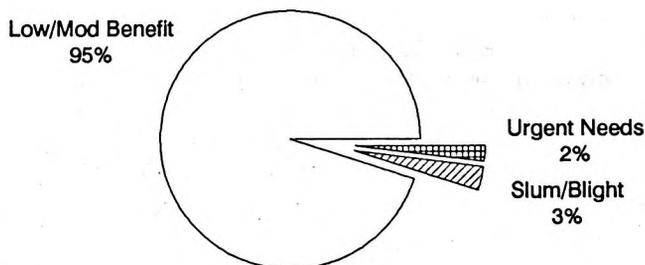
States must certify to HUD that in executing their programs they will only fund activities that meet one of the three national objectives of the program. As part of this certification, a State ensures that not less than 70 percent of its CDBG grant funds are used for activities that will benefit people 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 for nonmetropolitan areas as those with incomes that are at or below 80 percent of the higher of the median family income of the county in which the activity occurs or the median family income of the non-entitled areas of the State. For metropolitan areas, a low- and moderate-income family is one that is at or below 80 percent of the median family income of the metropolitan area.

In accordance with the statute and regulations, the State CDBG Program counts the full costs of all activities which meet the first national objective toward the 70 percent overall objective. The only exception is for housing related activities. Housing is counted in proportion to the number of housing units which are actually occupied by low- and moderate-income households. It should be understood that while 98 percent of the funds distributed by states from the FY 1991 allocation were for activities which addressed the low- and moderate-income national objective, this does not mean that 98 percent of the persons benefiting were low- and moderate-income.

- Of all funds awarded to eligible small communities since the State program began in FY 1982, 95 percent were for activities to address the national objective of benefit to low- and moderate-income persons. About 3 percent addressed the national objective of aiding in the elimination of slums and blight. The remaining 2 percent were for urgent needs. (Figure 3-2)
- For FY 1991, 98 percent of the funds awarded were for activities to address the national objective of benefit to low- and moderate-income persons. One percent of the funds awarded were for activities to address the national objective of aiding in the elimination of slums and blight. Less than one percent of the funds awarded were for activities to address the urgent needs national objective.

Figure 3-2
State CDBG Objectives
Percent of Funding, FYs 1982-1992



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

Local Funding Levels

States typically have made more than 3,000 grants each year to small communities through the State CDBG program. Since 1982, the average grant has been for about \$243 thousand dollars. As of June 30, 1992, 3,251 grants have been made to small communities, averaging \$257 thousand dollars in program funds from the FY 1991 allocation. (Table 3-1)

Table 3-1

**Number of Grants to Communities, FY 1982 -- FY 1992
(Dollars in Thousands)**

<u>Year</u>	<u>Number of Grants</u>	<u>Amount of Funding</u>	<u>Average Grant Size</u>
1982	2502	\$765,771	\$306
1983	3559	978,072	275
1984	4079	954,241	234
1985	4205	965,800	230
1986	3713	820,644	221
1987	3679	829,123	225
1988	3319	800,580	241
1989	3543	829,147	234
1990	3406	795,047	233
1991	3251	836,711	257
<u>1992⁺</u>	<u>662</u>	<u>157,062</u>	<u>237</u>
Totals	35,918	\$8,732,198	\$243

+ - Through June 30, 1992.

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. Assuming that counties receive grants primarily to administer for their very small communities and unincorporated areas, the State CDBG Program is substantially oriented to very small communities -- some 65 percent of FY 1991 funds went to counties or communities with populations of less than 2,500. (Table 3-2)

- As of June 30, 1992, 3,251 State CDBG grants had been awarded by 49 States to communities using the FY 1991 allocation and program income distributed.

- Smaller communities received a higher percentage of funds in FY 1991. In FY 1990 counties and communities with less than 2,500 in population received 56 percent of the funds. In FY 1991 counties and communities with less than 2,500 in population received 65 percent of the funds.
- Communities of more than 10,000 in population received 13 percent of the grants and 14 percent of the funds.

Table 3-2

**Characteristics of State CDBG Program Recipients
As of June 30, 1992
(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	1,143	35%	\$268,849	32%	\$235
2,500 - 10,000	736	23	169,630	20	230
Greater than 10,000	436	13	119,423	14	274
Counties	924	28	276,832	33	300
<u>No Information</u>	<u>10</u>	<u>*</u>	<u>1,976</u>	<u>*</u>	<u>198</u>
Total	3,251	100%	\$836,710	100%	\$257

* - less than 1%

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

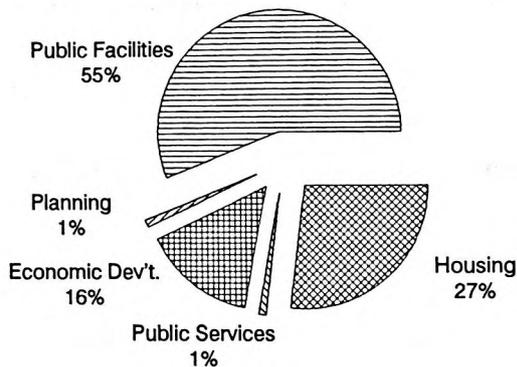
Use of Funds

Just as States have discretion over which communities to fund, they also determine which eligible activities to emphasize. Most communities establish specific funding setasides to address their State CDBG objectives.

Purposes of Grants and Activities Funded. - As of June 30, 1992, States were able to report awards of FY 1991 funds to communities of about \$836 million, or about 83 percent of FY 1991 grant funds awarded to the States. In their Performance and Evaluation Reports (PER's), 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. (Figure 3-3)

- Public facilities and improvements remained by far the largest grouping of State CDBG activity in FY 1991, as it had in each previous year of the program. Public facility related projects accounted for \$463.9 million dollars or fifty five percent of the total

Figure 3-3
Percent of Funding by Purpose
FY 1991



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

funds budgeted. Water, sewer, and flood protection construction and reconstruction comprised the largest share of that activity.

- Housing constituted the second largest purpose category of the FY 1991 funds. Housing rehabilitation, with about \$170 million budgeted in FY 1991, was the largest housing-related activity.
- Economic development constituted the third largest concentration of State CDBG-funded activity in FY 1991 with \$127 million or 16 percent of CDBG funds. Loans to for-profit concerns account for the majority of the economic development funds.
- Planning, public services, contingencies and unspecified activities account for the smallest portion of funds totaling \$16.4 million or two percent of the funds.
- There is an increase in the amount of funds being awarded to communities for water, sewer and flood protection projects in FY 1991. In FY 1990, 29 percent of the funds went to these projects. In FY 1991, 33 percent of the funds went to these projects.
- There is a decrease in the amount of funds being awarded to communities for economic development related infrastructure. In FY 1990 five percent of the funds went to these projects. In FY 1991 only three percent of such funds went to these projects.
- As Table 3-4 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

Table 3-3

**FY 1991 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>
Public Facilities:				
Water, sewer, flood	1,525	18%	\$278,656	33%
Streets	452	5	44,119	5
Community Centers	320	4	37,427	4
Other	990	11	72,845	9
Administration	1,521	17	30,914	4
Subtotal	4,808	55	463,961	55
Housing:				
Rehabilitation	964	11	170,060	20
Acquisition related	268	3	8,370	1
Other	427	5	28,068	3
Administration	701	8	22,768	3
Subtotal	2,360	27	229,266	27
Economic Development:				
For-profits	336	4	83,563	10
Infrastructure	134	2	24,650	3
Non-profits	31	*	6,159	1
Other	115	1	8,370	1
Administration	357	4	4,290	1
Subtotal	973	11	127,032	16
Planning	330	4	4,903	1
Public Services	158	1	8,268	1
Contingencies and <u>Unspecified Activities</u>	<u>167</u>	<u>2</u>	<u>3,281</u>	<u>*</u>
Total	8,796	100%	\$836,711	100%

+ - As of June 30, 1992

* - Less than 1%

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

development more than a fifth of all funding. In the aggregate, public services and planning have consumed very small shares of State CDBG resources.

Table 3-4

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

<u>Purpose</u>	<u>1982-7</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>Total</u>
Public Facilities	50%	54%	56%	53%	55%	52%
Housing	26	23	25	27	27	26
Economic Devt.	22	21	17	18	16	20
Planning	1	*	*	1	1	1
Public Services	*	*	*	*	1	*
No Data	*	2	2	1	*	1
Total	100%	100%	100%	100%	100%	100%
Amount	\$5,324	\$800	\$829	\$794	\$837	\$954

+ - Through June 1992. By this date, not all FY 1990 and FY 1991 funds had been obligated by States.

* - Less than 1%.

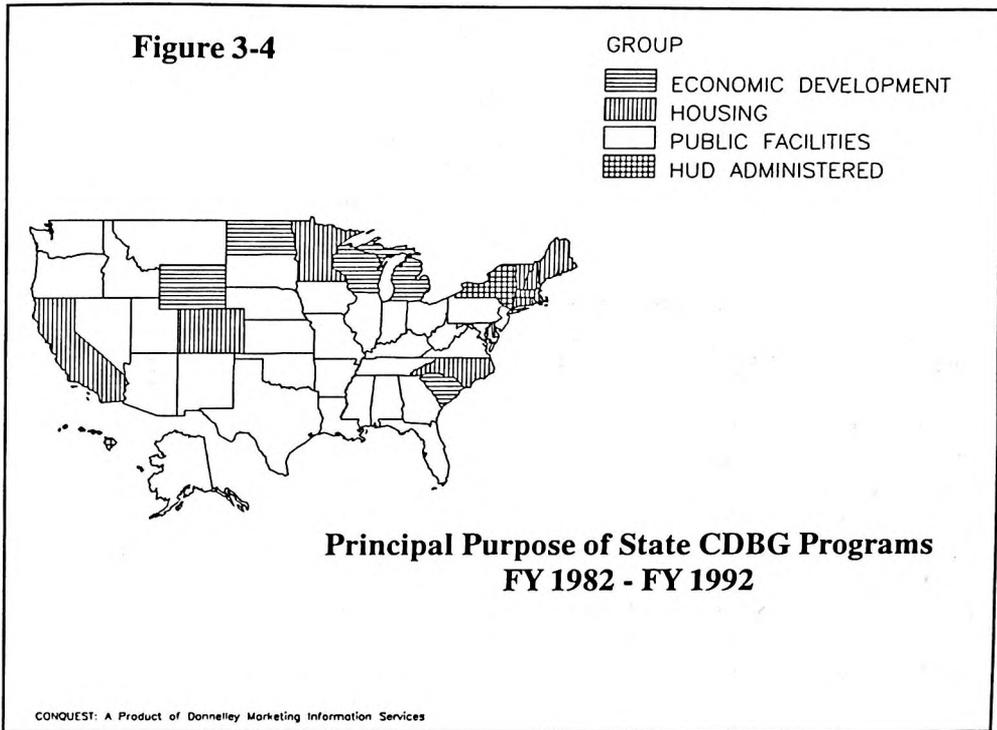
Source: U.S. Department of Housing and Urban Development,
Community Planning and Development, Office of Block Grant Assistance.

- The proportions of funding for public facilities and housing have remained relatively constant over the life of the program. The proportion of funding for economic development is decreasing from a high of 22 percent in FY 1982-87 to 16 percent in 1991.

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 33 of 49 State CDBG programs, public facilities-related activities obtained the most funding. Eleven States put the most State CDBG resources into housing-related activity, and five States put the most dollars into economic development. (Figure 3-4)

The purpose of State CDBG funding varies substantially by type of recipient. (Table 3-5)

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



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

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

Program Management

Monitoring - The Regional Management Plan establishes Headquarters overall monitoring goals for the Fiscal Year. The Department's FY 1992 Regional Management Plan intensified the focus on risk analysis. Risk Analysis is a method which can be used to establish priorities for monitoring and to determine where resources can be best used. Risk analysis can determine which grantees should be monitored, the program areas to be covered, and the depth of the review. The selection should be designed to ensure that those grantees and activities which represent the greatest vulnerability to fraud, waste, and mismanagement are monitored with the resources available. Headquarters identified four areas that must be monitored if the risk in this area is high. The key areas for FY 1992 were eligibility and meeting a national objective, economic development assistance to for profits, timeliness of fund distribution, and monitoring of recipients.

Table 3-5

**FY 1991 State CDBG Funding by Purpose of Award⁺
and Type of Recipient
(Dollars in Millions)**

<u>Purpose</u>	<u>Type of Recipient</u>			<u>Counties</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	\$163	\$83	\$48	\$179	\$475
Housing	46	44	36	32	159
Economic Devt.	30	27	26	25	110
Planning	29	15	9	27	80
Public Services	0	0	0	13	13
<u>Not Reported</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$268	\$169	\$119	\$276	\$837

+ - Amounts awarded as of June 30, 1992.

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

During FY 1992, 46 of the 49 states were monitored in key program areas. The total number of monitoring findings declined in FY 1992 as compared to previous years. This may be attributable to States' improved program administration but may also reflect that less overall HUD staff time was spent on the State CDBG Program compared to previous years.

Findings Over Time

<u>Year</u>	<u>Number of Findings</u>
FY 1990	293
FY 1991	237
FY 1992	209

Table 3-6 shows the percent of states monitored in critical areas as well as the percent of monitoring findings in each area. Fundability, economic development, timeliness, and monitoring were key monitoring areas in 1992.

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.

Table 3-6

**Top Ten Monitoring Areas
FY 1992**

<u>Monitoring Area</u>	<u>Pct. of States Monitored</u>	<u>Pct. of all Findings</u>
Fundability*	94%	13%
Monitoring	94	13
Timeliness	87	12
Economic Development	81	11
Distribution	74	10
Environment	64	9
Audits Management	64	9
Grant Closeout System	53	7
Financial Management	53	7
Labor Standards	53	7

* - Fundability (includes eligibility and national objectives)

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

FY 1992 Management Initiatives - The major issue for 1992 in the State CDBG Program was issuance of a final rule on November 9, 1992. This rule culminated years of debate on the right mix of flexibility for States and localities together with appropriate program accountability. The rule was the subject of intense and extended consultation with organizations representing States and low income interest groups. In terms of increased flexibility HUD did a number of things including shortening the rule by about half when compared with the proposed rule. Increased flexibility included a clarification of the term maximum feasible deference, a commitment not to run the program by memorandum having a regulatory effect, a reduced number of definitions, little regulation of eligibility and greatly simplified financial management standards. On the other hand, HUD established specific requirements for how activities will be considered to meet a national objective, clarified that the States' methods of distribution must clearly establish the criteria to be used to award grant funds and established a new conflict of interest provision with respect to program benefits.

Section 916 of the National Affordable Housing Act (NAHA) of 1990, required the states of Texas, New Mexico, California, and Arizona to set aside 10 percent of their FY 1991

CDBG allocation to meet the needs of colonias with respect to basic community infrastructure and housing. Colonias are generally unincorporated areas located along the U. S. Mexico border lacking potable water, sewer, and adequate housing conditions. Activities eligible for funding were limited to planning and the payment of assessments for public improvements.

The eligible activities restriction imposed by Section 916 was subsequently amended by Section 810 of the Housing and Community Development Act of 1992 to include all CDBG eligible activities permitted under Title I of the Act. In addition, the setaside for colonias was extended to include FY 1994. The Department is directed to establish the setaside levels for the remaining fiscal years. HUD continues to actively work with the four States to meet the requirements of the statutory provision as amended, as well as the needs of residents of the colonias.

Accomplishments

In 1992, HUD initiated an effort, in cooperation with States, to improve the reliability of accomplishments data reported in its Annual Performance Report. The principal outcome was to simplify basic reporting measures for the predominant activities funded in order to permit more reliable aggregation of data at the national level. States were asked to voluntarily report accomplishments data on an activity-by-activity basis. Forty states responded. The data was requested only for fiscal years 1991 and 1992 in order to minimize reporting disruption for the hundreds of thousands of activities already being reported. Accordingly, only proposed accomplishments are reported this year. However, in succeeding years data will also include actual accomplishments.

The dollar amount represented by the 40 States reporting proposed accomplishments is \$676.2 million or 81 percent of the \$837 million which is the reporting base elsewhere in this report for FY 1991. The overall distribution of funds by activities is within a few percentage points of the distribution for all States. The following information selects important proposed data for the most commonly funded activities. The most complete data is available for FY 1991 and is the focus of this presentation.

Public Facilities - Fifty-three percent of the \$676 million in CDBG funds for 40 States were for public facility related projects. Water, sewer and flood protection activities accounted for the majority (32%) of the total public facility funds awarded. The average CDBG cost for these facilities is \$213 thousand dollars for water, \$226 thousand dollars for sewer, and \$109 thousand dollars for flood protection facilities. (It should be noted that many communities also receive funds from other sources to carry out public facility related projects). The nature and type of benefit of these activities varies significantly. Some water and sewer activities benefit a whole community by installing or improving central facilities or wells while other projects extend new service to a particular neighborhood or area.

Public Facilities (proposed accomplishments)

	<u># of Activities</u>	<u>Amt. \$ (million)</u>	<u># of Persons</u>	<u>% LM Persons</u>
Water Projects	551	\$117	473,417	65%
Sewer Projects	390	\$ 88	334,673	67%
Flood/Drain Projects	128	\$ 14	148,709	74%

Housing - Twenty-two percent of the \$676 million in CDBG funds for 40 States went to housing rehabilitation accounting for a majority of the housing related funds awarded. Approximately 16,075 housing units will be assisted at a per unit cost of \$9,141. This figure represents approximately 2.8 persons per unit.

Housing (proposed accomplishments)

	<u># of Units</u>	<u>Amt. \$ (million)</u>	<u># of Persons</u>	<u>% LM Persons</u>
Rehabilitation	16,075	\$147	45,114	97%

Economic Development - Fifteen percent of the \$676 million in CDBG funds for the 40 States went to economic development related activities. Loans to for-profit concerns and infrastructure account for most of these funds (14%). These activities are projected to create and/or retain 18,206 jobs. The cost per job is \$5,053.

Economic Development (proposed accomplishments)

	<u>Amt. (million)</u>	<u># of Jobs</u>	<u># of L/M Persons</u>	<u>% LM Persons</u>
For-profits	\$73	11,676	7,119	61%
Infrastructure	\$19	6,530	4,033	62%

The HUD-Administered Small Cities Program

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

The Department awarded 105 Small Cities grants in FY 1992, totalling \$43.958 million. A total of 102 grants and \$41.199 million in funds were awarded in the State of New York. There are only three counties eligible for funds in Hawaii and this accounts for three grants for a total amount of \$2.759 million.

Approximately 84 percent of all grants in New York are single purpose grants, with housing activities comprising the largest share, both in number and in dollars. Comprehensive grants (i.e., those in which multiple activities are pursued in a coordinated approach to a local problem) made up about 16 percent of the grants and received about 23 percent of the FY 1992 funds, since the average grants size is larger for comprehensive grants than for single purpose grants. This represents a decrease from FY 1991, when comprehensive grants accounted for 26 percent of the dollar volume.

- The Field Offices in New York received 243 applications for assistance and funded 102 requests, amounting to \$41.199 million. Single purpose grants for housing activities accounted for \$1.045 million of this amount.
- The Honolulu Field Office awarded three formula grants to three counties totalling \$2.759 million.

Table 3-7

**HUD-Administered Small Cities Program
Application and Grant Characteristics, FY 1992
(Dollars in Thousands)**

Activity	Applications*		Grants			
	Number	Pct.	Number	Pct.	Amount	Pct.
Single Purpose:	218	90%	86	84%	\$31,706	77%
Housing	(120)	(49%)	(52)	(51%)	(19,905)	(48%)
Economic Devt.	(19)	(8%)	(12)	(12%)	(7,981)	(19%)
Public Works	(70)	(33%)	(22)	(22%)	(3,820)	(9%)
<u>Comprehensive</u>	<u>25</u>	<u>10%</u>	<u>16</u>	<u>16%</u>	<u>9,494</u>	<u>23%</u>
Total	243	100%	102	100%	41,200	100%

* - Includes New York Only

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

CHAPTER 4

INDIAN

CDBG PROGRAM

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INDIAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Purpose

The Indian CDBG program assists any eligible Indian tribe, group, band, nation, including Alaskan Indians, Aleuts, Eskimos, and Alaskan Native Villages in developing viable Indian and Alaskan Native communities by addressing specific community development needs. This chapter uses "tribe" or "recipient" to designate any of the eligible groups. 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 annually, a tribe must submit an application that includes a needs description, project and cost summaries, implementation schedule, and certifications of compliance with rules including but not limited to: Indian civil rights, environmental protection, labor relations, contracting, citizen participation, and benefit to persons of low and moderate income. The tribe must also certify that it complies with the Indian preference provisions required in 24 CFR 571.503.

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 to be issued by the Secretary after public comment. The proposed regulations were published on June 21, 1991, and interim regulations were published on April 7, 1992. In order to distribute the funds as quickly as possible, the Office of Community Planning and Development issued a NOFA on April 7, 1992, governing the distribution of FY 1991 and 1992 funds. Funds from both years were distributed as part of the same competition. The combined FY 1991 and 1992 competition provided 64.4 million dollars to Indian CDBG grantees, making it the largest competition in the history of the program.

Table 4-2 reflects program activities funded with the FY 1991/1992 allocations. Community facilities which include infrastructure and buildings constituted the highest percentage of grants funded (70%). New housing construction and housing rehabilitation (18%) were the other principal types of projects funded. Economic development constituted 10% of grants funded. This represents a change in emphasis by the tribes and villages since the FY 1990 funding round as the percentage of grants for community facilities increased and the percentage of funds for housing and economic development decreased.

Program Management

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.

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	31,491
1982	30,224	1987	27,000	1992	33,000

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

Table 4-2

**Indian CDBG Program, Number and Amount
of Grants by Activity, FY 1991-1992
(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	32	18%	\$12,100	19%	\$378
Infrastructure	40	22	14,301	22	358
Buildings	86	48	31,902	49	371
Economic Development	18	10	5,272	8	293
<u>Land Acquisition</u>	<u>4</u>	<u>2</u>	<u>916</u>	<u>1</u>	<u>\$229</u>
Total	180	100	\$64,491	100%	\$358

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

HUD reviews each recipient's performance both on and off site 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. At the end of the FY 1992, the six Indian programs offices had 153 active ICDBG grantees and 202 active projects.

Technical Assistance

There currently is a technical assistance contract for Economic Development in effect for the Indian CDBG Program. This technical assistance contract will provide a manual for tribal use in developing economic development projects, as well as on-site assistance to selected tribes to help tribes with economic development projects and general training sessions for tribes on economic development.

The Department will enter into a contract in the near future to provide general management technical assistance for tribes that are participating in the ICDBG program. This contract will include on-site assistance for a limited number of grantees, general training sessions that all tribes may attend, and a manual to assist tribes in implementing their Indian CDBG grants.

CHAPTER 5
INSULAR AREAS
CDBG PROGRAM

THE UNIVERSITY OF
MICHIGAN LIBRARY
ANN ARBOR, MICHIGAN

INSULAR AREAS CDBG PROGRAM

Purpose

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

Program Administration

The Insular Areas CDBG program provides grants to five designated areas: the Territory of Guam; the Territory of the Virgin Island; the Territory of American Samoa; the Commonwealth of Northern Mariana Islands; and the Republic of Palau (the last remaining Trust Territory of the Pacific Island). 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 objectives 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	1992	7,000

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

Participation

The total amount of Insular Areas CDBG funding available for FY 1992 was \$7.0 million. The individual Areas were invited to apply for funding in the amounts shown in Table 5-2.

Table 5-2**Insular Areas CDBG Program
Funding By Recipients, FY 1992
(Dollars in Thousands)**

<u>Area</u>	<u>Funding</u>	
	<u>Amount</u>	<u>Percent</u>
Guam	\$2,723.0	40%
Virgin Islands	2,082.0	30
American Samoa	956.5	13
Palau	352.5	5
<u>Northern Mariana Islands</u>	<u>886.0</u>	<u>12</u>
Total	\$7,000.0	100%

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 to low- and moderate-income persons, aid in the prevention or elimination of slums and blight, or meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community).

Typically, activities funded include: construction of public facilities and improvements, rehabilitation of housing and homeownership assistance, public services, relocation and planning. Table 3-2 provides information on the actual expenditures for FY 1990 and the planned expenditures for FY 1991. Public facilities and housing activities account for the majority of the funds in both years, representing actual expenditures of 80 percent in FY 1990 and planned expenditures of 76 percent in FY 1991.

- In FY 1990, 46 percent of the funds expended were for public facility related activities and 34 percent were for housing related activities.
- In FY 1991, 55 percent of the planned expenditures are for public facility related activities and 21 percent are for housing related activities.

Table 5-3

**FY 1990-1991 Insular Areas CDBG Program Activities/Funds
(Dollars in Thousands)**

<u>Major Activities</u>	<u>FY1990</u>		<u>FY1991</u>	
	<u>\$ Amount</u>	<u>Pct.</u>	<u>\$ Amount</u>	<u>Pct.</u>
Public Facilities				
Water	\$250	4%	\$595	9%
Sewer	200	3	125	2
Roads	505	7	310	4
Health Centers	157	2	0	0
Fire Stations	263	4	0	0
Public Library	310	5	0	0
Park Improvements	83	1	75	1
Multipurpose Centers	1,277	19	1,574	22
Downtown Revitalization	12	0	15	0
Retaining Wall	50	1	0	0
<u>Infrastructure (unspecified)</u>	<u>0</u>	<u>0</u>	<u>1,138</u>	<u>16</u>
Subtotal	3,107	46	3,832	55
Housing				
Residential Rehabilitation	398	6	433	6
Public Housing	1,918	28	0	0
Homeownership Assistance	0	0	882	13
<u>Dev. Land for Housing</u>	<u>0</u>	<u>0</u>	<u>120</u>	<u>2</u>
Subtotal	2,316	34	1,435	21
Public Services	299	4	622	9
Relocation	56	1	0	0
Planning	136	2	60	1
<u>Administration</u>	<u>888</u>	<u>13</u>	<u>1,051</u>	<u>15</u>
Total	6,802	100%	7,000	100%

FY 1990 represents actual expenditures.

FY 1991 represents planned expenditures.

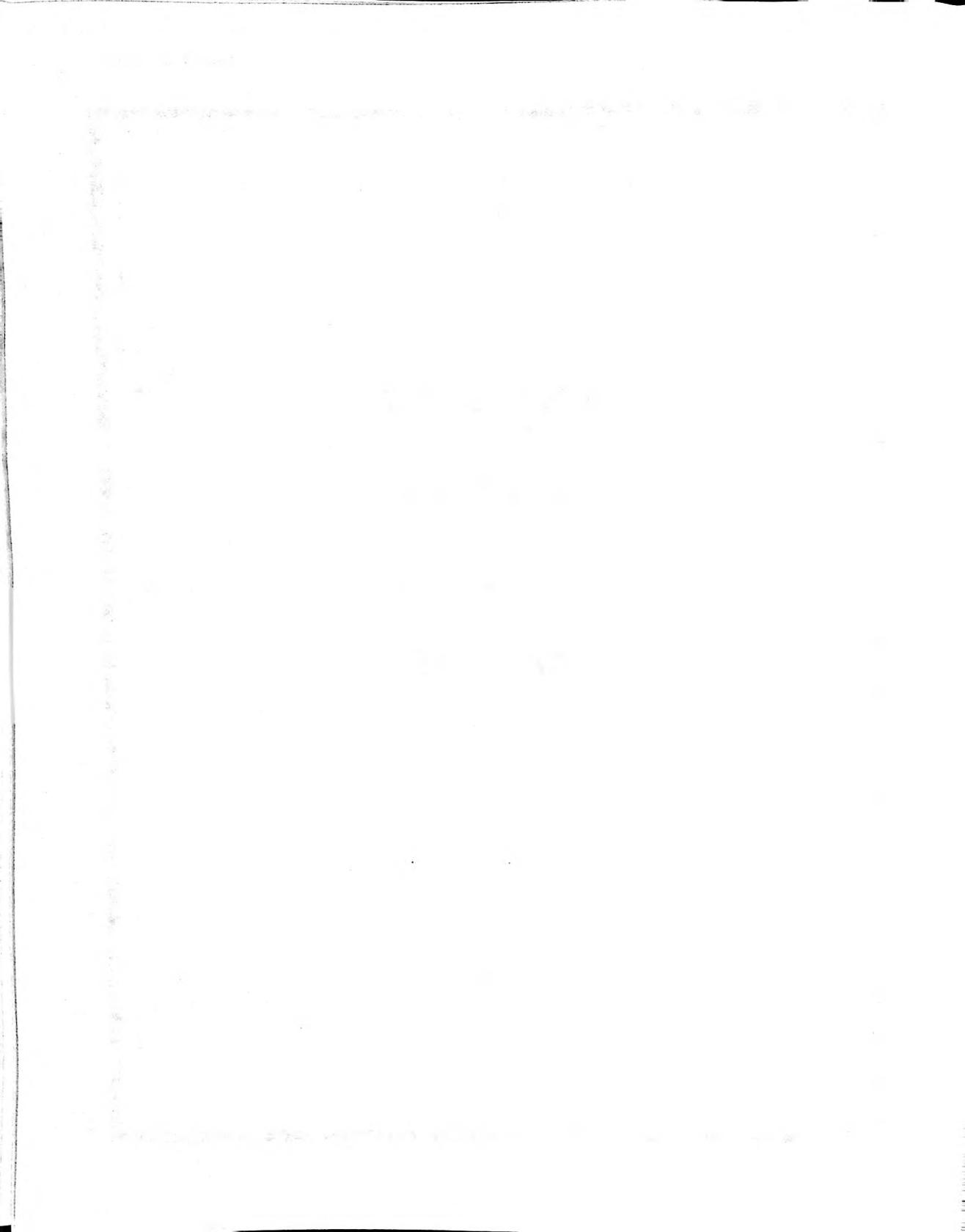
SOURCE: U.S. Department of Housing and Urban Development,
Community Planning and Development, Office of Block Grant Assistance.

CHAPTER 6

SPECIAL

PURPOSE

GRANTS



SPECIAL PURPOSE GRANTS

Purpose

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

Legislation

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 1992, 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 1992 was \$14.5 million. (Table 6-1) 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 Col-

leges and Universities. In FY 1992, there was no appropriation for the Technical Assistance program. However, during FY 1992 the Department awarded \$27.0 million of Technical Assistance funds carried forward from prior year appropriations or transferred from recaptured UDAG funds. (Table 6-2)

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	1992	14.5

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 1992, 56 percent of the Technical Assistance funds were awarded as grants or cooperative agreements and 44 percent as contracts, including funds awarded by other Federal agencies through interagency agreements. All of

the technical assistance funds were awarded in accordance with the Department's reform policies. Overall, in FY 1992, 89 percent of the Technical Assistance funds were awarded using a competitive process and 11 percent were awarded to small and disadvantaged minority businesses through the Small Business Administration's 8(a) program.

Program Activities

HUD awarded a total of \$27.0 million in Technical Assistance funds in FY 1992. (Table 6-3) Of these funds, \$7.5 million was granted to cities and states to economically empower low-income residents, including riot damaged areas of Los Angeles, California. HUD also provided \$3.3 million to entitlement communities and non-profit agencies to aid public housing and neighborhood residents in becoming self-employed. An additional \$3.1 million was awarded to States to improve the effectiveness of their CDBG Non-Entitlement programs; \$2.5 million went to contractors to assist communities with their homeless programs, and \$1.5 million was provided to assist communities' Minority Business Enterprise programs. The remaining funds were committed to assist Southwest border communities, build the capacity of nonprofit organizations involved in housing programs, assist local District Heating programs, aid in the economic development of West Dallas and other communities, and improve HUD's systems for training local agencies in preparing the Grantee Performance Report and planning and implementing their CDBG programs.

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 1992, HUD made awards totalling \$27.0 million from unobligated balances from prior years. The largest share of funds, \$12.7 million or 47 percent, was awarded to cities, states, and other public agencies. The second largest share of funds, \$11.9 million or 44 percent, was awarded to private for-profit firms. Not-for-profit organizations received \$2.4 million or 9 percent.

Table 6-2

**Technical Assistance Program Funding
(Dollars in Thousands)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1978	\$20.8	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	1992	0

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 1992 Technical Assistance Awards
(Dollars in Thousands)**

<u>Type of Organization</u>	<u>Number</u>	<u>Amount</u>	<u>% of Funds</u>
Cities & Counties	26	\$7.5	27
States	27	4.2	16
Other Public Agencies	6	1.0	4
Not-for-profit Organizations	12	2.4	9
Private For-profit Firms	<u>20</u>	<u>11.9</u>	<u>44</u>
	91	27.0	100%

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.

Legislation

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

Funding History

The authorizing legislation requires 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 1992 funding level was 3.0 million. For this year's competition, the Community Development Work Study program awarded grants involving 13 universities, colleges and area-wide planning organizations to assist 107 students. The participating schools were New Hampshire College, NH; Carnegie Mellon University, PA; University of Baltimore, MD; Morgan State University, MD; Eastern Kentucky University, KY; Clemson University, SC; University of Wisconsin at Green Bay, WI; University of Illinois at Chicago, IL; Mankato State University, MN and Iowa State University, IA. The area-wide planning organizations receiving 1992 grants were Triangle Area COG and North Central Texas COG, TX.

Grants to these participating schools or area-wide planning organizations ranged from a low of \$34,000 to a high of \$518,254.

Part Three - HISTORICALLY BLACK COLLEGES AND UNIVERSITIES PROGRAM

Purpose

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

Legislation

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

Program Administration

This program is limited to Historically Black Colleges and Universities.

Only those 107 HBCU's 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) are eligible for funding.

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.

Program Participation

Grants of \$500,000 were awarded to 9 HBCU's in FY 1992: Jackson State University, MS; Lincoln University, PA; University of Arkansas at Pine Bluff; Lemoyne-Owen College, TN; Coppin State University, MD; Bennett College, NC; Norfolk State University, VA; Southern University at Baton Rouge, LA; and Central State University, LA. These grantees, variously, will acquire and rehabilitate low/mod housing, provide training for life skills, job skills, and business development, establish business revolving loan funds, and offer supportive services to the needy.

Part Four - MINORITY BUSINESS ENTERPRISE

One of the Department's major goals is to encourage grantees to use minority businesses. The primary indicator of performance is the percent of CPD administered funds that are contracted out to minority businesses by grantees. For Fiscal Year 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 sub-

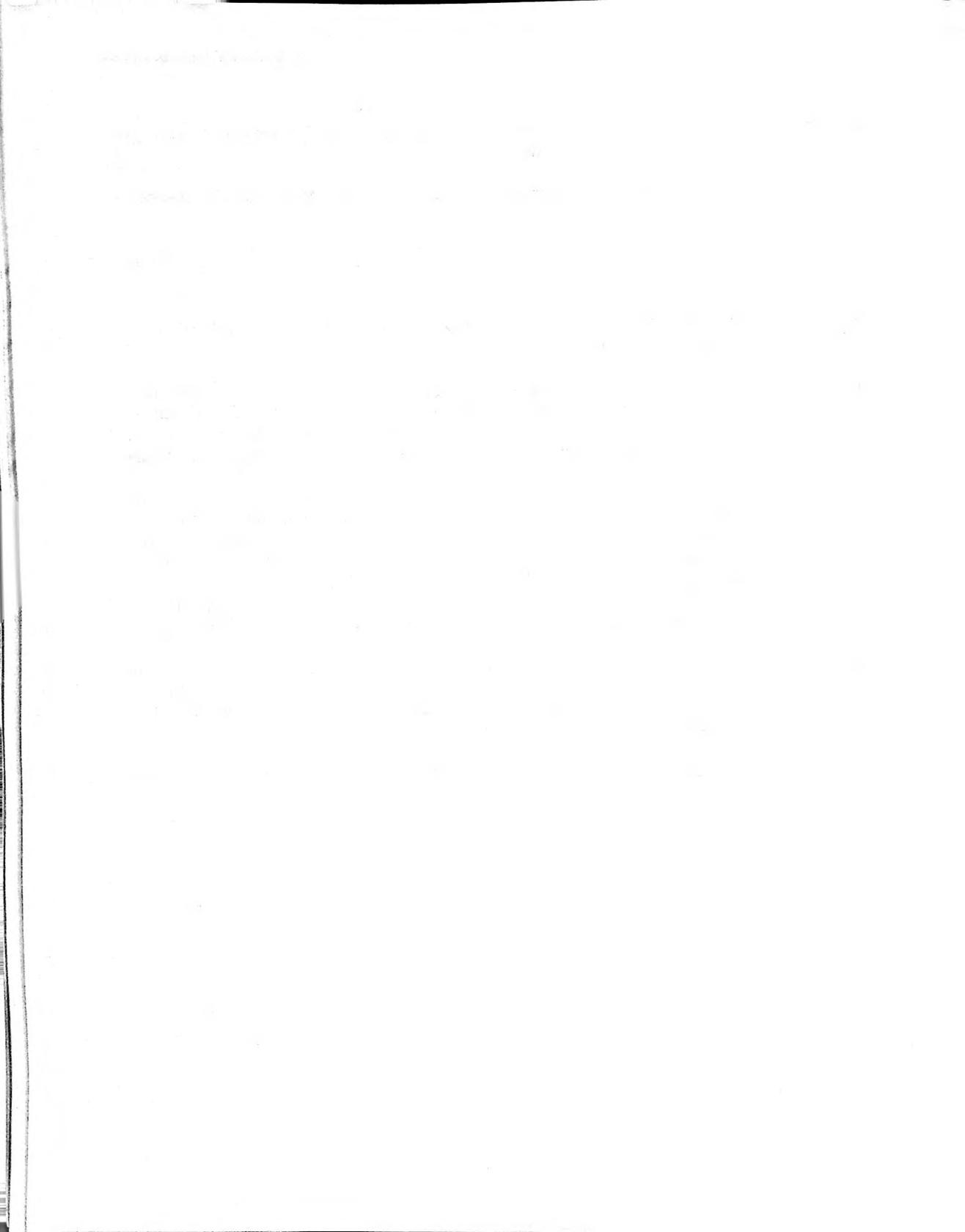
mit a multi-year strategy on how it planned to promote MBE participation in CPD programs. Each strategy was required to identify the following:

- Entitlement communities which have made few or no awards to MBE's for the past two - four years.
- Communities which show a significant decline in contracts awarded to MBE's during the past two - four years, and;
- Specific actions the region will undertake to improve MBE performance of any of the above two categories of communities.

Based on partial data available for Fiscal Year 1992, CPD grantees awarded 12.3 percent of all CPD contracts or a total of \$238.4 million, compared with 16.1 percent and \$603.4 million for Fiscal Year 1991 for minority businesses. However, when total MBE contract data for Fiscal Year 1992 are available, the total is expected to rise to approximately \$412.3 million.

This projected decline in the amount of funds contracted to MBE's reflects the relatively flat long-term trend of the past several years. CPD believes there are two reasons for this flattening trend. First, the demise of the UDAG program several years ago reduced the pool of available funding from which recipients could award MBE contracts. A substantial amount of Federal funding of several hundred million dollars annually simply stopped. Second, the impact of the 1989 Supreme Court decision in *City of Richmond, VA versus Grosos* served as a brake on local communities' ability to award MBE contracts at the high levels of years ago. Many communities have had to reassess their local MBE initiatives (unless past discrimination by a community was clearly documented). It is likely that some communities have misinterpreted that decision to mean that they may not conduct MBE outreach efforts, resulting in a further decline in MBE contract awards.

It is in response to these two factors that CPD re-evaluated its MBE program and set in motion the FY 1991 strategy described above.



APPENDIX

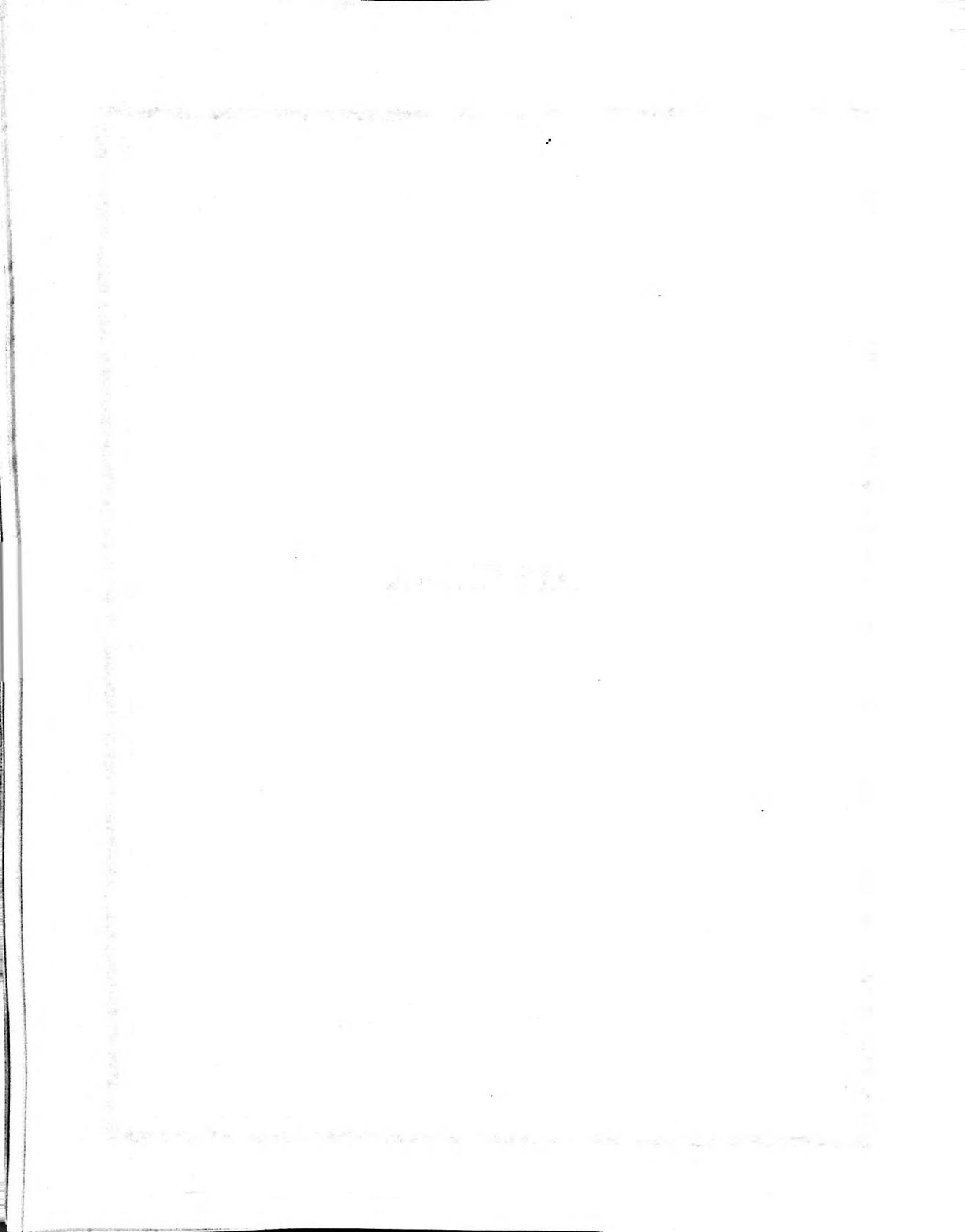


Table A-1
CDBG Entitlement Program Expenditures
By Activity Group and National Objective
FY 1983 - 90
(Dollars in Millions)

	FY 1983	FY 1984	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990
	<u>Amt.</u>							
	<u>Pct.</u>							
Housing Related	\$917	\$976	\$952	\$883	\$850	\$925	\$919	\$1,044
Low/Mod	858	929	874	817	797	880	863	992
Slum/Blight	59	47	76	66	53	45	56	52
Urgent Need	-	-	2	-	-	-	-	-
	(34)	(35)	(33)	(34)	(35)	(35)	(36)	(40)
Public Works	705	697	698	634	545	556	590	550
Low/Mod	644	638	635	576	501	525	544	524
Slum/Blight	53	54	7	56	41	39	39	25
Urgent Need	7	5	10	2	3	2	7	1
	(26)	(25)	(24)	(24)	(24)	(21)	(23)	(21)
Economic Development	214	335	398	358	311	353	251	290
Low/Mod	177	276	323	295	274	290	225	238
Slum/Blight	35	59	74	63	37	63	26	52
Urgent Need	2	-	1	-	-	-	-	-
	(8)	(12)	(14)	(14)	(14)	(13)	(10)	(11)
Public Services	213	213	220	210	223	232	266	234
Low/Mod	210	213	220	209	222	231	263	233
Slum/Blight	2	1	1	1	1	1	3	1
Urgent Need	-	-	-	-	-	-	-	-
	(8)	(8)	(8)	(8)	(8)	(9)	(10)	(9)
Acquisition/Clearance	222	199	215	165	173	215	152	141
Low/Mod	157	127	142	113	129	158	93	89
Slum/Blight	61	70	34	52	44	57	59	52
Urgent Need	4	2	1	-	-	-	-	-
	(8)	(7)	(8)	(6)	(6)	(8)	(6)	(5)
Urban Renewal	31	-	-	29	13	24	26	15
Low/Mod	17	-	-	8	6	13	9	2
Slum/Blight	14	-	-	20	7	11	17	13
Urgent Need	-	-	-	1	-	-	-	-
	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Administration/Planning	387	397	402	328	324	364	350	351
Repay Section 108 Loan	3	4	2	11	11	11	11	11
	(*)	(*)	(*)	(*)	(13)	(14)	(14)	(13)
Total	\$2,691	\$2,821	\$2,888	\$2,618	\$2,439	\$2,669	\$2,554	\$2,625
Net Program Benefit	\$2,301	\$2,420	\$2,484	\$2,279	\$2,115	\$2,305	\$2,204	\$2,274
Low/Mod	2,064	2,183	2,194	2,018	1,929	2,097	1,997	2,078
Slum/Blight	224	230	272	257	182	214	200	195
Urgent Need	13	7	19	3	4	2	7	1
	(1)	(*)	(1)	(*)	(13)	(14)	(14)	(13)

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-2

**CDBG Entitlement Program Income
FY 1982 - 1990
(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	372	56	428
1990	<u>444</u>	<u>70</u>	<u>514</u>
Total	\$3,153	\$475	\$3,628

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

Table A-3

**CDBG Entitlement Program Income, FY 1990
(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>
Loan Repayments:						
Housing Rehabilitation	\$240	53%	\$31	48%	\$271	53%
Economic Development	105	23	23	34	128	25
Sale of Land	22	5	2	2	24	4
CD Float Loans	21	5	2	4	23	4
Rental Income	13	3	1	1	14	3
Fees for Service	6	1	*	*	6	1
Refunds	2	1	1	1	3	1
Other Sources	<u>39</u>	<u>9</u>	<u>6</u>	<u>10</u>	<u>45</u>	<u>9</u>
Total	\$448	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.

Table A-4

**Proposed CDBG Entitlement Funding by Activity Groups
FY 1975 - 1992
(Dollars in Millions)**

	<u>FYs 75-84</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>	<u>FY 92</u>	<u>Total Dollars</u>
Housing Related	\$6,791.5 (25.8)	\$996.7 (36.2)	\$858.9 (35.2)	\$876.1 (35.8)	\$923.2 (36.1)	\$872.7 (35.9)	\$949.6 (37.5)	\$1,097.1 (41.5)	\$1,081.5 (39.8)	\$14,447.3 (30.8)
Public Facilities and Improvements	7,594.4 (28.8)	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)	513.0 (18.9)	\$11,856.1 (25.3)
Economic Development	1,170.2 (4.4)	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)	224.1 (8.2)	\$3,231.6 (6.9)
Public Services	1,974.4 (7.5)	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)	385.8* (14.2)	\$4,165.3 (8.9)
Acquisition, Clearance Related	3,335.1 (12.6)	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)	100.6 (3.7)	\$4,278.6 (9.1)
Other	2,096.8 (7.9)	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)	29.3 (1.1)	\$2,698.3 (5.7)
Administration and Planning	3,421.9 (13.0)	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)	382.7 (14.1)	\$5,844.6 (13.3)
Total Program Resources	\$26,384.3	\$2,750.6	\$2,438.6	\$2,448.6	\$2,560.8	\$2,429.7	\$2,530.6	\$2,644.3	2,717.0	\$46,904.5

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

* - Includes proposed spending for direct homeownership assistance activities which are not subject to the CDBG program's spending cap for public service activities.

The data within parentheses are percentages.

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

Table A-5

**Proposed CDBG Entitlement Funding for Specific Activities
FY 1985 - 1992
(Dollars in Millions)**

	<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>	<u>FY 92</u>
Housing Related	\$996.7	\$858.9	\$876.1	\$923.2	\$872.7	\$949.6	\$1,097.1	\$1,081.5
(percent)	(36.2)	(35.2)	(35.8)	(36.1)	(35.9)	(37.5)	(41.5)	(39.8)
Private Residential Rehabilitation:								
Single-Family	523.0	523.6	563.9	503.3	505.3	467.8	516.9	668.2
Multi-Family	96.7	185.0	158.1	190.4	184.3	223.1	252.0	94.9
Rehabilitation of Public Residential Property	16.2	5.7	0.6	5.0	4.2	1.8	3.5	4.7
Rehabilitation of Public Housing	15.7	19.6	17.6	28.9	13.0	31.2	20.9	11.2
Code Enforcement	45.5	34.7	32.3	37.7	36.5	56.3	36.9	48.7
Historic Preservation	0.4	4.3	0.7	1.7	0.6	0.7	0.9	0.6
Housing Activities by Subrecipients	187.9	41.4	49.3	36.6	20.0	26.2	44.7	89.7
Weatherization/Energy Efficiency Improvmnts.	8.1	6.6	4.7	5.6	8.5	4.5	8.8	22.7
Limited New Construction	-	-	-	-	17.5	5.6	5.5	1.5
Acquisition for Housing Activities	-	-	-	-	-	-	92.6	61.1
Rehabilitation Administration	103.2	38.0	48.9	114.0	82.8	132.6	114.4	78.2
Public Facilities and Improvements	599.9	505.7	534.4	476.4	524.7	603.6	504.0	513.0
(percent)	(21.8)	(20.7)	(21.9)	(18.6)	(21.6)	(23.9)	(19.1)	(18.9)
Street Improvements	211.6	208.5	220.4	162.9	103.9	124.8	131.4	128.2
Parks, Recreation, etc.	69.6	53.6	48.4	46.1	59.0	87.9	45.9	58.2
Water and Sewer	79.9	63.0	50.1	47.1	37.7	42.0	47.0	44.0
Flood and Drainage	28.8	13.1	29.9	33.6	21.7	24.4	5.9	10.4
Neighborhood Facilities	24.7	30.7	39.3	61.5	33.0	41.6	28.3	53.0
Solid Waste Facilities	1.8	1.4	3.2	4.5	0.3	0.4	2.3	0.0
Removal of Architectural Barriers	15.7	13.5	14.9	16.4	14.0	12.2	20.0	29.3
Senior Centers	16.8	11.8	14.6	23.8	26.9	14.6	25.6	22.9
Centers for the Handicapped	1.9	2.6	5.3	6.9	1.4	5.8	9.7	5.6
Historic Preservation	4.7	2.2	6.2	5.0	3.8	7.6	6.4	6.0
Centers for the Homeless	-	-	-	-	-	-	15.6	11.2
Other Public Facilities and Improvements	144.4	105.3	102.1	68.6	223.0	242.3	165.9	144.2
Economic Development	305.5	304.3	254.7	322.7	241.9	194.4	213.8	224.1
(percent)	(11.1)	(12.5)	(10.4)	(12.6)	(10.0)	(7.7)	(8.1)	(8.2)
Assistance to For-Profit Entities	118.6	260.5	173.0	188.7	157.7	151.0	136.7	142.0
Improvements by Grantee for Economic Development ..	175.2	40.8	69.7	125.2	72.2	24.7	65.2	67.6
Rehabilitation of Private Property	11.7	3.0	12.0	8.8	12.0	18.7	11.9	14.5
Public Services	264.6	236.2	242.4	256.3	212.0	276.5	317.1	385.8*
(percent)	(9.6)	(9.7)	(9.9)	(10.0)	(8.7)	(10.9)	(12.0)	(14.2)
Acquisition, Clearance Related	112.1	150.9	140.4	127.9	118.7	109.9	83.0	100.6
(percent)	(4.1)	(6.2)	(5.7)	(5.0)	(4.9)	(4.3)	(3.1)	(3.7)
Acquisition of Real Property	60.1	76.5	66.0	57.2	61.9	60.9	23.5	26.6
Clearance	24.1	35.5	39.5	52.8	35.4	33.6	41.4	53.1
Relocation	17.2	21.2	21.6	14.2	13.4	13.6	13.1	13.8
Disposition	10.7	17.7	13.3	3.7	8.0	1.7	5.0	7.1
Other	91.1	78.9	93.2	129.3	112.2	11.4	56.1	29.3
(percent)	(3.3)	(3.2)	(3.8)	(5.0)	(4.6)	(0.5)	(2.1)	(1.1)
Contingencies	53.8	51.7	43.7	59.7	40.9	-	52.6	23.3
Completion of Urban Renewal	5.3	-	-	11.8	14.2	11.4	3.5	6.0
Repayment of Section 108 Loans	32.0	27.2	49.5	57.8	57.1	-	-	-
Administration and Planning	380.7	303.7	307.4	325.0	347.5	385.2	373.2	382.7
(percent)	(13.8)	(12.5)	(12.5)	(12.7)	(14.3)	(15.2)	(14.1)	(14.1)
Administration	344.5	282.6	284.9	295.0	287.3	350.2	343.0	355.7
Planning	36.2	21.1	22.5	30.0	60.2	35.0	30.2	27.0
Total Program Resources	\$2,750.6	\$2,438.6	\$2,448.6	\$2,560.8	\$2,429.7	\$2,530.6	\$2,644.3	\$2,717.0

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.

- Includes proposed spending for direct homeownership assistance activities which are not subject to the CDBG program's spending cap for public service activities.

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

Table A-6

Proposed CDBG Metropolitan City Funding for Specific Activities

FY 1985 - 1992

(Dollars in Millions)

	<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>	<u>FY 92</u>
Housing Related	\$871.2	\$745.0	\$767.2	\$812.1	\$768.3	\$830.6	\$939.7	\$927.6
(percent)	(38.2)	(36.9)	(38.1)	(38.9)	(37.8)	(38.9)	(43.8)	(41.7)
Private Residential Rehabilitation:								
Single-Family	427.0	429.9	475.6	422.8	432.6	381.5	406.2	562.6
Multi-Family	91.2	182.4	156.5	186.3	179.0	219.8	244.6	91.5
Rehabilitation of Public Residential Property	14.6	4.2	0.2	2.8	3.4	1.4	2.8	4.4
Rehabilitation of Public Housing	13.1	17.6	15.8	24.4	11.2	24.3	15.5	9.5
Code Enforcement	42.2	31.8	29.0	35.7	32.6	54.1	33.5	45.8
Historic Preservation	0.3	3.4	0.5	1.6	0.6	0.6	0.7	0.4
Housing Activities by Subrecipients	178.3	35.8	41.9	30.6	16.9	24.5	40.6	78.9
Weatherization/Energy Efficiency Improvmnts.	5.7	4.2	3.6	4.1	6.7	3.7	6.9	21.7
Limited New Construction	-	-	-	-	16.5	4.4	4.8	0.8
Acquisition for Housing Activities	-	-	-	-	-	-	81.1	43.5
Rehabilitation Administration	98.8	35.7	44.1	103.8	68.8	116.3	103.0	68.5
Public Facilities and Improvements	433.3	370.5	382.4	320.7	390.0	461.6	339.6	348.6
(percent)	(19.0)	(18.4)	(19.0)	(15.4)	(19.2)	(21.6)	(15.8)	(15.6)
Street Improvements	156.2	158.0	162.8	116.1	68.2	83.8	77.6	84.7
Parks, Recreation, etc.	56.9	44.2	38.1	35.3	49.7	78.4	34.6	46.3
Water and Sewer	43.1	27.6	22.7	18.1	12.0	14.3	21.9	15.9
Flood and Drainage	21.1	9.0	17.0	19.2	10.6	12.4	2.6	6.0
Neighborhood Facilities	17.9	23.5	30.7	48.4	25.0	31.1	22.3	36.8
Solid Waste Facilities	1.8	1.1	2.7	1.9	0.3	0.3	1.7	0.0
Removal of Architectural Barriers	8.2	7.7	10.0	10.4	8.8	6.5	11.6	17.4
Senior Centers	6.6	6.2	5.5	13.5	19.1	7.7	12.4	9.9
Centers for the Handicapped	0.8	1.2	3.3	5.2	0.5	3.2	5.3	2.5
Historic Preservation	3.0	1.8	6.0	3.6	2.4	5.9	5.0	5.1
Centers for the Homeless	-	-	-	-	-	-	13.2	8.1
Other Public Facilities and Improvements	117.7	90.2	83.6	49.0	193.4	218.0	131.4	115.9
Economic Development	263.3	257.3	217.0	248.9	204.2	172.3	186.2	197.8
(percent)	(11.5)	(12.8)	(10.8)	(11.9)	(10.1)	(8.1)	(8.7)	(8.9)
Assistance to For-Profit Entities	102.5	224.4	152.4	152.0	131.9	133.9	118.4	128.5
Improvements by Grantee for Economic Development ..	149.9	30.0	55.0	89.0	62.0	21.3	57.6	57.2
Rehabilitation of Private Property	10.9	2.9	9.6	7.9	10.3	17.1	10.2	12.1
Public Services	241.2	213.5	214.0	228.8	191.5	250.6	278.0	338.8*
(percent)	(10.6)	(10.6)	(10.6)	(11.0)	(9.4)	(11.7)	(12.9)	(15.2)
Acquisition, Clearance Related	96.2	133.3	120.7	111.5	99.4	95.2	73.3	88.1
(percent)	(4.2)	(6.6)	(6.0)	(5.3)	(4.9)	(4.5)	(3.4)	(4.0)
Acquisition of Real Property	47.9	65.7	53.1	47.3	50.7	51.5	19.6	20.3
Clearance	21.9	32.0	35.5	48.1	30.2	30.7	37.7	49.5
Relocation	15.9	18.4	20.1	13.1	11.1	11.8	11.4	11.4
Disposition	10.5	17.2	12.0	3.0	7.4	1.2	4.6	6.9
Other	60.2	54.6	70.4	107.9	93.0	11.4	38.7	18.4
(percent)	(2.5)	(2.7)	(3.4)	(5.2)	(4.6)	(0.5)	(1.8)	(0.9)
Contingencies	33.7	31.0	24.9	43.8	27.6	-	35.4	12.6
Completion of Urban Renewal	5.0	-	-	11.4	13.5	11.4	3.3	5.8
Repayment of Section 108 Loans	21.5	23.6	45.5	52.7	51.9	-	-	-
Administration and Planning	317.1	242.9	243.8	257.6	284.2	312.0	291.4	303.0
(percent)	(13.9)	(12.0)	(12.1)	(12.3)	(14.0)	(14.6)	(13.6)	(13.6)
Administration	289.4	227.3	225.9	233.9	233.7	281.1	266.0	280.9
Planning	27.7	15.6	17.9	23.7	50.5	30.9	25.4	22.1
Total Program Resources	\$2,282.5	\$2,017.1	\$2,015.5	\$2,087.5	\$2,030.6	\$2,133.7	\$2,146.9	\$2,222.3

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.

- Includes proposed spending for direct homeownership assistance activities which are not subject to the CDBG program's spending cap for public service activities.

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

Table A-7

**Proposed CDBG Urban County Funding for Specific Activities
FY 1985 - 1992
(Dollars in Millions)**

	<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>	<u>FY 92</u>
Housing Related	\$125.5	\$113.9	\$108.9	\$111.1	\$104.4	\$119.0	\$157.4	153.9
(percent)	(26.8)	(27.0)	(25.1)	(23.5)	(26.2)	(30.0)	(31.7)	(31.1)
Private Residential Rehabilitation:								
Single-Family	96.0	93.7	88.3	80.5	72.8	86.3	110.7	105.6
Multi-Family	5.5	2.6	1.6	4.1	5.1	3.3	7.4	3.4
Rehabilitation of Public Residential Property	1.6	1.5	0.4	2.2	0.9	0.3	0.7	0.3
Rehabilitation of Public Housing	2.6	2.0	1.8	4.5	1.8	6.9	5.4	1.7
Code Enforcement	3.3	2.9	3.3	2.0	4.0	2.2	3.4	2.9
Historic Preservation	0.1	0.9	0.2	0.1	0.0	0.0	0.2	0.2
Housing Activities by Subrecipients	9.7	5.6	7.4	6.0	3.1	1.7	4.1	10.8
Weatherization/Energy Efficiency Improvmnts.	2.3	2.4	1.1	1.5	1.8	0.8	1.9	1.0
Limited New Construction	-	-	-	-	1.0	1.2	0.7	0.7
Acquisition for Housing Activities	-	-	-	-	-	-	11.5	17.6
Rehabilitation Administration	4.4	2.3	4.8	10.2	13.9	16.3	11.4	9.7
Public Facilities and Improvements	166.6	135.2	152.0	155.7	134.0	141.8	164.4	164.4
(percent)	(35.6)	(32.1)	(35.3)	(32.9)	(33.6)	(35.7)	(33.0)	(33.3)
Street Improvements	55.4	50.5	57.6	46.8	35.8	41.0	53.8	43.5
Parks, Recreation, etc.	12.7	9.4	10.3	10.8	9.4	9.5	11.3	11.9
Water and Sewer	36.8	35.4	27.4	29.0	24.7	27.6	25.1	28.1
Flood and Drainage	7.7	4.1	12.9	14.4	11.1	12.0	3.3	4.4
Neighborhood Facilities	6.8	7.2	8.6	13.1	7.9	10.5	6.0	16.2
Solid Waste Facilities	0.0	0.3	0.5	2.6	0.0	0.0	0.6	0.0
Removal of Architectural Barriers	7.5	5.8	4.9	6.0	5.3	5.8	8.4	11.9
Senior Centers	10.2	5.6	9.1	10.3	7.8	6.9	13.2	13.0
Centers for the Handicapped	1.1	1.4	2.0	1.7	0.9	2.6	4.4	3.1
Historic Preservation	1.7	0.4	0.2	1.4	1.4	1.6	1.4	0.9
Centers for the Homeless	-	-	-	-	-	-	2.4	3.1
Other Public Facilities and Improvements	26.7	15.1	18.5	19.6	29.5	24.3	34.5	28.3
Economic Development	42.2	47.0	37.7	73.8	37.6	22.2	27.6	26.3
(percent)	(9.0)	(11.1)	(8.6)	(15.6)	(9.4)	(5.6)	(5.5)	(5.3)
Assistance to For-Profit Entities	16.1	36.1	20.6	36.7	25.7	17.2	18.3	13.5
Improvements by Grantee for Economic Development ..	25.3	10.8	14.7	36.2	10.2	3.3	7.6	10.4
Rehabilitation of Private Property	0.8	0.1	2.4	0.9	1.7	1.7	1.7	2.4
Public Services	23.4	22.7	28.4	27.5	20.6	25.9	39.1	47.0*
(percent)	(5.0)	(5.4)	(6.5)	(5.8)	(5.2)	(6.5)	(7.9)	(9.5)
Acquisition, Clearance Related	15.9	17.6	19.7	16.4	19.2	14.6	9.7	12.5
(percent)	(3.4)	(4.2)	(4.5)	(3.5)	(4.8)	(3.7)	(2.0)	(2.5)
Acquisition of Real Property	12.2	10.8	12.9	9.9	11.2	9.3	3.9	6.3
Clearance	2.2	3.5	4.0	4.7	5.2	2.9	3.7	3.6
Relocation	1.3	2.8	1.5	1.1	2.3	1.8	1.7	2.4
Disposition	0.2	0.5	1.3	0.7	0.5	0.6	0.4	0.2
Other	30.9	24.3	22.8	21.4	19.2	0.1	17.4	10.9
(percent)	(6.6)	(5.8)	(5.3)	(4.5)	(4.8)	(0.0)	(3.5)	(2.2)
Contingencies	20.1	20.7	18.8	15.9	13.3		17.2	10.7
Completion of Urban Renewal	0.3	-	-	0.4	0.7	0.1	0.2	0.2
Repayment of Section 108 Loans	10.5	3.6	4.0	5.1	5.2			
Administration and Planning	63.6	60.8	63.6	67.4	63.3	73.1	81.8	79.7
(percent)	(13.6)	(14.4)	(14.7)	(14.2)	(15.9)	(18.4)	(16.4)	(16.1)
Administration	55.1	55.3	59.0	61.1	53.6	69.1	77.0	74.8
Planning	8.5	5.5	4.6	6.3	9.7	4.0	4.8	4.9
Total Program Resources	\$468.1	\$421.5	\$433.1	\$473.3	\$398.3	\$396.7	\$497.4	\$494.7

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.

- Includes proposed spending for direct homeownership assistance activities which are not subject to the CDBG program's spending cap for public service activities.

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



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