

March 6, 1972

To the Honorable, the City Council,

On February 14, 1972, I submitted, for the consideration of your Honorable Body, the Annual Budget for the year beginning January 1, 1972. Within the next few weeks, I will submit for your further consideration, a Capital Improvement Program for the period 1972-1977.

The outlays which are proposed in these budget documents are financed, in part, by Federal grants-in-aid. Federal assistance programs provide an important source of funds for many of our neighborhood improvement and community development projects, as well as a source of relief for those who must carry the burden of our escalating real estate tax rate.

In view of this, I believe it is important to bring to your attention, at this time, certain significant changes in Federal housing and urban development programs which may have a very real effect (1) on the total number of Federal dollars which will be made available to Cambridge, and (2) on the methods and procedures by which such funds may be distributed and used.

Existing Funding Arrangements

Traditionally, separate organizational divisions of the Department of Housing and Urban Development (HUD)- from which the City receives its largest, direct share of Federal dollars- have carried on frequently narrow negotiations with the several departments and agencies of Cambridge city government for the categorical allocation of funds for such individual activities as the model cities, urban renewal, public housing, open space, urban beautification, neighborhood facilities, and community renewal programs.

Under this system, there has been neither a central Federal assessment, nor any effectively coordinated local review, of the funding needs and the program performance of various Cambridge client agencies.

Moreover, in recent years, there has been a tremendous increase, nationally, in local program demands for Federal funding. This has been paralleled by an effective reduction in Federal financial assistance as the result of program authorizations and appropriations which have been postponed, deferred, reduced, impounded, re-programmed or transferred to regional offices other than our own, by either legislative or executive actions.

Federal Funding Prospects

There is now a serious shortage of Federal funds for housing and community development programs, generally, and a significantly diminished percentage of available funds has been allocated to the New England region and to the Boston area, in particular. As a result, a growing number of the activities outlined above are in danger of being discontinued or delayed.

Current Federal Actions

Faced with the increasing complexities of program funding and implementation, and with the continuing fragmentation of both Federal and local programs, HUD is now seeking:

- 1.) A major re-alignment and re-shaping of Federal aid programs for the cities as part of the proposals to reorganize the Executive Branch of the Federal Government.
- 2.) An early enactment of revenue-sharing measures or, alternatively, of legislation providing for block grants, to replace the present categorical aid programs.
- 3.) An on-going consolidation of its own semi-autonomous organizational divisions to produce what is referred to as a "coordinated Federal response" to local needs, and to establish an integrated "Community Development Program" (CDP) replacing separate urban renewal, model cities, neighborhood facilities, open space, and rehabilitation loan and grant programs.
- 4.) A greater degree of coordination between community development program activities at the local community level, with such coordination being provided for by the chief executive of the locality.

Community Development Program

As it is now being set up, the Community Development Program is intended (a) to make project selection and implementation more responsive to individual community needs and citizen interests, and to the views of locally elected public officials, (b) to relate individual applications for Federal assistance to the city's overall goals and priorities (c) to give more choice and greater community control in the use of Federal grants-in-aid, (d) to provide a more responsive and more flexible system of Federal assistance to local communities, and (e) to provide for more definitive Federal funding commitments for local projects based on carefully coordinated applications and funding arrangements for selected, high priority, inter-related activities.

The basic change, which is now being made through this program, is the substitution of the consolidated judgment of local general-purpose government, acting through the chief executive of the locality, in place of the fragmented judgment of both Federal officials and independent local agencies, concerning community development priorities in the matching of limited resources to unlimited requirements.

As part of this program, all local departments and agencies, and other community organizations, are expected to submit projects and programs to the chief executive officer of the locality for analysis and review. Agencies which deal directly with HUD would normally be expected to continue to operate the programs, which they do now, but at performance levels established by the chief executive of the locality, within a generally agreed-upon and consolidated framework of priorities, and not by either the local agency itself or HUD

thus providing local response and review under A-95 procedures.

Annual Arrangements

In order to finance community development program activities, with limited funds, and without waiting for the enactment of the revenue-sharing proposals, HUD may require the City to enter into a single "annual arrangement", governing the allocation of Federal dollars for all local community development program activities.

Under the annual arrangement, the chief executive of the locality is expected to put together, for HUD approval, that package of federally-assisted programs which is determined on the basis of a coordinated municipal review, to be most useful to the city in responding both to its social and physical needs. This approach requires the city to make a clear and comprehensive statement of its needs and its priorities, and to prepare some overall, city-wide strategy for community development action.

The annual arrangement approach is a forerunner to proposals both for revenue-sharing and for the reorganization of the Executive Branch of the Federal Government. It will have a profound effect on our local planning, capital budgeting, community renewal, and model cities programs.

If an annual arrangement has been agreed upon by both the City and HUD, additional applications for Federal funds will be considered by HUD only to the extent that they relate to the agreed-upon annual arrangement and only after such applications have been subjected to local annual arrangement analysis review. Furthermore, it can not be assumed that additional applications for Federal funds, not initially included in the agreed-upon annual arrangement, will subsequently be approved by HUD.

Although higher levels of Federal funding can not be expected by the City solely because of its participation in an annual arrangement, the making of such an arrangement is probably essential to the maintenance of present funding levels.

Most importantly, priority in the making of such arrangements is to be given, by the HUD area office, to those cities which already have model cities programs. This, it should be noted, gives Cambridge a special status which it should not fail to take advantage of.

It has been reported to me that six cities in the Commonwealth including Boston, Fall River, New Bedford, Springfield, Chicopee and Holyoke, are either negotiating or concluding annual arrangements with HUD.

Proposed Cambridge Actions

Although there have been preliminary discussions between the City and HUD, the present

unsettled nature of our administrative affairs poses a significant but not an insurmountable barrier to concluding an annual arrangement for Cambridge.

Combined with this immediate concern, there must be an awareness for Cambridge to develop a comprehensive priority orientated approach to community development which insures the input of viable citizen participation. Last week, Congress passed and sent to the President the first comprehensive block grant program styled the Community Development Assistance Act of 1972 which consolidates four major physical development programs- urban renewal, basic water and sewer facilities, neighborhood facilities and open space land projects. This would allow each community to use its funds for a wide range of physical development activities as well as certain social service activities that are supportive of the planned physical development as outlined in a comprehensive three year plan. One of the key features of great importance to Cambridge is that this three year plan would be required to address itself to the housing needs (particularly for low and moderate income families), to the prevention and elimination of slums and blight, and to improving and upgrading community services and facilities in areas in which community development activities are concentrated.

The funding appropriation under this Act would commence on July 1, 1973 (FY74) and would be allocated on a HUD financed 90% and the remaining 10% picked up locally either in cash or in certain non-cash contributions. As in the President's Revenue Sharing proposals there is a "Hold Harmless" provision which guarantees to each community a level of funding approximately at the level of their current activities under the four consolidated program assuming, of course, that the community has developed a comprehensive approach. Beyond this "hold harmless" provision further funding would be predicated upon a formula involving population, poverty, housing overcrowding and "past performance" under previous grant programs. This formula provides both cause for concern and room for hope providing Cambridge develops the capacity to deal with this new approach.

Presently Cambridge suffers from a "planning fragmentation" which if consolidated has the capacity to reorientate its process and develop a comprehensive plan for Cambridge. The leadership must come, by Federal mandate, from the chief executive to insure that no one agency shall pre-empt any other and that any plan shall be developed with a genuine concern for viable citizen participation, increasing the capacity of the chief executive to respond to priority considerations. The time for action is now, in spite of any concerns of political instability, if the city is not to face serious delays and potential loss of its Model Cities priority status under the "Annual Arrangements" program or under the provision of the new Community Development Assistance Act. We must move aggressively to set our goals, begin our negotiations and conclude successfully with HUD initially a Finance Assistance Program for Cambridge.

With this in mind and in accordance with a prior agreement with HUD concluded with the reorganization of the Model Cities Program I do hereby, by attached communication:

- 1.) Create an "Advisory Council on Financial Assistance" to consist of representatives of the public and private sector presently receiving either federal or state funding. This council shall act to catalogue and monitor, through a feedback system, all funds and programs presently in Cambridge. This Advisory Council shall be chaired by the City Manager and shall act in compliance with A-95 procedures.

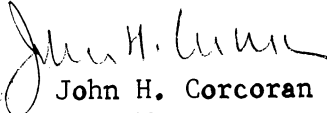
2.) Establish within the Advisory Council on Financial Assistance a "Committee on Housing and Community Development," which shall consist of representatives of all HUD funded agencies in the City of Cambridge. It shall begin the planning process as outlined in this message. To insure parity among these agencies and to emphasize the commitment of the chief executive in this effort, this committee shall initially be chaired by the Assistant to the City Manager.

3.) Upon the initial meeting of the Advisory Council on Financial Assistance, subsequent Committees shall be formed in the areas of Economic Development and Manpower, Public Safety-Service, Environmental Affairs, and Health-Education and Welfare.

All of these committees shall be required to provide information to the respective committees of Your Honorable Body and to all presently constituted citizen participatory groups in the city.

It is hoped that regardless of the constitution of any city administration an approach will be developed which is flexible and responsive to the needs of the City of Cambridge.

Yours truly,


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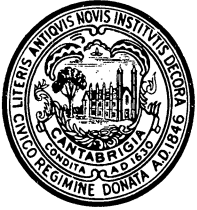
JHC/mg

MESSAGE FROM THE CITY MANAGER

ON

FEDERAL FINANCIAL ASSISTANCE PLANNING

March 6, 1972



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139

Tel. 876-6800

EXECUTIVE DEPARTMENT

JOHN H. CORCORAN
City Manager

ROBERT J. LEBLANC
Assistant to the City Manager

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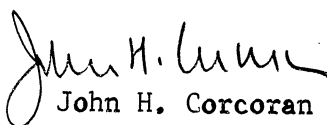
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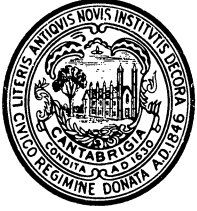
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Daniel McSweeney, Assistant Director of Planning and Development
James F. Farrell, Director Model Cities Administration
Robert F. Rowland, Director, Cambridge Redevelopment Authority
Joseph Tulemeri, Cambridge Redevelopment Authority
John F. Donovan, Acting Director, Cambridge Housing Authority
Charles Ferrara, Comptroller, Cambridge Housing Authority
Patrick Cusick, Acting Director, CEOC
Robert F.X. Hart, Director CCS
Oliver Brooks, President, Cambridge Corporation
George H. Dummer, Administrative Director, MIT
Charles Daly, Vice-President Harvard University
Paul G. Cowles, Superintendent of Recreation
James B. Hartgering, M.D. Commissioner Health, Hospital and Welfare
Leslie W.H. MacLeod, Director, Cambridge Hospital
Alfred E. Vellucci, Jr. Cambridge Hospital
George F. Teso, Director Traffic and Parking
Kerry V. Saravelas, Director, Youth Resources Bureau
Dr. Nancy Curtis, Director Community Schools
Frank Frisoli, Superintendent of Schools
William McGinniss, Water Superintendent
Ralph J. Dunphy, Commissioner of Public Works
Capt. Chester Hallice, Civil Defense Director
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Mrs. Ruth Malenka, Director, Community Service Center
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COMMUNICATION

from the City Manager ~~trans~~

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relative to Federal Financial Assistance
Planning

March 6, 1972

Placed on File