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SCRA

INTERIM/2

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WITH HUD

0072

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INTERIM

2 PROJECTS



Official Business


Alaska State Legislature

Senate Committee on Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99611

May 20, 1980

TO: Myrt Charney, Executive Director
Legislative Affairs

FROM: Senator Arliss Sturgulewski 
Chairman, Community and Regional Affairs Committee

The Senate Community and Regional Affairs Committee proposes to undertake a project, starting at the end of the second session of the Eleventh Legislature, which would forward the work of the House and Senate Joint Interim Committees completed during the interim between the first and the second session of the Eleventh Legislature. This work will serve to knit together the various threads of studies and policy analysis that will be on-going during the time period prior to the commencement of the First Session of the Twelfth Legislature.

In addition, the Senate CRA Committee proposes to undertake a separate special study that will be beneficial to Senate members during the next session. A full project description has been developed and is attached, along with background material and the budget breakdown. The project is estimated to cost \$32,144.

I would appreciate it if you would take the necessary steps to process this request for the committee. I also would appreciate receiving, as soon as possible, specific information regarding office space and other incidental arrangements.

Your assistance is appreciated.

cc: Senator Tillion
Senator Hohman

Enclosure

PROJECT PROPOSAL

The Senate CRA Committee proposes to undertake a project, starting at the end of the Second Session of the Eleventh Legislature, which would forward the work of the Joint Committees during the previous interim and would knit together the various threads of studies and policy analysis that will be on-going during the time period prior to the start of the First Session of the Twelfth Legislature.

The project which we propose and the projects which will be taking place during the same time share several goals: a concern for realization of the constitutional goal of maximum self government and local self determination, and the recognition that the state's changing economic climate calls for exploration of alternative approaches to achieving maximum self government and local self determination through new approaches to financial and other resources.

The committee proposes to undertake the following tasks:

1. As described in the background material, the committee believes that it is important to provide legislative interface with the efforts of the Department of Community and Regional Affairs and to forward their study results by developing any appropriate legislation. In order to provide the necessary coordination and efficiency of efforts, we foresee staff work in the execution of the Department of Community and Regional Affairs project, participation in the work of the Task Force and development of any appropriate legislation. These efforts will also be connected with committee efforts regarding the financing of services in the unorganized borough.
2. Concurrently with and as a supplement to agency efforts and studies regarding the financing of services in the unorganized borough, the Senate CRA Committee proposes to evaluate this question in terms of local tax base and incentives to borough formation in terms of the effects of the building of the gasline on local governments. The legislature, in its capacity as assembly of the unorganized borough, should be aware of the effects of the building of the gasline on both state and local revenues and the potential revenues of new boroughs.

To supplement existing studies, the committee proposes to prepare a study on the effect of the gasline on local governments. We will assume that the existing statutory framework of the oil and gas properties tax remains unchanged and examine the range of possible taxes along the pipeline corridor. These assumptions will be tested against and compared with the history of taxation in organized areas such as the North Slope Borough and the Kenai Peninsula Borough. Further, we intend to explore the disparities that might be created between funding levels in the pipeline boroughs and potential boroughs and the tax bases of other areas of the state. An analysis will be prepared of the implications of the statistical information about tax bases and resources necessary for the provision of minimal governmental services. An array of alternatives will be explored that address the conclusions reached in previous sections of the project and recommendations for any appropriate legislation will be made. It is foreseen that parts of this work, especially statistical analysis, will be provided by House Research and by the staff at Legislative Finance.

This project will not only supplement the efforts described in (1) above, but will also provide additional information for future revisions of SB 348 and SB 350 and such other legislation introduced during this session as SB 488.

3. Closely related to the area of financing of local government is the way in which governmental services are structured and the relationship of local governments to the state government. These relationships are embodied in AS 29, the title governing Municipal Government. Both the House and Senate CRA Committees, recognizing the considerable public desire for a revision on Title 29, have introduced a proposal to involve a variety of local government interests in the preparation of a revision of Title 29. Funding has been separately requested for this project which would consist of funds to Legislative Legal Services, one of the major proponents of revision of Title 29, for the following:

Two groups would be selected from recommendations provided by legislators, the Department of Community and Regional Affairs, Alaska Municipal League and other interested and affected parties. The first group would be a policy advisory group composed of a variety of perspectives and interests, representing the diversity of local governments across the state, and would include a representative of the legislature. The second, a much smaller group, would be working group, composed of people who have had experience in the application of AS 29. The work group should consist of municipal attorneys, representatives of the Department of Community and Regional Affairs and the Department of Law, as well as a staff member of Legislative Legal Services; other municipal staff functions should also be represented, such as managers or clerks. While the actual technical work would be conducted by the working group, the policy group would provide overall guidance and assistance on policy questions.

Administrative and secretarial responsibility would rest in Legal Services. In order to support this project funds would be required for travel and per diem. Most local governments will be glad to contribute staff time to this project. However, for both the policy the the working group it will be necessary to provide travel funds. As often as possible, teleconferencing will be used to reduce travel needs and to expedite the process.

The Senate CRA Committee feels it would be beneficial to participate in this project to revise Title 29, especially in terms of the variety of policy issues regarding local government, borough government formation and financing of governmental services. This effort would provide coordination between the projects described in (1) and (2) above and would insure that the committee is knowledgeable and able to carry forward and explain the proposed revisions to other members of the legislature. All that will be required for this component of our proposal is staff time and travel and per diem.

4. Related to the issues and projects described above is a fourth area that has been of concern to the CRA Committee through its previous work during the interim. To summarize the background material provided in this proposal, local governments and rural people have identified a variety

of problems involving the construction of capital projects. For example, there is considerable difficulty in many areas of the state with collection of sufficient funds to provide the local match requirement placed on many projects by the state and federal governments. The Second Session of the Eleventh Legislature has seen increased interest in the funding of capital projects. Increased revenue sources have meant increased interest in using general funds for capital construction, rather than bonding processes formerly employed. At the same time, there has been considerable dissatisfaction with the performance of the Department of Transportation and Public Facility as the state's prime builder of capital projects. This dissatisfaction has been intensified by the desire to use capital projects as public works projects in order to buoy the state's economy during the current downturn. Legislative Budget and Audit is currently auditing the Department of Transportation and Public Facilities in their capacity as managers of the state's capital projects. It is anticipated that management recommendations will be presented.

Legislative action during this session has been marked by the desire to identify and fund projects. However, there have also been other initiatives which have been taken. Senate Bill 546 and House Bill 1010 propose a Capital Construction Fund which would allocate to all areas of the state an entitlement that could be used for the construction and maintenance of capital projects. There are several interesting features to this bill, including a planning provision which seeks to improve and expand upon DOTPF's Chapter 168 responsibilities. Similarly, SB 483 seeks to establish a capital planning process to improve existing DOTPF functions.

During the same time period, an audit has been performed by the Legislative Budget and Audit Committee to examine any management problems within DOTPF insofar as capital projects are concerned.

It is the purpose of this project to explore the above set of inter-related capital construction issues and concerns: capital project planning, capital project funding, and DOTPF's relationship to capital projects. A paper will be prepared which identifies existing practices and existing problems associated with those practices; alternative solutions which address those problems will be discussed and evaluated by criteria which will be set forth in the paper.

BUDGET

The following budget is based on the assumption that the Second Session of the Eleventh Legislature will complete its business in June and that Legislative Affairs Agency will be able to provide (per information from Mr. Charney) office space and telephone service.

Staff salary, including 26% benefits	\$19,404
Temporary secretarial service totalling 30 days	1,740
Travel & per diem AS 29 CRA Revenue Capital Construction	7,000
Contractual Printing	4,000
 TOTAL	 <u>\$32,144</u>

BACKGROUND

Alaska's Constitution establishes the policy of maximum self government for the people. This policy has been implemented through creation of boroughs and cities in urban areas and in some rural communities. However, the vast bulk of Alaska lacks any basis for self-government, and the people do not even have the means for planning and participating in the affairs of their own region. It is this problem that provided the principal focus for the interim work of the Senate and House Community and Regional Affairs Joint Local Government Study of 1979.

Legislative proposals of the Joint Committee were derived from (1) a series of studies and analyses sponsored by the committee, (2) a two-day symposium designed to define issues and problems and suggest policies and directions, and (3) a series of public hearings held throughout rural parts of the state.

The Joint Committee found wide consensus in favor of a maximum measure of self-determination and self-rule, and establishment of regional units throughout the state to provide a basis for planning and program coordination. At the same time, the people do not want to rush into formal governmental organization; nor do they want it mandated.

Accordingly, the Joint Committee has developed an evolutionary approach that will provide people in rural areas with the means for self-government without forcing anything upon them prematurely. Choices and initiatives are left with each region.

CSSB 348 and CSSB 350 are two of the bills developed by the Joint Committee. CSSB 348 divides the unorganized borough into "unorganized boroughs" using the boundaries of the Regional Educational Attendance Areas (REAs). Public hearings are held in each REA by the Commissioner of Community and Regional Affairs and provision is made for adjustment of the boundary lines.

Each unorganized borough is eligible for regional planning program funds to study the economic, social, and environmental conditions of the area and the interrelationships between governmental units along with an examination of the feasibility of borough organization. No one is required to either undertake a study or form a borough. \$21,000 plus \$25 per capita is available to each unorganized borough for each of three years for regional planning programs.

Further, Title 29 is amended allowing for the incorporation, by petition to the Local Boundary Commission, of unorganized boroughs as home rule municipalities. Adoption of a home rule charter would require a majority vote both inside and outside of incorporated municipalities. Nothing in the bill requires the incorporation of a home rule borough or borough of any class. Rather, this section broadens the options currently available to residents in the unorganized borough.

CSSB 350 addresses certain responsibilities of executive departments important to the implementation of CSSB 348. State agencies are required

to collect data and information according to unorganized borough boundaries so that regional information will be available to local people and to the legislature. Certain exemptions are permitted. State agencies are also required to conduct program planning and management according to unorganized borough boundaries to facilitate coordinated service delivery. Combinations of unorganized boroughs for program planning and management purposes are permitted. Direct service delivery costs will be made available according to unorganized borough boundaries.

The Division of Policy Development and Planning (DPDP), Office of the Governor, is required to develop a data information system to facilitate state agency data collection and retrieval. Further, DPDP is required to report to the legislature alternatives and recommendations for improving coordination in state service delivery.

During the session, there has been considerable interest in these bills. A number of people have testified at hearings or have discussed the bills with the committee or its members. Due to interest in this legislation and to the complementary effect of recent developments in coastal zone management, the DCRA is initiating a study of the unorganized borough.

The Unorganized Borough Study (UOB) will include, (1) a series of "gatherings" or individual interviews with key residents in the unorganized borough to discuss and document problems and issues with planning and other service delivery in the unorganized borough; and (2) a working task force of Alaskan and non-Alaskan experts in public administration, finance and law to propose and examine solutions to key problems related to local and regional government and planning in the unorganized borough. A key product will be the identification of planning and management options for the unorganized borough and the evaluation of each option against the following criteria:

- a. Costs and Incidence of Costs: There will be costs associated with any planning or management options. It is important that the total costs be assessed for each alternative; it is equally important to identify all entities directly and indirectly absorbing the costs.
- b. Availability of Funds: One elementary requirement for any successful planning effort is financial resources; the funds may come from grants, tax revenues, revenue sharing, or some other source, but they must be available for both the development and implementation of a plan. All alternatives for the availability of funds should be evaluated for all stages of the planning program.
- c. Availability of Staff: In line with funds, planning efforts will need and must have easy and continual access to capable staff resources for both plan development and implementation tasks.
- d. Existing or Politically Feasible Mandates: The viability of a planning structure or program for Alaska's unorganized borough is largely dependent upon a mandate for that planning program. A mandate may occur in a number of ways: a legislative act, an administrative act of the Governor, public referendum or local election, or through a state agency program or regulation.

- e. Public Acceptability: Akin to political feasibility is the need for public acceptability of a planning or management option.
- f. Quality of Service Delivery: This a multi-faceted criterion; the quality of service delivery depends on a number of things, many of which are included in the other criteria. The objective, however, is not to repeat previous analysis, but to consider whether or not the planning alternatives are based upon "logical" planning units and how they will affect other public services and service areas.
- g. Implementation Authority (planning options only): In almost all cases, a plan is only as good as its implementation. Therefore, an effective planning structure or organization must have appropriate implementation authorities and powers.

It is envisioned that this project would have a legislative liaison, employed by the legislature to monitor the study, participate in policy analysis and deal with legislation that might be developed by the task force conferences. Coordination of studies regarding service delivery that are envisioned in CSSB 350 and avoidance of duplication of legislative efforts of the interim involves a staff position funded by the legislature to follow the unorganized borough study, to assess and design in conjunction with DCRA studies to supplement or complement the unorganized borough study.

Partially as a result of the Joint Committees' work during the interim, a resolution was introduced on both the House and Senate sides, calling for a revision of AS 29. Since the time of original enactment, changes in the statutes, problems in its application, and policy questions of importance have been noted by municipal attorneys, city managers and clerks, and other municipal officials. Additionally, representatives of the unorganized areas have noted certain structural inflexibilities of AS 29 and certain unresolved policy questions, such as the function and role of IRA councils and property tax exemptions. The legislature needs to be aware of these and other policy issues and to be prepared for future discussions of these policy issues at hearings during the next session and on the floor when legislation is discussed. For more background on this subject, please see the attached memorandum of March 31, 1980 to Senator Tillion.

As a result of information received by the Joint Committees during hearings held throughout the state, the CRA Committees introduced legislation proposing a Capital Foundation Fund.

Among the items learned by the Joint Committees was that not all projects are equally needed. Experience indicates that some percentage of capital projects include ones no one wants to see built, other projects whose operation costs will be so high that local people will reject them, others for which maintenance funds are not available. Some of these projects duplicate facilities that exist; some are a source of community conflict as they are only desired by some special interest group. Many are proposed because communities want to get their economies moving; but local people do not always work in them.

While this year's capital budget is the largest in Alaska's history, we all recognize that the state has long been in the local construction

business. And the state will continue in this role because state government has greater revenues than local governments, and because there is a need throughout the state for facilities of all sorts and for public works projects to affect economic goals.

Recognizing this reality, both House and Senate Community and Regional Affairs Committees have introduced legislation (HB 1010 & SB 546) which seek to systematize the capital construction process by providing for local capital improvements planning and local determination of construction priorities. Equity concerns have led us to propose a system that is similar to revenue sharing entitlements, except that, in addition to organized areas receiving funds, unorganized areas also receive entitlements.

The Capital Foundation Fund will, by appropriation, provide funds to all areas of the state for certain capital improvements. To expend funds, each area will need to develop an areawide capital improvement plan, approved by the local assembly when there is one, and by advisory groups assisted by the Department of Community and Regional Affairs when there is no local government.

Organized boroughs, unified home rule municipalities, and unorganized boroughs are encouraged to conduct regionwide planning to avoid costly duplications of capital projects and to prioritize, on the local level, needs among communities, rather than leaving this process to state level government.

Each area, so long as appropriations are made, is certain of a source of funding for local projects. Each area will receive a formula share of the appropriation. This stability will be advantageous to local governments for planning purposes. Additionally, unlike the current situation, areas may have greater ability to use capital projects for anti-cyclic economic benefits by being in control of fund expenditures. Annual funds do not lapse and may be accumulated for locally determined purposes. Home rule municipalities and organized boroughs expend funds themselves. In unorganized areas, the Department of Transportation and Public Facilities is responsible for fund expenditures. Local governments, under the Capital Foundation Fund program, will be assured of a steady supply of state funds for capital improvements that will be directed toward locally determined project needs and can be expended at a locally determined pace.

Capital Foundation Funds may be used as the local match required for certain state and federal projects. This will be particularly significant in rural areas which do not now have a source of local match.

Capital Foundation Fund entitlements may be used for any priority established by the capital improvement plan in the following classes: libraries, cultural recreation, health and community facilities; neighborhood parks; emergency detention facilities; water, sewer, solid waste and resource recovery facilities; and a variety of transportation facilities, such as local transit facilities and equipment.

As explained in the next section of this proposal, additional work is needed regarding capital construction.

At the heart of much of the concern of rural people regarding future formation of boroughs is a concern for the ability of communities to generate sufficient revenues to sustain local government and local governmental services. One of the areas that the Joint Committee initiated work in was the area of local government funding and fiscal resources. Unfortunately, this topic was not fully explored, and the committees felt that it was inappropriate to introduce legislation at that time. However, it is clear from all the testimony received and from preliminary work done during the interim that this issue lies at the heart of steps that can be taken to foster local and regional government in the unorganized borough. The Department of Community and Regional Affairs will be studying one part of this issue in their unorganized borough study. The legislature should not only participate in that study, but we can supplement those efforts to provide a more concrete understanding of the causal connections between revenue sources and borough government formation. Some of those relationships are clearly demonstrated in the work done by Darbyshire and Associates on the feasibility of the formation of a Yukon Flats Borough. There are, however, especially in the light of building the gasline, several policy issues that require legislative attention. A discussion of several of these policy issues was prepared for the committee by consultant Vic Fischer. A copy of his report is attached to this proposal. The focus that the Senate CRA Committee feels would be most useful at this time is the one centered on the development of "pipeline" boroughs.

BILL NUMBER	DATE INTRODUCED/RECEIVED	SPONSOR(S)	REFERRED	REGARD...
SB 296	1/14/80	1/14 Stimpson	Finance	partial exemption from assessment for levy and collection of property taxes on residential property
SB 299	1/14/80	1/14 Kerttula	—	reducing max. rate of levy for property taxes by municipalities
SB 300	1/14/80	1/14 Kerttula	Labor + Mgmt.	re. to injury leave
SB 309	1/14/80	1/14 Hackney + Ziagler	Judiciary	local govt. impact statement
SB 319	1/15/80	1/15 Rules Committee by request of the L.C.	Finance	exemption from municipal property taxation
SB 324	1/15/80	1/15 " "	Finance	property tax equivalency payments to senior citizens
SB 301	1/15/80	1/15 " "	Finance	appropriation to D.C.R.A. for a senior citizens housing needs assessment
SB 329	withdrawn via			
SB 348	1/21	1/21 Rules Committee	Finance	unorganized boroughs
SB 354	1/21	1/21 Rules Comm.	Finance	eliminating 3rd class
SB 353	1/21	1/21 Rules Comm.	Finance	incorporating second class boroughs as home rule boroughs
SB 352	1/21	1/21 Rules Comm.	Finance	Requiring fiscal notes for bills affecting a municipality
SB 351	1/21	1/21 Rules Comm.	Finance	State and local government responsibilities or DPDP
SB 350	1/21	1/21 Rules Comm.	Finance	est. a series of planning for unorganized boroughs
SB 349	1/21	1/21 Rules Comm.	Finance	general obligations bonds for capital improvements for water & sewer systems
SB 342	1/18	1/22 Rules	Finance	exemption of residence of disabled VET from certain taxes
SB 360	1/24	1/24 Sumner + Hackney	Finance	fire prevention
SB 370	1/31	1/31 Colletta + Bradley	CIRA	
SB 389	2/5	2/5 Brasby, Kerttula, Hackney, Colletta, Dankerwith, Rodley, Fahrenkamp + Bennett	Finance	Senior Citizen Property Tax exemption
SB 408	2/8	2/8 Resources Committee	Finance	Village gardening funds
SB 389	2/5	2/5		

BILL NUMBER DATE-INTRODUCED/RECEIVED SPONSOR(S) REFERRED REGARDING

351 4/9
HB 947 4/14
HB 782 4/15
SB 562 4/17
SB 565 4/24
CSHB 192 (Fin) am 4/24
SCR 66 - 4/25
CSHB 562 4/26
HB 696 4/28

← 4/26 gave back 4/29

~~CSB~~
CSSB 562 (corrected) 4/29
CSHB 932 4/30
CSHB 192 am 5/2
SCSCSHB 192 "
SCSCSHB 947 5/9

SCSCSHB 947 5/2
work done 4/17 5/2

FCCSSB 549 Draft
FCCSSB 248
" 245
" 243
" 446
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CSRB 546 5/14
HCR 67 5/15
SCSCSHB 932 5/21
HB 615 5/21

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HVD

officials

5/22/80

5/19 Have Copies
to the CRA to hand
out! /

File of CRA
General Lgo ?
a |

May 19, 1980

TO: Senator Bob Mulcahy
Vice-chairman
Senator Tim Kelly
Senator Pat Rodey
Senator Terry Stinson

FROM: Senator Arliss Sturgulewski
Chairman

SUBJECT: Committee Meeting

Thursday, May 22, 1980 - 8:30 a.m.

Assistant Secretary Donna Shalala and Deputy Assistant Secretary David Garrison of the U.S. Department of Housing and Urban Development will be in Juneau May 22. They have indicated interest in meeting with our committee. I have arranged for a meeting at 8:30 a.m. on that date in the Butrovich Room for our committee members and members of the House Community and Regional Affairs Committee. Discussion will involve perspective on present and future Alaskan housing and community development issues and other relevant concerns. This should be an interesting and informational meeting and I welcome your participation.

ACSS
HA
6/15 - CRT



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ANCHORAGE AREA OFFICE
334 WEST FIFTH AVENUE
ANCHORAGE, ALASKA 99501

REGION X

May 9, 1980

IN REPLY REFER TO:

10.1SS

Senator Arliss Sturgelewski
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

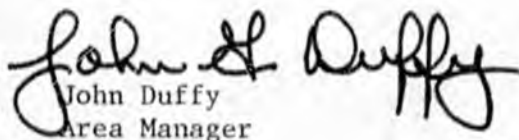
Dear Senator Sturgelewski:

Thank you for your interest in meeting Assistant Secretary Donna Shalala and Deputy Assistant Secretary David Garrison. Your perspective on present and future Alaskan housing and Community Development issues promises to be very valuable to Dr. Shalala and Mr. Garrison's understanding of the State and their ability to respond appropriately. As confirmed over the phone, Assistant Secretary Shalala and Deputy Assistant Secretary will be meeting with you at 8:30 a.m., Thursday, May 23rd in your office.

To assist your preparation for this meeting, I am enclosing biographies on Dr. Shalala and Mr. Garrison, a copy of a recent interview with Assistant Secretary Shalala and another Deputy Assistant Secretary (Dr. Stegman), background materials on the Policy Development and Research Division and HUD programs, and a copy of the Shalala/Garrison itinerary.

Again, thank you for your interest in participating in this visit.

Sincerely,


John Duffy
Area Manager

Enclosures



Jungla —

I would like
to set up a
~~great~~ special
jt mtg of
House / Senate
CRA to meet w/
Asst Sec Shalala
HUD (from DC)
on Thurs 8:30
in House CRA
room n Butts?
See me 9/

Frank Ferguson

465-4923

465-4989

Schedule CLAMtg. rrnd
{ ask marge if her committee
want to come.

Call Frank's Office

IMPORTANT MESSAGE

FOR A
DATE 5-7 TIME 4:45 A. M.
P. M.

WHILE YOU WERE AWAY

M. Newton Chase
OF Hig & Urban Dow - (Fed.)
PHONE No. 271-4183

	AREA CODE	NUMBER	EXTENSION
TELEPHONED		PLEASE CALL	<input checked="" type="checkbox"/>
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		RUSH	
RETURNED YOUR CALL			

MESSAGE Possible Mtg with
Ass't Sec. Donna Shalala
May 22 in Geneva

SIGNED T
LITHO IN U. S. A.

Newton Chase

Dev ^{7:45} + ^{8:15} + ^{8:45} Bush Caucus

Dept of H-U. D.

4/30/80
271-4183

Thursday
8:30

Asst. Sec. Shalala

Policy Develop + Research
Section

arrange to meet w/ bush caucus.

Thursday May round

to meet w/ Alaska Council Sec +
Jub in afternoon round
all afternoon

to meet wed
early Friday

to meet of Gov T staff @ 10

DPDP / Jenie Doherty / Com.
McAuliffe.

Going to NANA in m / through
wed.

Embassy wed

sent crest - here -

Policy Development + Research
needs.

Assuring / Community develop
ment app. to Alaska - may

need special effort to meet
Alaska needs.

maybe P P P - HUD - Alaska
Comm. together

Resumes etc needed

Wednesday May 21st

8-10 Meeting with AAO staff
(8:30 general staff meeting) (271-4170)

10-11 (Pending)

11-12 Meeting with Mayor Sullivan

12-1:30 Alaska Real Estate Committee (or speech at Mortgage Banker's Assoc. luncheon)

1:30-5 Colloquia on Alaska Housing (co-sponsored with Office of Energy Conservation)

6:35 AS #70 to Juneau

Reservation in Hilton (586-6900)

Thursday May 22nd

7-8:30 Breakfast with City and Borough Mayor Overstreet, City Manager Winegar

✓8:30-10 Meeting with Senate-House Committee on Community and Regional Affairs

10-12 Meeting with Governor Hammond, Commissioner McAnerney, gubernatorial staff, members of DPDP (465-3500)

12-1 Lunch

1-4 Alaska Council on Science and Technology (465-3510)

4-6 Meeting with Bush Caucus

7 Dinner

OPEN

Reservation at Hilton (586-6900)

Friday May 23rd

7 AS #60 to Seattle

9:50 Arrive Seattle

Flight to Cleveland, Ohio

Shalala/Garrison Visit

Tentative Itinerary 5-8-80

Sunday - May 18th

Shalala

Arrive Fairbanks 10:35 p.m. - AS #99 (Possible airport meeting with Regional Administrator during Seattle layover.)

Garrison

Arrive Fairbanks 4:40 p.m. - AS #95

Reservation at Travelers Inn (456-7722)

Monday - May 19th

9-12 - With Vice Chancellor Mather et al (479-7314)

12-1:30 - Possible lunch with MayersCarillon, Wood and City Manager Droz

2:30 - WC #63 to Kotzebue

2:40 - Arrive Kotzebue

-OPEN- (see Tuesday below)

3-5 - NANA Regional Strategy

Reservation at Nu-Luk-Vik Hotel (442-3331)

Tuesday May 20th

8:00 - NANA Housing Authority (442-3311)

- Rush visit to HUD sites with Sheldon

12:00 - Lunch with John Schaeffer

2:00

3:20 - WC #64 to Anchorage

5:50 - Arrive Anchorage

6:30-8 - Dinner with Duffy, Pavolka, Robinson and Chase

8-10 - Tour of City with Duffy, Pavolka, Robinson and Chase

Reservation at Westward Hilton (272-7411)



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY
FOR LEGISLATION
AND INTERGOVERNMENTAL RELATIONS

IN REPLY REFER TO:

POLICY DEVELOPMENT AND RESEARCH DIVISION

Assistant Secretary - Donna E. Shalala

Deputy Assistant Secretary
for Policy and Program Development - David F. Garrison

Deputy Assistant Secretary
for Research and Demonstration - Michael A. Stegman

Deputy Assistant Secretary
for Economic Affairs - Elizabeth A. Roistacher

Under the Housing and Urban Development Act of 1970, the Assistant Secretary for Policy Development and Research undertakes programs of research, studies, testing and demonstrations related to the HUD mission. These functions are carried out through grants to and contracts with industry, non-profit organizations, educational institutions, and through agreements with State and local governments and other Federal agencies.

In meeting the goal of providing housing to meet national needs, research and technology programs include experiments to test the feasibility of providing direct cash assistance to needy families for rental or homeownership payments; studies of fair housing and equal opportunity practices; investigations of property disposition approaches; development of techniques to lower or stabilize the costs of housing production, financing, management and the costs of Government subsidy programs; programs to increase housing safety and security, including reducing the hazards of lead-based paint and improving mobile home safety; programs concerned with the problems of housing deterioration and neighborhood decay, including assessments of promising approaches to housing and neighborhood preservation, such as urban homesteading and the fostering of local resident-business-government partnerships; activities to increase State and local government capabilities through the development of improved revenue generation and allocation practices, better methods for the guidance of economic and community growth, and development of ways to increase productivity in public service delivery systems.

In addition research related to the conservation of energy and natural resources, including solar energy, and geological problems in community development are supported, as well as the continued collection and analysis of economic and financial data essential to HUD policy and program development and evaluation. The largest single project in this area is the Annual Housing Survey undertaken to measure changes in housing inventory and to compile data on the physical condition of housing units and the characteristics of the occupants in both urban and rural areas.

(Reprinted from 1977/78 United States Government Manual
HUD-AAO-5-6-80)



October 1978

Biography

Donna E. Shalala

Assistant Secretary for Policy Development and Research

Donna E. Shalala was nominated Assistant Secretary for Policy Development and Research by President Jimmy Carter on March 21, 1977, and confirmed by the Senate on April 7.

A research scholar and specialist in State and urban government and finance, with extensive published writings, Ms. Shalala came to HUD after a teaching career at Columbia, Yale Law School, the City University of New York and Syracuse University.

A member of Phi Beta Kappa, Ms. Shalala is a recipient of several other honors, including election in 1976 to the National Academy of Public Administration, L.H.D.'s from Marymount Manhattan and Russell Sage College, the American Association of University Women's Young Scholar Award and a Guggenheim Fellowship. Ms. Shalala, in 1975, was named Director and Treasurer of the Municipal Assistance Corporation (Big Mac), the agency created to solve New York City's financial problems.

Before coming to HUD, her civic activities included Vice Chairwoman of the Citizen's Union of the City of New York, and member of the boards of the Regional Plan Association, World Education Inc., the Council on Municipal Performance, and the National Municipal League.

She has also been consultant to numerous research and study groups, including the Connecticut Commission to Study School Finance and Equal Educational Opportunity, the American Jewish Committee's National Project on Ethnic America, and the Ohio Commission on Local Government Services.

A native of Cleveland, Ohio, Ms. Shalala received a bachelor of arts degree in 1962 from Western College for Women, Oxford, Ohio, and M.A. and Ph.D. from the Maxwell School of Citizenship and Public Affairs, Syracuse University, in 1968 and 1970, respectively. She served as a Peace Corps Volunteer in Iran from 1962-64.

RESUME

DAVID F. GARRISON

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DATE OF BIRTH: April 22, 1943
MARITAL STATUS: Married
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EDUCATION

- 1970 - LLM, Urban Law Institute, George Washington University National Law Center, Washington, D.C.
- 1968 - J.D., George Washington University National Law Center, Washington, D.C.
- 1965 - B.A., Amherst College, Amherst, Massachusetts, political science major.

EMPLOYMENT

- March, 1977 to present - Deputy Assistant Secretary for Policy Development, Office of Policy Development and Research, Department of Housing and Urban Development; supervise four divisions -- Policy Development, Policy Studies, Government Capacity Building, and Product Dissemination and Transfer.
- March, 1975 to March, 1977 - Budget Analyst, Budget Priorities Staff, Committee on the Budget, House of Representatives, Washington, D.C.; areas of specialty -- housing, community and regional development, law enforcement and justice, revenue sharing, state and local government.
- November, 1970 to March, 1975 - Legislative Counsel, Office of Federal Relations, National League of Cities and United States Conference of Mayors, Washington, D.C.; areas of specialty -- housing, community development, comprehensive planning, relocation.
- October, 1969 to November, 1970 - Assistant Director, Housing Advisor, Center City Community Corporation (OEO-CAP funded Neighborhood Development Center), Washington, D.C.

September, 1968 to October, 1969 - VISTA Volunteer Attorney,
Urban Law Institute and Neighborhood Legal Services
Program, Washington, D.C.

June, 1965 to July, 1968 - Staff Assistant, Congressman F.
Bradford Morse (5th Massachusetts District), U.S.
House of Representatives, Washington, D.C.

BAR

Admitted to practice, District of Columbia, May, 1970.

Assistant Secretary Donna E. Shalala



Meeting the Policy and Research Challenge

Scene: A small round table in the office of Donna E. Shalala, Assistant Secretary for Policy Development and Research (PD&R).

Time: September 24, 1979.

Speakers: Dr. Shalala and her Deputy Assistant Secretary for Research, Dr. Michael Stegman.

Shalala: What has been our greatest challenge? I'd have to say making research relevant to policy. Timing alone is a significant part of the problem. You see, in addition to discipline and organization, research often requires advanced planning, and that is not conducive to the policymaking process, which marches to its own drum beat. Getting the two together is a very complicated task.

The second problem in making research relevant to policy is having the people who know the research findings in the room when the policymakers are making the decisions. That again becomes a timing

issue. It's a personnel issue too. Simply finding good researchers who are sensitive to policy questions is difficult.

I've been particularly fortunate in locating such people. Elaine Ostrowski, for example, the new head of our Housing Management Division, has been a senior staff member and a director of public housing authorities. And Mike Stegman here also has a practical background in housing and research. Finding people who have a very special mix of practical experience as well as research experience means that we get closer to putting policy and research together.

Stegman: Another challenge we are trying to meet is increasing our ability inside PD&R to help formulate the questions that are then researched.

Inside HUD, for example, we are attempting to consolidate our research activities around a set of fundamental policy issues that characterize the Department's short- as well as long-term interests. Within each of these broad policy areas, we can design our research projects with some sense of how a project relates to the one just finished and how next year's work can build upon this year's efforts.

Consistency in the research framework developed around a particular problem allows us to build knowledge as we carry out our projects. Before, we were asking too many specific questions, parceling out our work across a great many contracting organizations, each of which had its own way of carrying out its work. As a result, we would end up with a large number of unrelated work products which reflected incompatible and inconsistent assumptions. Now we are trying harder to maintain consistency in our work and stay closer to our research agenda.

Shalala: But it's not enough just to set up a research agenda. What we do is ask the program managers to tell us what their

Deputy Assistant Secretary Michael Stegman



major problems are. Then it is up to us to frame the research questions and design the research around them. While we do that, we have to have a general sense of how long the program people can wait for the answers. This Department faces a lot of major research problems that would take us years to answer. Therefore, they may not receive as high a priority as some other questions that we can get faster answers to, answers that might improve the quality of a program incrementally

Stegman: Take our Urban Homesteading Evaluation. We were able to produce on a timely basis estimates of the number of

homesteaders participating in our program, the costs of rehabilitation, and the financing mechanisms being used. And our program people need to know these things as soon as possible. But the long-term impacts of the homesteading program – the effect of homesteading on neighborhood stabilization and on neighborhood reinvestment – these are longer term questions. These short- and long-term questions and issues are all being dealt with in the same consistent research framework.

Shalala: One of the valuable spinoffs of

this approach is that we are answering things as we go along. We are learning strategies as we go along. Rather than saying that this is a good program or a bad program – because we finally realize that programs are complex and it's not easy to say yes or no, thumbs up or thumbs down – what we are learning are strategies that make programs work better and how, when you mix them up together, they can help toward neighborhood revitalization. Using those resources, what combinations seem to be more successful in what kinds of cities than other kinds of combinations?

Another way we've met the challenge of making research relevant to policy is to assume that there is no single way to put together policy and research. We have used every avenue we can think of. From the institutional side we have, for instance, introduced the Indefinite Quantity Contract. This is a budget process that allows us to keep a number of consulting firms and institutions around the country on tap for short-term projects. This is a strictly competitive award, but because it is ongoing it allows us to cut down the turnaround time when someone asks us to come up with a paper or a piece of analysis. We have a new small grants program that is also going to allow us a quick turnaround.

In other words, we have not accepted the fact that it has to take 180 days to award a contract on a piece of research we need an answer to in 30 days. As far as I can tell, we have used every legal personnel innovation available in this Department or in the Federal Government to expand and change our staff. For example, PD&R has had 700 personnel actions in the last year. Our people are topnotch, so some of these actions are promotions and things like that. But 700 actions for an office of some 200 people means we have been bringing lots of people in here, for 2 weeks, 2 months, 2 years to help us to do different kinds of things. While we have not been able to expand our ceiling, we have been

able to make all kinds of temporary appointments to give our permanent Civil Service – our chiefs – some Indians to work with.

We are really innovating in PD&R. From my discussions with my counterparts in other agencies, it's pretty clear that we are leaders in the area of building a real in-house capacity as well as tying that directly to our external research.

Stegman: Let me give an example of rapid turn around and the tailoring of staff and procurement procedures to respond quickly to important policy questions. The 1979 House/Senate conference report requires HUD to report to the Congress on the extent and impacts of condominium and cooperative conversions on low- and moderate-income families and on the supply of low- and moderate-income housing in cities across the country. The report is due 6 months from the date of enactment of the legislation. If we were to use traditional procurement procedures to secure the necessary survey assistance to carry out our work, we would just about get a contract signed by the time the report is due to Congress.

But we're not going that route. In addition to the Division of Special Studies here in PD&R, which is a group of 12 to 14 professionals who are going to be working on this study full time, we have negotiated a couple of survey task orders with the Research Triangle Institute in North Carolina, which is one of our Indefinite Quantity Contractors.

RTI will carry out a national telephone survey in 80 or so cities across the country to get a sense from policymakers, professional planners, and others about the nature of the problem and the extent of conversion activity in their cities. And in a smaller sample of cities, RTI will conduct intensive field surveys of households that actually live in converted buildings or buildings slated for conversion. We will even try to track a small sample of families

that previously occupied converted buildings. Our ready access to quick response contractors gives us the capacity to analyze on site, in a reasonably broad range of cities, what the actual problems are.

There is no way we could do that using traditional contract instruments. As a result, we should be able to provide to the Congress at the end of that 6-month period the best possible estimates of the extent and impacts of conversion activities across the country.

Shalala: It's this new speed and flexibility that now allows HUD research to meet policy and program needs. We are also challenged by the need to anticipate questions. We have to anticipate the short-term questions our colleagues who run the programs need answered, and simultaneously we try to anticipate the questions that are going to arise a year from now.

For example, no one could be prouder than we are that when the President started to move on energy questions we were just completing a major national study on the cost of retrofitting all the public housing stock in this country. So when the Under Secretary turned to us and asked if we had any idea what it would cost to really retrofit the entire public housing stock, we could in fact answer the question.

When he was the Under Secretary, Jay Janis liked to say that the importance of PD&R is that, without us, the Department would go into the future with a paper bag over its head.

Being able to anticipate amounts to having a sense of what the future issues are going to be. And we get that not by just sitting down with researchers but by discussions with the program people too. And it requires being able to read trends and sense the problems that are beginning –

whether it's the interim property issue in New York City, the energy crisis building up on one of my pet projects, water conservation. I think there is going to be a water shortage in the future, and we want to make sure that everything we know about what can be done inside a house is done and the people know about it.

Ten years from now I expect another of the problems will be the creative reuse of abandoned property.

Stegman: In some ways I think we are already dealing with some of the issues that will be with us over the next 10 years. I believe the driving force of tomorrow's issues will involve matters of social equity more than technology – matters that we are now beginning to grapple with in our program.

Donna mentions creative reuse. I think an important question, with profound policy implications, will be how to support neighborhoods where the market has all but collapsed. This concerns ways of supporting community groups and other institutions to do the job and carry out the production and allocation activities that the market has ceased to do. Based on my assessment of the difficulties involved, I think that techniques of interfacing housing and related programs, which together would support community building in its fullest meaning, are of very high priority and are sufficiently complex to be with us as a major issue over the next decade.

Shalala: It will be the interrelationship between the programs.

Stegman: There will likely be a blurring of program distinctions with an increasing emphasis on accountability. There will be increasing concerns for cost-effectiveness, but the programs will be less structured in terms of the Department or agency that is supporting each piece of the work. We've got to develop better ways of interlinking program efforts.

And that relates to a broader question of how we cost-account these efforts. I think increasingly as we look at community-building we are going to have to charge more and more of the cost of housing programs, for example, to other social accounts: to job training, to neighborhood stabilization, to increased investment around the housing we are rehabilitating. Increasingly, we are going to find it more difficult to really justify these increasing expenditures on a narrowly defined housing account. We are going to have to improve our abilities to measure the spillover effects and neighborhood effects of our community building work.

Shalala: Another long-range issue arises from the increasing portion of poor families that are female headed. These families are going to provide a very special housing problem that we are just beginning to think through in terms of how we organize this Department to deal with the issue.

Ten years from now everybody expects an America whose gross national product increases at a slower rate than at present. So you are going to see a lot of reuse of existing facilities, and multiple uses of facilities, and a lot less wastefulness about everything. Attitudes are going to be different — attitudes toward Government as well as attitudes about people, about their lifestyles and their expectations.

But all of it is not negative. In 10 years we will have a strong rehab industry, for example. In 10 years there will be enormous expertise in weatherization and in energy conservation in the home. We have been through the hard time in terms of learning about design and weatherization of existing homes.

But although we have to anticipate the future, I want to cheer a little about the present. If you ask what I'm proudest of

it's not one single thing. It's the whole thing. We've gotten our act together. We've narrowed down the amount of research we're doing, and we are covering the Department with high-quality, relevant evaluations. Our research is more relevant. It is better organized. The timing is better. We know what research questions can be answered in a short period and what can't. We are more involved in the business of this building because we have organized ourselves differently, and we recognize that the usual way people do research doesn't fit with the needs of government policymakers. These are the kinds of things I'm proudest of in PD&R.

I'm also very proud that we have developed whole areas in public finance and in economic development that we didn't have before. We've also vastly increased our resources devoted to elderly research, and made a big increase in our focus on family housing and family questions.

And we're doing a lot of work on applied questions. For example, we are now working with the Office of Neighborhoods to produce a series of handbooks to help people to use data better. After all, that is a role for researchers too. There's a lot of data available in financial institutions because of the Community Reinvestment Act and the Home Mortgage Disclosure Act, and we're showing community groups how to use them. We're not only doing research on the data ourselves, but we're anxious for outside people to do secondary analysis.

In the next year, the data bases of PD&R are going to be released so that researchers and community groups across the country can use them. In the design of the Community Development Block Grant evaluation, for example, we made sure that neighborhood organizations were keyed in so they and cities could use the information we were developing.

This has not been done in Government before, not in any systematic way. For us now, giving people access to the data is not the exception but the rule. It's possible because HUD is probably the only Cabinet-level agency in which the policy and research functions are merged. That's why I have the best job in the Government, because at HUD they're together.

Stegman: Another research accomplishment we should mention is the urban impact analysis work that is currently going on in-house. I think that will make quite a substantial contribution. It is essentially either forging a new methodology or adopting existing methodology to a new set of concerns, namely, the impact of government legislation on the cities.

Shalala: In that area, Mike, I think we have actually expanded policy research. We have actually added a new dimension to policy research that was not there before. Now many of us would suggest that good urban impact analysis is nothing more than good policy analysis, but it operates from a different angle. We have actually moved analysis a step forward. The urban impact analyses in the two books we have coming out — the Johns Hopkins Press will publish them this year — will really be major events in the urban field that will be read by urbanists across the country.

That's another aspect of the Office of Policy Development and Research that I'm particularly happy about — we're getting our research and analysis into the hands of the people who can profit from them.

Donna E. Shalala
Assistant Secretary for
Policy Development and Research

Michael Stegman
Deputy Assistant Secretary for
Policy Development and Research

Newton Chase

H U O / Anchorage office

Donna Shalala

David Harrison

for Policy Dev. & Research
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Diplomat. U. S. Dept H U O.

John Duffey

Veronica

economic development

Programs of HUD

"Housing is a fundamental, essential and basic human right equivalent to food and clothing on the national scale of human needs; it is the foundation of the family, and the family is the basic unit of the society.

"This understanding alone makes the provision of decent and affordable housing an appropriate and necessary focus for national policy."

Patricia Roberts Harris
Secretary
U.S. Department of Housing and Urban Development

• • • • •

The U.S. Department of Housing and Urban Development (HUD) was established by Act of Congress in 1965 as a response to the rapid urbanization and increasing importance of housing and community development.

The programs summarized in this book have been designed by Congress and the Department to meet the Nation's need for decent housing for all Americans, and for sound community development consonant with national goals and policies. The programs have as their goal:

- Assuring decent shelter for all Americans
- Revitalizing our urban areas
- Providing a choice of living places
- Enhancing the capability of local governments to rejuvenate their communities

The book contains a brief description of each program and of aid available from HUD in the form of grants, guarantees, loans, mortgage and loan insurance, homeownership and rental subsidies and technical assistance.

Programs of HUD will be updated periodically. Questions concerning program changes should be addressed to Communications Services, Office of Public Affairs, Room 9245, HUD, 451 Seventh Street SW, Washington, D.C. 20410. (Telephone: (202) 755-5284.

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COMMUNITY DEVELOPMENT BLOCK GRANTS

2

Federal aid to promote sound community development.

Nature of Program: HUD awards "block" grants to local governments to fund a wide range of community development activities. In a single, flexible-purpose program, the block grants finance activities previously eligible under separate categorical grant programs: Urban Renewal; Neighborhood Development Grants; Model Cities; Water and Sewer Grants; Neighborhood Facilities Grants; Public Facilities Loans; Rehabilitation Loans; and Open Space, Urban Beautification and Historic Preservation Grants.

Spending priorities are determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities for lower-income groups. Specifically, recipients are required to estimate their lower-income housing needs and address them in the overall community development plan they submit to receive their grant.

Applicant Eligibility: Metropolitan cities and qualified urban counties are guaranteed an amount called an "entitlement." It is based on need, objectively calculated by a formula that takes into account population, poverty, overcrowded housing, age of housing and growth lag. Smaller communities compete for the remaining ("discretionary") funds. However, local governments that participated in certain categorical grant programs, but do not qualify for an equivalent block grant, are "held harmless" for three years; i.e., they are funded at the same average level in order to complete projects already under way. After the three years, hold-harmless recipients are funded at two-thirds of the excess of hold-harmless over formula amount for one year and then one-third of the excess for the next year.

Funding Distribution: Of each year's appropriation, three percent goes directly into the Secretary's discretionary fund which is available for contingencies, emergencies and other special purposes. The rest is divided between standard metropolitan statistical areas (generally cities of at least 50,000 population and urban counties of 200,000 or more) and non-metropolitan areas, with 80 percent earmarked for the former and 20 percent for the latter. Money for metropolitan areas is allocated first to entitlement and hold-harmless grants; the balance is available for discretionary grants. Non-metropolitan funds go first to hold-harmless recipients with the remainder reserved for discretionary grants.

Legal Authority: Title I, Housing and Community Development Act of 1974 (P.L. 93-383), as amended by Title I, Housing and Community Development Act of 1977 (P.L. 95-128).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: \$10.95 billion authorized for three years (fiscal years 1978-80). The program has been fully funded each year. More than 1,300 communities received entitlement grants in each of the first two years of the program's operation; approximately 1,800 qualified for discretionary grants in both years.

COMPREHENSIVE PLANNING ASSISTANCE

4

Grants to help State and local governments finance comprehensive planning activities.

Nature of Program: A broad range of planning and management activities is supported by grants of up to two-thirds of the cost of a project. The comprehensive planning defined by this program is an ongoing process by which needs are determined and long-term goals set for land use, housing, and community facilities, and proper weight given to human and natural resources, and the improvement of the living environment.

Applicant Eligibility: States, for both intra- and interstate planning; metropolitan clearinghouses; councils of governments; Indian Tribal groups or other governmental units having special needs.

Legal Authority: Section 701, Housing Act of 1954 (P.L. 83-560), as amended; Title IV, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Regional Offices and Area Offices.

Current Status: Active.

Scope of Program: As of September 30, 1977, \$322,949,408 had been reserved for projects, and \$21,331,318 allocated to studies, research and demonstrations.

REHABILITATION LOANS

5

Loans to assist rehabilitation in federally-aided Community Development Block Grant, Urban Homesteading (Section 810), Urban Renewal and Code Enforcement areas.

Nature of Program: Direct Federal loans finance rehabilitation of residential, mixed use, and nonresidential properties in the above areas certified by the local government. By financing rehabilitation to bring the property up to applicable code, project or plan standards, the loans prevent unnecessary demolition of basically sound structures. A loan may provide for insulation and installing of weatherization items.

Loans may not exceed \$27,000 per dwelling unit or \$50,000 for nonresidential properties and the actual amount of a loan may be less, depending on certain factors.

Applicant Eligibility: Property owners in the aforementioned federally-aided areas and business tenants of such property whose leases have at least as long to run as the terms of the loan. The applicant must evidence the capacity to repay the loan and be unable to secure necessary financing from other sources on comparable terms and conditions. Preference is given to low- and moderate-income applicants.

Legal Authority: Section 312, Housing Act of 1964 (P.L. 88-560), as amended.

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Regional Offices and Area Offices, and housing and community development agencies of local government.

Current Status: Active. Congress has authorized continuation of the program through September 30, 1979.

Scope of Program: From 1964 through September 30, 1977, rehabilitation loan reservations aggregated about \$471 million with \$85 million in reservations in fiscal year 1977.

URBAN DEVELOPMENT ACTION GRANTS

6

Grants to assist severely distressed cities and urban counties.

Nature of Program: Action Grants assist severely distressed cities and urban counties to revitalize local economies and reclaim deteriorated neighborhoods through a combination of public and private investments in projects of maximum benefit to low- and moderate-income persons and members of minority groups.

Priority will be given projects with prospects of recapturing the community's financial investment for recycling in other economic development activities. The private sector's financial commitment must be secured by the community prior to the start of a project to be funded with Action Grants. Generally, projects should take no more than four years to complete. No additional funding will be available in years following that in which a project was approved, although additional Action Grant funding may be available to support different projects during the life of the program.

Applicant Eligibility: Cities—including those participating in the Community Development Block Grant Program in cooperation with urban counties—and urban counties, provided that they (1) have demonstrated ongoing results in providing housing for low- and moderate-income persons and equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups, and (2) have met minimum criteria that indicate physical and economic distress. These criteria include the age of the housing stock, per capita income, population outmigration, unemployment, poverty, and job lag in retailing and manufacturing. Interested communities must request a determination of eligibility from the HUD Area Offices before applications can be submitted.

Funding Distribution: Of each year's appropriation, at least 25 percent will be set aside for small communities with populations of 50,000 or under. Action Grant funding is not based on formula or entitlement. Rather, funding will be based on a "reasonable balance" of residential, commercial, or industrial projects. At least ten criteria will be considered in the selection of projects for funding. The primary criterion will be the comparative degree of physical and economic distress among all applicants. Applications will be accepted throughout the year—during the first month of each quarter—and awards will be announced during the last month of each quarter.

Legal Authority: Section 119, Housing and Community Development Act of 1977 (P.L. 95-128), as amended.

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Central and Area Offices.

Current Status: Active.

Scope of Program: \$400 million in Action Grant assistance has been appropriated for Fiscal Year 1978.

MODEL CITIES

8

A comprehensive attack on social, economic, and physical problems in selected slum and blighted areas, using Federal, State, Local and private resources in a coordinated and concentrated manner.

Nature of Program: Grants and technical assistance helped cities to carry out comprehensive programs attacking the social, economic, and physical problems of blighted neighborhoods in selected localities. Cities were required to use and coordinate existing Federal grant-in-aid programs and State, local, and private resources, and to involve neighborhood residents in planning, monitoring, and evaluating comprehensive five-year plans.

Model Cities grants were designed to supplement and concentrate other Federal, State and local aid in selected areas. Eligible activities included: expanding housing, job and income opportunities, improving educational facilities; combatting disease; reducing crime and delinquency; enhancing recreational and cultural opportunities; improving the physical environment; and providing vital social services.

Applicant Eligibility: Municipalities of all sizes.

Legal Authority: Title I, Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by Housing and Community Development Act of 1974, under which Model Cities-type activities may be funded. See Community Development Block Grants.

Scope of Program:

Total number of projects 145 cities

Total funding

In planning grants: 22,222,450.47

In operating fund: 2,467,593,901.00

In technical assistance: 29,503,753.00

NEIGHBORHOOD DEVELOPMENT

9

Financial assistance for neighborhood development in urban renewal.

Nature of Program: This program modified the urban renewal program to permit more rapid and flexible execution of the urban renewal plans within specified neighborhoods. Thus a community could proceed with the renewal of individual neighborhoods (contiguous or otherwise) which needed urgent action, while at the same time continuing to plan the total redevelopment of the area.

HUD awarded loans and grants for neighborhood development on the same basis as urban renewal except that all grants were made in 12-month increments.

Applicant Eligibility: Local governments, renewal agencies or housing authorities, depending upon State enabling legislation.

Legal Authority: Sections 131-134, Title I, Housing Act of 1949 (P.L. 81-171), as amended by Section 501(b), Housing and Urban Development Act of 1968 (P.L. 90-448).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by Housing and Community Planning and Development Act of 1974, under which neighborhood development may be funded. See Community Development Block Grants.

Scope of Program: Total funding. \$2,817,827,079.27, Number of communities. 430.

NEIGHBORHOOD FACILITIES

10

Grants to aid in establishing multipurpose neighborhood centers.

Nature of Program: Grants covering up to three-fourths of the development cost financed facilities for neighborhood health, welfare, educational, cultural, social, recreational, or similar community services. Both new construction and rehabilitation were eligible. The facility had to be needed to carry out a program of community service; consistent with comprehensive planning for the area; and accessible to a significant proportion of the area's low- or moderate-income residents.

Applicant Eligibility: Local public bodies, agencies, or Indian tribes authorized under State or local law to undertake neighborhood facility projects.

Legal Authority: Section 703, Housing and Urban Development Act of 1965 (P.L. 89-117).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by Housing and Community Development Act of 1974, under which neighborhood facilities may be funded. See Community Development Block Grants.

Scope of Program:

Total number of projects: 798

Total funding: \$249,971,261.00

OPEN SPACE-URBAN BEAUTIFICATION- HISTORIC PRESERVATION

Federal grants to help communities develop parks, improve the appearance of public areas, and preserve historic sites.

11

Nature of Program: Originally three separate programs, Open Space, Urban Beautification and Historic Preservation were consolidated in 1970 to allow communities to fund these related objectives with a single Federal grant: to encourage more aesthetic urban development; to preserve sites of historic or architectural value; and to provide necessary recreational, conservation, and scenic areas.

HUD paid up to 50 percent of the cost of land acquisition and construction or rehabilitation of related facilities.

Applicant Eligibility: States and local public bodies with the requisite authority to perform these functions.

Legal Authority: Title IV, Housing and Urban Development Act of 1970 (P.L. 91-609).

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by the Housing and Community Development Act of 1974, under which these activities may be funded. See Community Development Block Grants.

Scope of Program:

Total number of grants 4,585

Total funding: \$591,449,104.00

PUBLIC FACILITY LOANS

12

Long-term loans to help communities finance the construction of needed public works.

Nature of Program: Loans for up to 40 years and covering up to 100 percent of project cost financed a variety of public works. These include water and sewer facilities, gas distribution systems, street improvements, public buildings (excluding schools), recreation facilities and jails. Loans were available only for those parts of a project not covered by other Federal aid. Smaller communities received priority.

Applicant Eligibility: Local governments or State agencies having the legal authority to build public works and issue bonds to pay for them.

Legal Authority: Title II, Housing Amendments of 1955 (P.L. 84-345).

Administering Office: Assistant Secretary for Housing-FHA Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by Housing and Community Development Act of 1974, under which public facilities may be funded. See Community Development Block Grants.

Scope of Program: HUD has financed projects totaling \$481,482,556.34.

URBAN RENEWAL

13

Federal financial assistance to eliminate blight in defined urban areas.

Nature of Program: Grants, planning advances and temporary loans helped to eliminate blight in urban areas through surveys and planning; land acquisition and clearing; rehabilitation of existing structures; new building construction; and the installation of public improvements including streets and sidewalks, utilities and recreational areas; flood protection; and the preservation of historic structures.

A Federal grant paid two-thirds of the net cost for cities with populations over 50,000 and three-fourths for communities with populations under 50,000 and for areas, regardless of population, which were designated as economic development areas by the Department of Commerce.

Applicant Eligibility: Local public agencies, which may be local or county renewal agencies or housing authorities, or local or county departments of government, depending upon State enabling legislation.

Legal Authority: Title I, Housing Act of 1949 (P.L. 81-171), as amended.

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Regional Offices and Area Offices.

Current Status: Superseded by the Housing and Community Development Act of 1974, under which urban renewal may be funded. See Community Development Block Grants.

Scope of Program: As of June 30, 1976, the total of grants paid out and reserved for future repayment of urban renewal notes in the following categories.

Conventional	\$10,080,715,504.42
Community Renewal	61,447,348.25
Code Enforcement	333,291,189.44
Interim Assistance	33,678,394.46
Demolition	23,674,081.21
Demonstration	10,442,926.90
Certified Areas	7,784,217.60
Fair Access to Insurance Requirements	3,490.00

WATER AND SEWER FACILITIES

14

Grants to finance community water and sewer facilities.

Nature of Program: Federal grants financed land and construction costs of basic public water and sewer facilities, excluding sewage treatment. These facilities must be consistent with a program for a coordinated areawide water and sewer facilities system as part of the comprehensive planned development of the area.

Generally, grants could not exceed 50 percent of eligible land and construction costs. Under certain limited conditions, a grant of up to 90 percent could be made to a community with a population of less than 10,000.

Applicant Eligibility: Cities, towns, counties, Indian tribes, public agencies or instrumentalities of one or more States, municipalities or political subdivisions; or boards or commissions established to finance capital improvement projects.

Legal Authority: Section 702, Housing and Urban Development Act of 1965 (P.L. 89-117), as amended.

Administering Office: Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Superseded by the Housing and Community Development Act of 1974, under which water and sewer facilities may be funded. See Community Development Block Grants.

Scope of Program:

Total number of projects: 2,435,491

Funding: \$1,102,683,533.00

491 projects still under construction.

Housing-Federal Housing Commissioner

- 16 One-to-Four Family Home Mortgage Insurance 15
- 17 Homeownership Assistance for Low- & Moderate-Income Families (Section 235)
- 18 Homeownership Assistance for Low- & Moderate-Income Families (Section 221(d)(2))
- 19 Housing in Declining Neighborhoods
- 20 Special Credit Risks
- 21 Condominium Housing
- 22 Cooperative Housing
- 23 Mobile Homes (Title 1)
- 24 Mobile Home Courts
- 25 Multifamily Rental Housing
- 26 Existing Multifamily Rental Housing
- 27 Multifamily Rental Housing for Low- & Moderate-Income Families
(Section 221(d)(3) & (4))
- 29 Assistance to Non-Profit Sponsors of Low- and Moderate-Income Housing
- 30 Mortgage & Major Home Improvement Loan Insurance for Urban Renewal Areas
- 31 Rental & Cooperative Housing Assistance for Lower-Income Families
(Section 236)
- 32 Rent Supplements
- 33 Lower-Income Rental Assistance (Section 8)
- 35 Low-Income Leased Public Housing (Section 23)
- 36 Low-Income Public Housing
- 37 Public Housing Modernization
- 38 Public Housing Operating Subsidies
- 39 Direct Loans for Housing for the Elderly or Handicapped (Section 202)
- 40 Mortgage Insurance for Housing for the Elderly
- 41 Nursing Homes and Intermediate Care Facilities (Section 232)
- 42 Hospitals
- 43 Group Practice Medical Facilities
- 44 Home Improvement Loan Insurance (Title 1)
- 45 Major Home Improvement Loan Insurance
- 46 Supplemental Loans for Multifamily Projects & Health Care Facilities
- 47 Single-Family Home Mortgage Coinsurance
- 48 Multifamily Housing Coinsurance
- 49 Graduated Payment Mortgage (Experimental Financing)
- 50 Indian Housing
- 52 College Housing
- 53 Armed Services Housing for Civilian Employees
- 54 Housing in Military Impacted Areas
- 55 Homes for Servicemen
- 56 Disaster Permanent Housing
- 57 Disaster Temporary Housing
- 58 The Office of Independent Living for the Disabled

**ONE- TO FOUR-FAMILY HOME MORTGAGE INSURANCE
(SECTION 203 (b) and (i))**

16

Federal mortgage insurance to facilitate homeownership and the construction and financing of housing.

Nature of Program: By insuring commercial lenders against loss, HUD encourages them to invest capital in the home mortgage market. HUD insures loans made by private financial institutions for up to 97 percent of the property value and for terms of up to 30 years. The loans may finance homes in both urban and rural areas (except farm homes). Less rigid construction standards are permitted in rural areas.

Applicant Eligibility: Any person able to make the cash investment and the mortgage payments.

Legal Authority: Section 203(b) and (i), National Housing Act (1934), (P.L. 73-479).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through September 1977 10,212,194 units insured under Section 203(b) for a value of over \$125 billion; close to 80,000 units in outlying areas insured under Section 203(i) for a value of \$600 million.

HOMEOWNERSHIP ASSISTANCE FOR LOW- AND MODERATE- INCOME FAMILIES (REVISED SECTION 235)

17

Mortgage insurance and interest subsidy for low- and moderate-income home buyers.

Nature of Program: To enable eligible families to afford new homes that meet HUD standards, HUD insures mortgages and makes monthly payments to lenders to reduce interest to as low as 4 percent. The homeowner must contribute 20 percent of adjusted income to monthly mortgage payments and must make a downpayment of 3 percent of the cost of acquisition. There are dollar limits on loans and sales prices. Mortgage limits are \$32,000 (\$38,000 for homes for 5 or more persons), and in high cost areas \$38,000 (\$44,000 for homes for 5 or more persons). The income limit for initial occupancy is 95 percent of the area median income.

Prior to 1976, this program provided larger subsidies to lower-income households and required a substantially smaller investment from them.

Applicant Eligibility: A home buyer's adjusted income may not exceed a certain percentage of local median income. There is no restriction on assets.

Legal Authority: Section 235, National Housing Act (1934), as added by Section 101, Housing and Urban Development Act of 1968 (P.L. 90-448).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active in its revised form.

Scope of Program: Cumulative activity through September 1977: 478,553 units have been insured with a value of about \$8.6 billion.

**HOMEOWNERSHIP ASSISTANCE FOR LOW- AND MODERATE-
INCOME FAMILIES (SECTION 221(d)(2))**

18

Mortgage insurance to increase homeownership opportunities for low- and moderate-income families, especially those displaced by urban renewal.

Nature of Program: HUD insures lenders against loss on mortgage loans to finance the purchase, construction or rehabilitation of low-cost, one- to four-family housing. Maximum insurable loans for an owner-occupant are \$31,000 for a single-family home (up to \$36,000 in high cost areas). For a larger family (five or more persons), the limits are \$36,000 or up to \$42,000 in high cost areas. Higher mortgage limits apply to two- to four-family housing.

Applicant Eligibility: Anyone may apply; displaced households qualify for special terms.

Legal Authority: National Housing Act (1934), (P.L. 73-479), as added by Section 123, Section 221(d)(2), Housing Act of 1954 (P.L. 83-560).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through September 1977: 837,092 units insured for a value of over \$11 billion.

HOUSING IN DECLINING NEIGHBORHOODS

19

Mortgage insurance to purchase or rehabilitate housing in older, declining urban areas.

Nature of Program: In consideration of the need for adequate housing for low- and moderate-income families, HUD insures lenders against loss on mortgage loans to finance the purchase, rehabilitation, or construction of housing in older, declining, but still viable urban areas where conditions are such that normal requirements for mortgage insurance cannot be met. This provision relaxed these requirements but specified that the property must be an "acceptable risk." The terms of the loans vary according to the HUD/FHA program under which the mortgage is insured.

Applicant Eligibility: Homeowners or project owners eligible for the FHA mortgage insurance they are seeking.

Legal Authority: Section 223(e), National Housing Act (1934), (P.L. 73-479), as added by Section 103(a), Housing and Urban Development Act of 1968 (P.L. 90-448).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: In the 9 years since its inception, 187,824 units were insured for a total of \$2,070,432,528.

SPECIAL CREDIT RISKS

20

Mortgage insurance and homeownership counseling for low- and moderate-income families with a credit history that does not qualify them for insurance under normal standards.

Nature of Program: HUD insures lenders against loss on home mortgage loans to low- and moderate-income families which are marginal credit risks. HUD is also authorized to provide budget, debt-management, and related counseling services to these families when needed. These services are performed by local HUD-approved organizations. Applicants may seek credit assistance under most FHA home mortgage insurance programs.

Applicant Eligibility: Low- and moderate-income households with credit records indicating ability to manage their financial and other affairs successfully if given budget, debt-management, and related counseling.

Legal Authority: Section 237, National Housing Act (1934), (P.L. 73-479), as added by Section 102, Housing and Urban Development Act of 1968, (P.L. 90-448).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active as an insurance program.

Scope of Program: Cumulative activity through September 1977: 3,601 units with a value of \$51,502,258 insured.

CONDOMINIUM HOUSING

21

Federal mortgage insurance to finance ownership of individual units in multifamily housing projects.

Nature of Program: HUD insures mortgages made by private lending institutions for the purchase of individual family units in multifamily housing projects under Section 234(c). Sponsors may also obtain FHA-insured mortgages to finance the construction or rehabilitation of housing projects which they intend to sell as individual condominium units under Section 234(d). A project must contain at least four dwelling units; they may be in detached, semi-detached, row, walkup, or elevator structures.

A condominium is defined as joint ownership of common areas and facilities by the separate owners of single dwelling units in the project.

Applicant Eligibility: Any qualified profit-motivated or nonprofit sponsor may apply for a blanket mortgage covering the project after conferring with his local FHA insuring office; any credit-worthy person may apply for a mortgage on individual units in a project.

Legal Authority: Section 234, National Housing Act, (1934), (P.L. 73-479), as added by Housing Act of 1961 (P.L. 87-70), and as amended.

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity to June 1977: 617 projects with 35,760 units insured for a value of \$330,645,306.

COOPERATIVE HOUSING

22

Federal mortgage insurance to finance cooperative housing projects.

Nature of Program: HUD insures mortgages made by private lending institutions on cooperative housing projects of five or more dwelling units to be occupied by members of nonprofit cooperative ownership housing corporations. These loans may finance: new construction, rehabilitation, acquisition, improvement or repair of a project already owned, and resale of individual memberships; construction of projects composed of individual family dwellings to be bought by individual members with separate insured mortgages; and construction or rehabilitation of projects that the owners intend to sell to nonprofit cooperatives.

Applicant Eligibility: Nonprofit corporations or trusts organized to construct homes for members of the corporation or beneficiaries of the trust; and qualified sponsors who intend to sell the project to a nonprofit corporation or trust.

Legal Authority: Section 213, National Housing Act (1934), (P.L. 73-479), as added by Section 114, Housing Act of 1950 (P.L. 81-475).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity to June 1977: 2,062 projects with 116,165 units insured for a value of \$1,583,489,959.

MOBILE HOMES (TITLE 1)

Federal insurance of loans to finance the purchase of mobile homes.

23

Nature of Program: To facilitate financing of mobile home purchases, thereby providing alternative lower-cost housing, HUD insures mobile home loans by private lending institutions. Loans may be insured for up to \$16,000 and 15 years on single-module units, and for \$24,000 over 23 years for double-module units. The maximum allowable interest on both types is 12 percent.

Applicant Eligibility: Any person able to make the cash investment and the mortgage payments.

Legal Authority: Section 2, Title 1, National Housing Act (1934), (P.L. 73-479).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Program activity through October 1977: over 60,000 loans with an insured value of about \$580 million.

MOBILE HOME COURTS

24

Federal mortgage insurance to finance construction or rehabilitation of mobile home courts.

Nature of Program: To help finance construction or rehabilitation of mobile home courts, HUD insures mortgages made by private lending institutions on the entire site. Mortgages are limited to \$3,250 per individual mobile home space within each park. In high-cost areas, this maximum may be 50 percent higher. The park must be located in an area approved by HUD in which market conditions show a need for such housing.

Applicant Eligibility: Investors, builders, developers, cooperatives and others who meet HUD requirements may apply to an FHA-approved lending institution conferring with the local HUD office.

Legal Authority: Section 207, National Housing Act (1934), (P.L. 73-479).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Office.

Current Status: Active.

Scope of Program: Cumulative activity through June 1977: nearly 64,000 spaces insured for a value of over \$188 million.

MULTIFAMILY RENTAL HOUSING

25

Federal mortgage insurance to facilitate construction and financing of a broad cross section of rental housing.

Nature of Program: HUD insures mortgages made by private lending institutions to finance the construction or rehabilitation of multifamily rental housing by private or public developers. The project must contain at least eight dwelling units. Housing financed under this program, whether in urban or suburban areas, should be able to accommodate families (with or without children) at reasonable rents.

Applicant Eligibility: Investors, builders, developers, and others who meet HUD requirements may apply for funds to an FHA-approved lending institution after conferring with their local HUD office. The housing project must be located in an area approved by HUD for rental housing and in which market conditions show a need for such housing.

Legal Authority: Section 207, National Housing Act (1934), (P.L. 73-479), as amended.

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative projects insured through June 1977. 2,614 projects with 282,782 units, cumulative amount insured: \$3.89 billion.

EXISTING MULTIFAMILY RENTAL HOUSING

26

Federal mortgage insurance to facilitate purchase or refinancing of existing apartment projects.

Nature of Program: HUD insures mortgages to purchase or refinance existing multifamily projects originally financed with or without Federal mortgage insurance. HUD may insure mortgages on existing multifamily projects under this program that do not require substantial rehabilitation. Project must contain eight or more units, and must be at least three years old.

Applicant Eligibility: Investors, builders, developers, and others who meet HUD requirements.

Legal Authority: Section 223(f), National Housing Act (1934), (P.L. 73-479), as added by Section 311, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative through June 1977, 112 projects were insured with 19,759 units valued at \$307,719,380.

MULTIFAMILY RENTAL HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES (SECTION 221(d)(3) and (4))

Mortgage insurance to finance rental or cooperative multifamily housing for low- and moderate-income households.

27

Nature of Program: To help finance construction or substantial rehabilitation of multifamily (5 or more units) rental or cooperative housing for low- and moderate-income or displaced families, HUD conducts two related programs. Both insure project mortgages at the FHA ceiling interest rate. Projects in both cases may consist of detached, semi-detached, row, walk-up, or elevator structures. The insured mortgage amounts are controlled by statutory dollar limits per unit which are intended to assure moderate construction costs. Units financed under both programs may qualify for assistance under Section 8 if occupied by eligible low-income families.

Currently, the principal differences between the programs are two: HUD may insure 100 percent of total project cost under Section 221(d)(3) for nonprofit and cooperative mortgagors but only 90 percent under Section 221(d)(4) irrespective of the type of mortgagor, and statutory unit limit mortgage amounts are less for Section 221(d)(3) than for Section 221(d)(4).

Formerly, the two programs were distinguished by these additional differences. Projects financed under 221(d)(3) could qualify for a below-market interest rate (as low as 3 percent) and for rent supplements. Consequently, these projects were limited to a lower statutory cost ceiling per unit than was allowed under 221(d)(4) projects which did not benefit from these subsidies. Below-market interest rates and rent supplements are no longer available for new projects for these programs.

Applicant Eligibility: Section 221(d)(3) mortgages may be obtained by public agencies, nonprofit, limited-dividend or cooperative organizations; private builders or investors who sell completed projects to such organizations. Section 221(d)(4) mortgages are limited to profit-motivated sponsors. Tenant occupancy is not restricted by income limits, except in the case of tenants receiving subsidies.

Legal Authority: Sections 221(d)(3) and (4), National Housing Act (1934), (P.L. 73-479), as added by Housing Act of 1954, (P.L. 83-560).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through June 1977: 1,595 projects under Section 221(d)(3) with 132,858 units insured for a value of \$1,782,109,137; 2,331 projects under Section 221(d)(4) with 281,731 units insured for a value of \$4,670,329,338.

ASSISTANCE TO NONPROFIT SPONSORS OF LOW- AND MODERATE-INCOME HOUSING

Technical assistance and loans to sponsors of certain HUD-assisted housing.

29

Nature of Program: To stimulate the production of housing for low- and moderate-income families, HUD provides information and technical advice to nonprofit organizations that sponsor such multifamily housing.

HUD also makes interest-free "seed money" loans to nonprofit sponsors or public housing agencies to cover 80 percent of the preliminary development costs. Current HUD regulations limit these loans to nonprofit sponsors of Section 202 housing for the elderly or handicapped. Loans may be used to meet typical project development costs, such as surveys and market analysis, site engineering, architectural fees, site acquisition, and application and loan commitment fees. Loans are made from a revolving Low- and Moderate-Income Sponsor Fund.

Applicant Eligibility: Nonprofit sponsors eligible under HUD regulations and public housing agencies.

Legal Authority: Sections 106(a) and (b), Housing and Urban Development Act of 1968, (P.L. 90-448).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active with respect to Section 106(b) loans for Section 202 housing for the elderly and handicapped.

Scope of Program: Cumulative activity through fiscal year 1976: 260 loans approved for a total amount of \$8,155,151.

MORTGAGE AND MAJOR HOME IMPROVEMENT LOAN INSURANCE FOR URBAN RENEWAL AREAS

30

Federally insured loans to finance mortgages on housing in urban renewal areas and to alter, repair or improve one- to eleven-family housing in those areas.

Nature of Program: HUD insures mortgages on new or rehabilitated homes or multifamily structures located in designated urban renewal areas with concentrated programs of code enforcement and neighborhood development. HUD insures supplemental loans to finance improvements that will enhance and preserve salvageable homes and apartments in designated urban renewal areas.

Applicant Eligibility: Investors, builders, developers, individual homeowners, and apartment owners.

Legal Authority: Sections 220 and 220(h), National Housing Act (1934), (P.L. 73-479), as added by Section 102(a)(3), Housing Act of 1961 (P.L. 87-70).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active but infrequently used. Urban renewal related activities are being phased out.

Scope of Program: Cumulative home improvement loan activity through September 1977: 7 loans on 8 units with a value of \$35,550 insured; cumulative mortgage insurance through June 1977: 392 projects with 71,115 units and a total value of \$1,374,911,602.

RENTAL AND COOPERATIVE HOUSING ASSISTANCE FOR LOWER-INCOME FAMILIES (SECTION 236)

31

Mortgage insurance and interest reduction and operating subsidies to reduce rents for lower-income households.

Nature of Program: Originally HUD insured multifamily mortgages and paid interest subsidies to lenders which allowed the mortgage to be paid off by the project owner at an interest rate as low as one percent. The reduction this made possible in monthly rents was designed to produce new or substantially rehabilitated rental or cooperative units for lower-income households. Tenants contribute 25 percent of adjusted income or the basic rent, whichever is the greater. Beginning in 1974, HUD paid additional subsidies to cover the difference between the tenants' contribution and the actual costs of operating the project.

Applicant Eligibility: Nonprofit, limited-dividend or cooperative organizations, or private builders or investors who sell the project to such organizations. Both tenants who can afford fair market rents and those who cannot may occupy these projects; only the latter will be subsidized.

Legal Authority: Section 236, National Housing Act (1934), (P.L. 73-479), as added by Section 201, Housing and Urban Development Act of 1968 (P.L. 90-448).

Administering Office: Assistant Secretary for Housing--Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Inactive. The housing subsidy moratorium of January 5, 1973, suspended this program; current activity consists mainly of funding bona fide commitments issued before the moratorium and amending existing contracts.

Scope of Program: Cumulative activity through June 1977: 4,217 projects with 460,188 units insured for \$7.9 billion.

RENT SUPPLEMENTS

32

Federal payments to reduce rents for certain disadvantaged low-income persons.

Nature of Program: HUD may pay rent supplements on behalf of eligible tenants to certain private owners of multifamily housing insured by the Federal Housing Administration. The payment makes up the difference between 25 percent of a tenant's adjusted income and the fair market rent determined by HUD. However, the subsidy may not exceed 70 percent of the HUD approved rent for the specific unit. HUD may pay the supplements for a maximum term of 40 years.

Applicant Eligibility: Private nonprofit, limited dividend, cooperative, or public agency sponsors carrying mortgages insured under the following programs may apply for rent supplements: Sections 221(d)(3), 231, 236, and Section 202. (The basic mortgage insurance vehicle has been the Section 221(d)(3) Market Interest Rate program.) Eligible tenants are limited to low-income households that qualify for public housing and are either elderly, handicapped, displaced by government action, victims of national disaster, occupying substandard housing, or headed by a person serving on active military duty.

Legal Authority: Section 101, Housing and Urban Development Act of 1965, (P.L. 89-117).

Administering Office: Assistant Secretary for Housing--Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: New rent supplement contracts are no longer available. The program was suspended under the housing subsidy moratorium of January 5, 1973. Current activity consists of amending contracts for existing rent supplement projects and processing conversions of Section 236 rent supplement units to Section 236 "deep subsidy" assistance, as authorized by the Housing and Community Development Act of 1974.

Scope of Program: Through June 1977, 3,268 projects with 317,665 units. The total amount allocated over the life of the program was \$300 million.

LOWER-INCOME RENTAL ASSISTANCE (SECTION 8)

A rent subsidy for lower-income families to help them afford decent housing in the private market.

Nature of Program: HUD makes up the difference between what a lower-income household can afford and the fair market rent for an adequate housing unit. No eligible tenant need pay more than 25 percent of adjusted income toward rent. Housing thus subsidized by HUD must meet certain standards of safety and sanitation, and rents for these units must fall within the range of fair market rents as determined by HUD. This rental assistance may be used in existing housing or in new construction or, substantially rehabilitated units. Different procedures apply in each case.

Local public housing agencies administer the existing housing program, certifying eligible tenants, inspecting the units proposed for subsidy, and contracting with approved landlords for payment. (Tenants execute separate leases with landlords to pay their share of rent.)

Nonprofit and profit-motivated developers, alone or together with public housing agencies, submit proposals for substantial rehabilitation or new construction in response to invitations from HUD, or they may apply to their State housing finance agency. On approval of the proposals, HUD contracts to subsidize the units to be occupied by eligible families.

Applicant Eligibility: Tenants must be lower-income households with incomes amounting to 80 percent of the area median income or less. Project sponsors may be private owners, profit-motivated and nonprofit or cooperative organizations, public housing agencies and State housing finance agencies.

Legal Authority: Section 8, U.S. Housing Act of 1937, (P.L. 73-479), as added by Housing and Community Development Act of 1974, (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: 169,396 units of new construction or rehabilitation and 161,581 units of existing housing were reserved and slated for Federal subsidy in fiscal year 1977. Since the start of the Section 8 program in early summer of 1975, 946,218 units have been reserved and 295,000 of these were occupied as of September 30, 1977.

LOW-INCOME LEASED PUBLIC HOUSING (SECTION 23)

Private housing leased for low-income use.

35

Nature of Program: HUD pays basic annual contributions which permit local public agencies to lease decent private housing for low-income families at rents they can afford. The annual contributions make up the difference between the rents paid to private owners (plus local public agency operating expenses) and what low-income tenants can afford. That amount is based upon the tenant income but may not exceed 25 percent of adjusted income. The annual contributions cannot exceed the amount that would be paid by the local public agency for a newly constructed project designed to accommodate comparable numbers, sizes and kinds of families. The basic contribution may be adjusted for higher operating costs due to tax or utility increases.

Applicant Eligibility: Local housing authorities or agencies authorized to perform similar functions.

Legal Authority: Section 23, U.S. Housing Act of 1937, as added by Section 103(a), Housing and Urban Development Act of 1965, (P.L. 89-117).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Superseded by the Lower-Income Rental Assistance (Section 8) program. Section 23 projects may be converted to the Section 8 program.

Scope of Program: As of December 31, 1975, HUD was making annual payments on a total of 163,297 units. Of these, 72,524 were new construction, 23,751 were rehabilitated, and 67,022 were existing units.

LOW-INCOME PUBLIC HOUSING

36

Federal aid to local public housing agencies to provide decent shelter for low-income residents at rents they can afford.

Nature of Program: Local public housing agencies develop, own and operate low-income public housing projects, financing them through the sale of tax-exempt obligations. HUD furnishes technical and professional assistance in planning, developing and managing the projects and gives two kinds of financial assistance: preliminary loans for planning; and annual contributions to pay the debt service of PHA obligations, assure low rents and maintain adequate services and reserve funds. Rents that are based on the residents' ability to pay contribute to the costs of managing and operating the housing.

Several different methods are used to provide housing. Under the "Turnkey" program, the PHA invites private developers to submit proposals, selects the best proposal and agrees to purchase the project on completion. Under conventional-bid construction, the PHA acts as its own developer, acquiring the site(s), preparing its own architectural plans, and advertising for competitive bids for construction. The PHA may also acquire existing housing, with or without rehabilitation, from the private market under the acquisition program.

Applicant Eligibility: Public housing agencies established by local governments in accord with State law.

Legal Authority: U.S. Housing Act of 1937, as amended, (P.L. 75-412); Title 11, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Approximately \$101.6 million of contract authority was approved for 49,400 units during fiscal year 1977; about \$137.5 million has been budgeted for 50,000 units during fiscal 1978.

As of June 30, 1977, 34,200 units were under construction, and 39,500 were in the preconstruction processing stage.

PUBLIC HOUSING MODERNIZATION

37

Federal aid to public housing agencies (PHAs) to finance capital improvements in public housing projects.

Nature of Program: HUD finances capital improvements in PHA-owned, low-income housing projects to upgrade living conditions, correct physical deficiencies, and achieve operating efficiency and economy. Within the limits of an existing Annual Contributions Contract (ACC), PHAs obtain modernization funds through a direct HUD loan or from temporary or permanent private financing of federally guaranteed notes or bonds. This increases the development cost of the project, which is amortized through annual contributions toward debt service over the remaining life of the contract.

Applicant Eligibility: Public housing agencies operating federally assisted public housing projects under an existing Annual Contributions Contract.

Legal Authority: U.S. Housing Act of 1937, (P.L. 75-412), as amended by Section 7(d), Department of Housing and Urban Development Act of 1965 (P.L. 89-174).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Number of PHAs participating in fiscal year 1978, approximately 800, funding: \$2,566.6 million in capital funds from fiscal 1968 to fiscal 1978, \$474.7 million in capital funds fiscal 1978 only.

PUBLIC HOUSING OPERATING SUBSIDIES

38

Federal grants to help operate public housing projects.

Nature of Program: HUD provides operating subsidies required to help Public Housing Agencies (PHAs) maintain and operate their projects, retain minimum operating reserves and offset certain operating deficits. The operating subsidies are based on the Performance Funding System (PFS). Implemented on April 1, 1975, this system replaced the previous Interim Funding formula. It calculates operating subsidies based on what it costs a well-managed PHA to operate its units. During fiscal years 1974, 1975 and 1976, special operating subsidy funding was directed to "target" projects that encountered severe operational problems.

Applicant Eligibility: All public housing agencies that administer low-income housing under Annual Contributions Contracts with HUD.

Legal Authority: Section 9, U.S. Housing Act of 1937, (P.L. 75-412); Title II, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary of Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Operating subsidies appropriated for Fiscal Year 1978 total \$685 million.

DIRECT LOANS FOR HOUSING FOR THE ELDERLY OR HANDICAPPED (SECTION 202)

To provide housing and related facilities for the elderly or handicapped.

39

Nature of Program: Long-term direct loans to eligible, private, nonprofit sponsors finance rental or cooperative housing facilities for elderly or handicapped persons. The current interest rate is based on the average rate paid on Federal obligations during the preceding fiscal year. (Until the program was revised in 1974, the statutory rate was 3 percent.) Participation in the Section 8 rental housing program is required for a minimum of 20 percent of the Section 202 units.

Applicant Eligibility: Private, nonprofit sponsors may qualify for loans. Households of one or more persons, the head of which is at least 62 years old or is handicapped, are eligible to live in the structures.

Legal Authority: Section 202, Housing Act of 1959 (P.L. 86-372).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: From the date of enactment through 1972, loans for 45,275 units have been approved with a value of \$579,444,000. After a brief suspension, the program was revised and reactivated by the Housing and Community Development Act of 1974. From resumption to September 30, 1976, loans were approved for 26,400 units; 21,000 units were approved for fiscal year 1977 and approximately 25,000 units are anticipated for fiscal year 1978.

MORTGAGE INSURANCE FOR HOUSING FOR THE ELDERLY

40

Federal mortgage insurance to facilitate financing of rental housing for the elderly or handicapped.

Nature of Program: To assure a supply of rental housing suited to the needs of the elderly or handicapped, HUD insures mortgages to build or rehabilitate multifamily projects consisting of eight or more units.

Applicant Eligibility: Investors, builders, developers, public bodies, and nonprofit sponsors may qualify for mortgage insurance. Persons at least 62 years old are eligible to rent such units.

Legal Authority: Section 231, National Housing Act (1934), (P.L. 73-479), added by Section 201 Housing Act of 1959 (P.L. 86-372).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through June 1977: 363 projects with 52,746 units insured for \$782,759,340.

NURSING HOMES AND INTERMEDIATE CARE FACILITIES (SECTION 232)

41

Federal mortgage insurance to facilitate financing of nursing or intermediate care facilities.

Nature of Program: HUD insures mortgages to finance construction or renovation of facilities to accommodate 20 or more patients requiring skilled nursing care and related medical services, or those in need of minimum but continuous care provided by licensed or trained personnel. Nursing home and intermediate care services may be combined in the same facility covered by an insured mortgage or may be separate facilities. Major equipment needed to operate the facility may be included in the mortgage.

Applicant Eligibility: Investors, builders, developers, and private non-profit corporations or associations, which are licensed or regulated by the State to accommodate convalescents and persons requiring skilled nursing care or intermediate care, may qualify for mortgage insurance. Patients requiring skilled nursing or intermediate care are eligible to live in these facilities.

Legal Authority: Section 232, National Housing Act (1934), (P.L. 73-479), added by Section 115, Housing Act of 1959 (P.L. 86-372).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: From date of enactment through June 1977, 1,154 projects with 131,420 beds were insured for a value of over \$1.3 billion.

HOSPITALS

42

Federal mortgage insurance to finance construction or rehabilitation of nonprofit and proprietary hospitals, including major movable equipment.

Nature of Program: HUD insures mortgages to facilitate financing of urgently needed hospitals for the treatment of persons who require medical care furnished only (or most effectively) by hospitals. Loan-to-value ratio for new construction is 90 percent; for rehabilitation it varies slightly from this figure. Term of mortgage is 25 years. The Department of Health, Education and Welfare processes and reviews all applications under this program.

Applicant Eligibility: Proprietary and nonprofit hospitals certified by the responsible State agency in accordance with Section 604(a)(1) of the Public Health Services Act may apply.

Legal Authority: Section 242, National Housing Act (1934), (P.L. 73-479).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Number of projects: 138; number of beds: 34,449; funding: \$1,701,244,260 over a 9-year period.

GROUP PRACTICE MEDICAL FACILITIES

43

Federal mortgage insurance to finance the construction, rehabilitation and equipment of facilities for group practice of medicine, dentistry and optometry.

Nature of Program: HUD insures mortgages on group practice medical facilities to relieve overburdened hospitals and nursing homes. This insurance facilitates the financing of necessary professional care unavailable in small communities geographically separated from city or county hospital centers. The maximum insurable loan may cover 90 percent of new construction costs; for rehabilitation, the loan-to-value ratio varies slightly from this figure. Term of mortgage is 25 years or $\frac{3}{4}$ of remaining economic life (whichever is less). Both HUD and the Department of Health, Education and Welfare review applications.

Applicant Eligibility: Nonprofit organizations must own the facilities, but they may be used by a profit-motivated group of doctors, dentists, optometrists, osteopaths, or podiatrists. The owners must be unable to obtain comparable mortgages without FHA insurance.

Legal Authority: Title XI, National Housing Act (1934), (P.L. 73-479), as added by Section 502, Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Number of projects: 26; number of full-time professionals: 832; funding over a 11-year period: \$40,025,098.

HOME IMPROVEMENT LOAN INSURANCE (TITLE 1)

44

Federal insurance of loans to finance home improvements.

Nature of Program: HUD insures loans to finance major and minor improvements, alterations and repairs of individual homes and nonresidential structures (whether owned or rented). The loans may be up to \$15,000, bear interest up to 12 percent, and be paid back over 15 years. Loans on apartment buildings with a term of 12 years may be as high as \$5,000 per unit, but the total for the building may not exceed \$25,000, and the term may not exceed 12 years. Loans may also finance new construction for agriculture or nonresidential use. Lenders determine eligibility for and process these loans. Loans of not more than \$7,500 are generally unsecured personal loans.

Applicant: Eligibility: Credit-worthy property owners or tenants whose leases are at least 6 months longer than the loan term.

Legal Authority: Section 2, Title 1, National Housing Act (1934), (P.L. 73-479) as amended by Housing Act of 1956 (P.L. 84-1020).

Administering Office: Assistant Secretary for Housing- Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through October 1977: 32 million loans insured for a value of over \$26 billion.

MAJOR HOME IMPROVEMENT LOAN INSURANCE

Federal insurance of loans to finance major home improvements.

45

Nature of Program: HUD insures loans for major home improvements or alterations to qualified one- to four-family dwellings. The maximum loan amount is \$12,000 per family unit, with an additional allowance for high cost areas; the maturity of the note may not exceed 20 years. Interest on these loans is limited to the current FHA interest rate, and they are secured by a junior lien on the property. To qualify for loan insurance, the property must be at least 10 years old, unless the alterations make major structural improvements, correct faults not known when the structure was completed, or repair casualty damage.

Applicant Eligibility: Any owner of a one- to four-family dwelling, as qualified above

Legal Authority: Section 203(k), National Housing Act (1934), as amended by Section 102(b), Housing Act of 1961, (P.L. 87-70).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active but infrequently used. See also Home Improvement Loan Insurance (Title I).

Scope of Program: Cumulative home improvement loans insured through September 1977: 2,827 cases covering 2,943 units. Cumulative amount insured: \$17,676,320.

SUPPLEMENTAL LOANS FOR MULTIFAMILY PROJECT, AND HEALTH CARE FACILITIES

46

Federal loan insurance to facilitate financing of improvements to multifamily rental housing and health care facilities.

Nature of Program: HUD insures loans made by private lending institutions to pay for improvements to apartment projects, nursing homes, hospitals or group practice facilities that carry HUD-insured mortgages. By law projects in the above categories may also obtain FHA insurance on loans to expand housing opportunities or provide fire and safety equipment, regardless of whether HUD insured the original mortgage, though HUD regulations restrict the program to insured or Secretary-held mortgages.

Applicant Eligibility: Qualified owners of projects and health care facilities (as specified above) may apply for insured loans after conferring with their local HUD office.

Legal Authority: Section 241, National Housing Act (1934), (P.L. 73-479), as added by Section 307, Housing and Urban Development Act of 1968 (P.L. 90-448).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative loans insured through April 1977: 49 projects, covering 3,777 rental units, and 2,584 beds (in health care facilities). Cumulative amount insured: \$21,876,809.

SINGLE-FAMILY HOME MORTGAGE COINSURANCE

47

Joint mortgage insurance by the Federal Government and private lenders to facilitate homeownership financing.

Nature of Program: HUD offers an additional and optional method of insuring lenders against losses on loans that they make to finance the purchase of one- to four-family homes. In return for the right to expedite preliminary processing procedures by performing them himself, the lender assumes responsibility for a portion of the risk (10 percent) and may retain a portion of the insurance premium. Thus coinsurance is expected to result in faster service to the buyer and to improve quality of loan origination and servicing.

For borrowers, the program operates just like the full insurance programs. The major differences affect the lending institution, which performs the loan underwriting and property disposition functions normally carried out by HUD alone.

Applicant Eligibility: Everyone eligible for mortgage insurance under the full insurance programs may apply for insured loans to lenders approved by HUD as coinsurers. The coinsuring lender, (any mortgagee approved by FHA), based upon the characteristics of the property and the credit qualifications of the borrower, determines whether to make the loan.

Legal Authority: Section 244, National Housing Act (1934), (P.L. 73-479), as added by Section 307, Housing and Community Development Act of 1974 (P.L. 93-383)

Administering Office: Assistant Secretary for Housing-Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: As of October 1, 1976, the program was active in HUD field offices.

Scope of Program: As of September 1977, 1,792 units were insured for an amount of \$51,253,100.

MULTIFAMILY HOUSING COINSURANCE

48

Joint mortgage insurance by the Federal Government and State Housing Finance Agencies to facilitate financing of rental housing.

Nature of Program: HUD insures 80 percent of the losses on mortgages made by State housing finance agencies to finance multifamily projects. This guarantee makes it easier for the State agencies to obtain credit in the private market through the issuance of State bonds. The remaining 20 percent of the risk is borne by the agencies themselves and, indirectly, by investors in the bonds.

Applicant Eligibility: State Housing Finance Agencies.

Legal Authority: Section 244, National Housing Act (1934) (P.L. 73-479), as added by Section 307, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Active but still in preliminary stage.

Scope of Program: Indicators of program volume are not yet available.

GRADUATED PAYMENT MORTGAGE

Federal mortgage insurance for Graduated Payment Mortgages.

49

Nature of Program: HUD insures mortgages to facilitate early homeownership for households that expect their incomes to rise substantially. These "graduated payment mortgages" allow homeowners to make smaller monthly payments initially and to increase their size gradually over time.

Five different payment plans are available, varying in duration and rate of increase. Larger than usual downpayments are permitted to prevent the total amount of the loan from exceeding the face value of the mortgage at any given time. In all other respects, the graduated payment mortgage is subject to the rules governing ordinary HUD insured home loans.

Applicant Eligibility: All FHA-approved lenders may make graduated payment mortgages; credit-worthy applicants with reasonable expectations of increasing income may qualify for such loans.

Legal Authority: Section 245, National Housing Act (1934), (P.L. 73-479), as added by Section 308, Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active, but still in early stages of implementation.

Scope of Program: Indicators of program volume are not yet available. However, the outstanding aggregate principal amount of mortgages insured under this program may not exceed 1 percent of the outstanding total insured during any fiscal year by HUD.

INDIAN HOUSING

50

Federal aid to Indian housing authorities to provide decent housing and related facilities in Indian areas, including the Pacific Trust Territory.

Nature of Program: Indian housing authorities develop and operate rental and homeownership projects, financing them through the sale of tax-exempt obligations. HUD furnishes technical and professional assistance in planning, developing and managing the projects and also gives financial assistance in the form of annual contributions to pay the debt service of IHA obligations. For rental projects, the contributions also assure low rents and maintain adequate services and reserve funds. The IHA is responsible for all maintenance costs on these projects. Rents that are based on the residents' ability to pay contribute to the costs of managing and operating the housing.

The homeownership projects, called "Mutual Help," allow the buyer-occupant to earn equity in his home by contributing the site, indigenous building materials, labor and/or cash to its construction. He is also responsible for all maintenance.

Several different methods are used to produce housing. Under the "Turnkey" program, the IHA invites private developers to submit proposals, selects the best proposal and agrees to purchase the project on completion. Under conventional-bid construction, the IHA acts as its own developer, acquiring the site(s), preparing its own architectural plans, and advertising for competitive bids for construction. In exceptional cases, the IHA may exclude competitive bidding. The IHA may also acquire existing housing, with or without rehabilitation, from the private market.

Applicant Eligibility: Indian Housing Authorities (IHAs) established under tribal or State law.

Legal Authority: U.S. Housing Act of 1937 (P.L. 75-412), as amended by Housing and Community Development Act of 1974 (P.L. 93-383).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: All HUD Area Offices, HUD Regional Offices in Denver, Colorado and San Francisco, CA.

Current Status: Active.

51

Scope of Program: Approved during fiscal year 1977: 8,000 units, \$32.7 million in annual contributions; \$430.6 million in loans.

Anticipated fiscal year 1978 approvals: 6,000 units; \$23.7 million in contract authority; \$285 million in loans.

COLLEGE HOUSING

52

Federal aid to educational institutions for housing and related facilities for students and faculties.

Nature of Program: HUD may give two types of assistance: direct Federal loans and debt service grants to support private market loans. Loans are available for a maximum of 50 years although they have been limited administratively to 40 years. The interest rate is 3 percent. Debt service grants may be made for a period of up to 40 years, in an amount equal to the difference between the average annual debt service on a commercial loan and the debt service on a 3-percent direct Federal loan.

Applicant Eligibility: Any college offering at least a 2-year program acceptable for full credit towards a bachelor's degree; and private and public nonprofit teaching hospitals for the construction of housing for student nurses, interns and residents. Qualifying institutions must show a current, severe housing shortage.

Legal Authority: Title IV, Housing Act of 1950 (P.L. 81-475).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: The grant portion of the program is inactive. In December 1974, Congress rescinded unused debt service grant funds. Thus HUD may not award grants for college housing. The loan portion of the program is being reactivated with \$155 million available from repayments of previous loans. Actual operations are expected to resume in 1977.

Scope of Program: Loans—Number of projects: 3,790; number of accommodations: 960,000; total loan amount: \$3.8 billion.

Grants—Number of projects: 327; number of accommodations: 59,847; HUD-supported loan amount: \$572,914,000; annual grant amount: \$17,012,531.

ARMED SERVICES HOUSING FOR CIVILIAN EMPLOYEES

53

Federal aid to relieve shortage of family housing for civilian and military personnel near research and development installations.

Nature of Program: HUD insures mortgages on housing for civilian employees at isolated installations. The mortgages must meet the requirements for the basic home mortgage program (Section 203(b)). Housing cannot be insured under this program unless there is sufficient civilian demand to offset any personnel reduction at the installation concerned. Only qualified prospective owner-occupants may qualify for this mortgage insurance.

Applicant Eligibility: Employees of or military personnel assigned to the National Aeronautics and Space Administration and the Atomic Energy Commission, or contractors thereof.

Legal Authority: Section 809, National Housing Act (1934), (P.L. 73-479), as added by Armed Forces Housing for Civilian Employees (P.L. 84-574).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Cumulative activity through September 1977: 16,757 homes insured for a total value of \$276,328,100.

HOUSING IN MILITARY IMPACTED AREAS

54

Federal mortgage insurance for housing in areas affected by military installations.

Nature of Program: Mortgage insurance for both single and multifamily housing near military installations, can be provided under Sections 203, 207, 213, 220, 221, 227, 234, 235, and 236. Such mortgages will be the obligation of the Special Risk Insurance Fund. Projects are eligible notwithstanding that the property is neither economically sound nor an acceptable risk, providing the benefits outweigh the risk of cost to the Government.

Applicant Eligibility: Sponsor eligibility will be determined by the Section of the National Housing Act under which application is made. Tenant eligibility is open.

Legal Authority: Section 238(c) of the National Housing Act, (1934), (P.L. 73-479), as amended by Section 309 of the Housing and Community Development Act of 1977, (P.L. 95-128).

Administering Office: Assistant Secretary for Housing--Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area and Insuring Offices.

Current Status: This is a new program which is expected to supplant Section 810 of the National Housing Act which was designed for military and civilian personnel but has become inactive.

Scope of Program: Indicators of program volume are not yet available.

HOUSES FOR SERVICEMEN

55

Federal mortgage insurance to allow a serviceman on active duty to purchase a home partially subsidized by his service.

Nature of Program: HUD allows the Department of Defense, Transportation and Commerce to pay the HUD mortgage insurance premium on behalf of servicemen on active duty under their jurisdiction. The mortgages may finance single-family dwellings and condominiums insured under standard HUD home mortgage insurance programs.

Applicant Eligibility: Servicemen on active duty in the U.S. Armed Forces or the U.S. Coast Guard, or employees of the National Oceanic and Atmospheric Administration who have served on active duty for two years.

Legal Authority: Section 227, National Housing Act (1934), (P.L. 73-479), as added by Section 124, Housing Act of 1954 (P.L. 83-560).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Office.

Current Status: Active.

Scope of Program: Over a 23-year period, 265,533 units have been insured for a value of \$4,109,844,961.

HOMES FOR SERVICEMEN

55

Federal mortgage insurance to allow a serviceman on active duty to purchase a home partially subsidized by his service.

Nature of Program: HUD allows the Department of Defense, Transportation and Commerce to pay the HUD mortgage insurance premium on behalf of servicemen on active duty under their jurisdiction. The mortgages may finance single-family dwellings and condominiums insured under standard HUD home mortgage insurance programs.

Applicant Eligibility: Servicemen on active duty in the U.S. Armed Forces or the U.S. Coast Guard; or employees of the National Oceanic and Atmospheric Administration who have served on active duty for two years.

Legal Authority: Section 222, National Housing Act (1934), (P.L. 73-479), as added by Section 124, Housing Act of 1954 (P.L. 83-560).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active.

Scope of Program: Over a 23-year period, 265,533 units have been insured for a value of \$4,109,844,961.

DISASTER PERMANENT HOUSING

56

Federal mortgage insurance to finance homeownership for victims of major disasters.

Nature of Program: HUD insures home mortgages to replace former dwellings damaged too extensively by a major disaster for reconstruction. The insured loan may cover 100 percent of the FHA-appraised value of the property up to \$14,400, and may be repaid over 30 years (or 35 years if necessary provided that the dwelling is constructed under FHA or VA inspection). Interest may not exceed the FHA interest rate ceiling. The lender collects a small FHA application fee from the borrower.

Applicant Eligibility: Owner-occupants or tenants of single-family dwellings who lost their previous homes by flood, fire, hurricane, earthquake, storm, riot or civil disorder, or other catastrophe determined by the President to be a major disaster.

Legal Authority: Section 203(h), National Housing Act (1934), (P.L. 73-479), as added by Section 110, Housing Act of 1954, (P.L. 83-560).

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices.

Current Status: Active but rarely used

Scope of Program: Statistics on this program are included in the basic home mortgage program, Section 203(b)

DISASTER TEMPORARY HOUSING

Temporary housing for families requiring shelter in a major disaster area.

57

Nature of Program: HUD is one of several Federal agencies that cooperate in a coordinated and unified effort under the broad direction of the Federal Disaster Assistance Administration (FDAA) to aid disaster victims. HUD supplies temporary housing authorized by FDAA following a Presidential declaration of a "major disaster" or "emergency." The housing may consist of existing vacant units; the Minimal Repair Program (MRP), mobile homes, and temporary mortgage or rental payments. Special field offices are established in the disaster area to administer the program.

Applicant Eligibility: Households in a Presidentially-declared disaster area which have (1) been displaced from their homes by such a disaster, or (2) face imminent dispossession or eviction from their homes due to financial hardship resulting from such a disaster.

Legal Authority: Section 404, Disaster Relief Act of 1974 (P.L. 93-288).

Administering Office: Assistant Secretary for Housing--Federal Housing Commissioner, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: HUD Area Offices and Disaster Field Offices.

Current Status: Active.

Scope of Program: Cumulative activity through September 30, 1977 96,261 households assisted in 42 States, Guam, Puerto Rico and Virgin Islands; 8,663 families currently in temporary housing in 17 States and Guam, Puerto Rico and Virgin Islands.

THE OFFICE OF INDEPENDENT LIVING FOR THE DISABLED

58

To assure that physically and mentally disabled people have equal access to federally assisted housing.

Nature of Program: The Office of Independent Living for the Disabled was established to promote awareness of the housing needs of people with disabilities. It provides the focus for developing policies, programs, standards and regulations which affect all of HUD's housing and community development programs.

OILD initiates public information and training programs within HUD and among professional and nonprofit organizations, which create awareness and emphasize the right of access by disabled persons to HUD-assisted housing and the HUD programs that can help the disabled obtain housing.

OILD also provides liaison with other Federal and governmental agencies to ensure that all their applicable regulations and issuances concerning disabled people are included in HUD's operating regulations.

Executive Order 11914 directs inclusion of nondiscrimination language in HUD programs regulations. OILD is responsible for coordinating HUD efforts to prohibit discrimination on grounds of disability in all programs administered by the Department.

Applicant Eligibility: Any individual or organization seeking specific information about housing or programs for the disabled can apply to OILD for information. Any disabled person aggrieved by housing discrimination in programs administered by HUD may also turn to OILD for assistance.

Legal Authority: HUD Secretary's general authority permits the establishment of an office to promote independent living for persons with disabilities.

In addition, Section 504, Rehabilitation Act of 1973, (P.L. 93-112); Executive Order 11914, mandates compliance by HUD in areas within the purview of OILD.

Administering Office: Assistant Secretary for Housing—Federal Housing Commissioner, Office of Independent Living for the Disabled, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: Administering Office.

Current Status: Active.

Policy Development and Research

- 60 Community Economic Development
- 61 Experimental Housing Allowance Program
- 62 Lead-Based Paint Poisoning Prevention Research
- 63 Modular Integrated Utility System (MIUS)
- 64 National Institute of Building Sciences (NiBS)
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COMMUNITY ECONOMIC DEVELOPMENT

60

A Federal inter-agency demonstration combining Federal resources with private sector involvement to generate employment and revitalize cities.

Nature of Program: Now under way in ten cities with significant economic and unemployment problems, the program will demonstrate innovative public/private solutions to these problems over a two-year period. HUD, the Department of Commerce and the Department of Labor are jointly conducting the demonstration. The participating cities have outlined a variety of improvements such as the creation of economic development commissions, loan and bond programs to raise capital, industrial development corporations, industrial parks, and neighborhood commercial revitalization ideas. Each city will document its experience and make the record available to other cities with similar problems. All cities selected have problems and proposed development plans common to many communities.

Applicant Eligibility: Participants have already been chosen. Further demonstrations are not planned at this time.

Legal Authority: Title V, Housing and Urban Development Act of 1970 (P.L. 91-609).

Administering Office: Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office; or contact the National Council for Urban Economic Development, the U.S. Conference of Mayors, and the National League of Cities, 1620 "Eye" St., N.W., Washington, D.C. 20006.

Current Status: Active.

Scope of Program: The ten cities participating in the demonstration will receive Federal grants totaling \$4.82 million over the next two years. Nine of the ten cities will receive annual grants of \$250,000 for the two-year period; one city will receive \$160,000 per year. These grants, together with community development funds from HUD, economic development funds from Commerce, and job training funds from Labor will add up to an estimated \$1 billion over the next two years.

EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

A test of the efficacy of direct cash assistance to low-income households for housing. E 1

Nature of Program: The Housing Allowance Experiments are testing the feasibility of direct cash assistance to lower-income households to help them afford adequate housing from among existing units in the private market.

The program seeks information on three fundamental questions: how families use their allowances; how the housing market responds to allowances; and how allowance programs can best be administered. The findings will be analyzed for meaning and national applicability.

Applicant Eligibility: All households with incomes of up to \$7,500 in cities participating in the experiments with the exception of non-elderly single persons and student heads of households. But additional enrollment is currently open only in two of the housing markets, metropolitan Green Bay, Wis., and South Bend, Ind.

Legal Authority: Sections 501 and 504, Housing and Urban Development Act of 1970 (P.L. 91-609).

Administering Office: Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Active.

Scope of Program: A 10-year program initiated in 1972 involving up to 20,000 households in 12 metropolitan areas. Overall cost approximately \$175 million.

LEAD-BASED PAINT POISONING PREVENTION RESEARCH

62

Nature of Program: In cooperation with other Federal agencies, HUD is determining the nature and extent of lead-based paint poisoning in children in the United States and developing more efficient ways to eliminate this hazard from the child's environment.

HUD invites proposals that meet research and demonstration requirements specified by the agency. In exceptional cases unsolicited proposals for innovative research are considered.

HUD also cooperates with the Department of Health, Education and Welfare, which pays local communities to screen children for lead poisoning. The HUD program office acts as a clearinghouse for information on the problems of lead-based paint hazards and their solution.

Applicant Eligibility: Experts with knowledge of the problems are periodically invited to respond to HUD requests for proposals. HUD also reviews unsolicited proposals from organizations or individuals pursuing research in the field.

Legal Authority: Lead-Based Paint Poisoning Prevention Act of 1971 (P.L. 91-695) amended in 1973 (P.L. 93-151) and 1976 (P.L. 94-317).

Administering Office: Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development, Washington, D.C. 20410.

Information Source: See administering office.

Current Status: Active.

Scope of Program:

Active projects or contracts: 20

Completed projects or contracts: 12

Funding through fiscal year 1977: approximately \$7.5 million