

URGENT!

FEDERAL CITY REPORTER



TO: The Mayor

FROM: John J. Gunther
Executive Director *John J. Gunther*

DATE: December 1, 1981

SUBJECT: Further Budget Cuts in CDBG, UDAG,
and Assisted Housing

The Associated Press reported today that the Office of Management and Budget (OMB) has set the following budget allocation for HUD in the FY83 budget.

These budget figures have been confirmed by Conference of Mayors staff to be accurate as reported by the AP. However, they are now in the appeal state of the budget process within the Administration. HUD Secretary Pierce must decide whether to appeal any or all of the proposals. If he should appeal and fail to reach a conclusion satisfactory to him, he retains the option to appeal any or all items to President Reagan directly. According to President Reagan, this process should conclude around December 15.

You should contact HUD Secretary Pierce, OMB Director David Stockman, President Reagan, Counselor to the President Edwin Meese, and the President's Assistant for Intergovernmental Relations Richard S. Williamson immediately to share your views on these OMB budget proposals.

If you have any questions about the figures or HUD's budget, please call Barry Zigas, Assistant Executive Director, 202/293-7330.

COMMUNITY DEVELOPMENT BLOCK GRANTS

- In FY82, a further cut of 30 percent, in addition to the 12 percent proposed by President Reagan on September 24. This would reduce CDBG in FY82 to \$2.25 billion from FY81 levels of \$3.6 billion.

- In FY83, a 50 percent reduction from the proposed FY82 levels. This would amount to \$1.1 billion.
- In FY84, a complete phase-out of the program with no new authority whatsoever.

URBAN DEVELOPMENT ACTION GRANTS

- In FY82, a further 30 percent cut in addition to the 12 percent cut proposed by President Reagan on September 24, or a total of \$308 million.
- In FY83, 50 percent of the FY82 level, or about \$150 million.
- In FY84, termination of the program with no new authority whatsoever.

ASSISTED HOUSING PROGRAMS

Figures for assisted housing were not published in the AP report. However, Conference of Mayors staff have learned that the OMB proposal contains the following items in assisted housing:

- In FY83, no additional authority for any new construction or substantial rehabilitation under Section 8 or public housing.
- Sufficient authority in the public housing modernization program to finance only the demolition of up to 3,000 units of public housing, with companion funding to provide up to two years' of housing voucher-type payments to tenants who might be displaced by such demolition.

It is still unclear whether the OMB proposal contains any funding at all for a widespread voucher-type program modeled after the Section 8 Existing Program, as proposed by the President's Commission on Housing's Interim Report. It is also unclear what level is proposed in FY83 for public housing operating subsidies.

Comm. from John J. Gunther, Executive Director, Federal City Reporter RE: further budget cuts for FY83 by the Office of Management and Budget in HUD Programs.

In City Council,

December 7, 1981

12/7/81

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