NATIONAL LEAGUE OF CITIES and UNITED STATES CONFERENCE OF MAYORS
Office of Congressional Relations

Legislative Analysis:
COMMUNITY DEVELOPMENT BLOCK GRANT

MAJOR ISSUES--Comparison between 1972 House and Senate bills and 1973 Administration bill

ISSUES	CHAPTER III OF S.3248 AS PASSED BY THE SENATE ON MARCH 2, 1972	CHAPTER IV OF H.R. 16704 AS REPORTED BY HOUSE BANKING AND CURRENCY COMMITTEE ON SEPTEMBER 21, 1972	ADMINISTRATION's BILL ("Better Communities Act"), H.R. 7277 AND S. , APRIL 17, 1973.
1. Programs to be Consolidated	a) Urban Renewal (all Title I activities including conventional projects, NDP, amendatories, code enforcement, etc.) b) Neighborhood Facilities c) Open Space Land d) Basic Water And Sewer Facilities e) Public Works Planning Advances f) Public Facilities Loans NOTE: New Amendatories to existing conventional urban renewal projects could continue to be funded and a separate $300 million authorization was provided for this purpose.	a) Urban Renewal (all Title I activities including conventional projects, NDP, amendatories, code enforcement, etc.) b) Neighborhood Facilities c) Open Space Land d) Section 312 Rehabilitation Loans NOTE: Communities could contract with HUD on a reimbursable basis for administrative services in connection with its local rehabilitation program.	a) Urban Renewal (all Title I activities including conventional projects, NDP, amendatories, code enforcement, etc.) b) Neighborhood Facilities c) Open Space d) Basic Water and Sewer Facilities e) Section 312 Rehabilitation Loans f) Public Facility Loans g) Model Cities
2. Eligible Grant Recipients	a) Unit of general local government (including any city, municipality, county, town, township, parish, village, or other general purpose political subdivision of a State; a consortium of such political subdivisions recognized by the HUD Secretary)--One or more public agencies, including existing local public agencies, may be designated by a unit of general local government to undertake the community development program in whole or in part. b) State	a) Unit of general local government (including any city, municipality, county, town, township, parish, village, or other general purpose political subdivision of a State; a consortium of such political subdivisions recognized by the HUD Secretary). b) State	a) Unit of general local government (including any city, municipality, county, town, township, parish, village, or other general purpose political subdivision of a state; a combination of such political subdivisions recognized by the HUD Secretary). b) State
3. Eligible Activities	a) Acquisition of real property which is (1) blighted, deteriorated, undeveloped, or inappropriately developed, (2) appropriate for rehabilitation or conservation, (3)	a) Acquisition of real property which is (1) blighted, deteriorated, undeveloped, or inappropriately developed, (2) appropriate for rehabilitation or	a) Acquisition of real property which is (1) blighted, deteriorated, undeveloped or inappropriately developed, (2) appropriate for rehabilitation or

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3. Eligible Activities (Continued)	necessary for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development, (4) to be used for the provision of public works, facilities, and improvements, or (5) to be used for other public purposes.	conservation, (3) necessary for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development, (4) to be used for the provision of public works, facilities, and improvements, or (5) to be used for other public purposes.	conservation, (3) necessary for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development, (4) to be used for the provision of public works, facilities, and improvements, or (5) for other public purposes;
	b) Disposition of such property	b) Disposition of such property	b) Disposition of such property;
	c) Clearance, demolition and removal	c) Clearance, demolition, removal, and rehabilitation	c) Clearance, demolition, removal and rehabilitation;
	d) Acquisition, construction, reconstruction, or installation of community facilities.	d) Acquisition, construction, reconstruction, or installation of public works and facilities	d) Acquisition, construction, reconstruction, or installation of public works facilities;
	e) Conservation and rehabilitation of existing properties and facilities through code enforcement; or the elimination of unsafe or unhealthy conditions through demolition.	e) Code Enforcement in deteriorated or deteriorating areas	e) Elimination, by code enforcement and other means, of harmful physical conditions constituting a danger to public health and safety;
	f) Relocation payments and assistance	f) Relocation payments and assistance	f) Relocation payments and assistance;
	g) Provision of necessary or appropriate additional public services when not otherwise available which are directed toward improving the community's public services and facilities, including those concerned with employment, health, drug abuse, education, welfare, or recreation needs of persons residing in areas in which C. D. activities are being carried out.	g) Provision of health, social, and similar services where the Secretary deems it necessary to properly support other approved C. D. activities.	g) Provision of community services which the recipient determines are necessary to achieve its C. D. objectives;
	h) Grants or loans for rehabilitation or conservation	h) (Included under (c))	h) (Included under (c))
	i) Payment of administrative costs and carrying charges related to the planning, execution and evaluation of the C. D. program.	i) Payment of reasonable administrative costs related to the planning and execution of the C.D. program.	i) (No similar provision)
	j) Designing and providing interim financing for the construction of public facilities (other than facilities included under (d)) which are necessary and appropriate to the C. D. program.	j) (No similar provision)	j) (No similar provision)
	k) Development or redevelopment of surplus real property	k) (No similar provision)	k) (No similar provision)
	l) Provision of technical or financial assistance to persons or organizations providing necessary or appropriate services, including advisory services, to the planning and execution of the C. D. program.	l) (No similar provision)	l) (No similar provision)
	m) Payment of financial incentives (not to exceed 15% of the total federal contribution to the costs of the facilities involved) to encourage timely construction of public facilities, such as schools and libraries, which are not otherwise eligible	m) (No similar provision)	m) (No similar provision)

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5.	Application Requirement (Continued)	a) An outline of C. D. needs and objectives, and the actions to be taken during the next three-year period. 1. to meet the housing needs including replacement and relocation needs, of families who may reasonably be expected to seek housing in the community, particularly those families with low or moderate incomes (housing needs include those arising from the installation or relocation of Government facilities). 2. to prevent and eliminate slums and blight, and upgrade neighborhood environments through renewal, code enforcement, and other community improvement programs. 3. to improve and upgrade community services and facilities to meet the social needs of residents in areas affected by C. D. activities. b) A description of the activities to be undertaken over the next two-year period, their estimated costs, the general location of these activities, and any requirements for federally assisted housing units and rehabilitation loans; c) Certification that the community (1) has determined that its C. D. program is consistent with local and areawide comprehensive development plans and national growth policies, (2) has afforded or will afford an adequate opportunity for public hearings prior to any acquisition of private land. (3) has afforded adequate opportunity for citizen participation in the development of the annual application and has provided for the meaningful involvement of the residents of areas in which C. D. activities are to be concentrated in the planning and execution of these activities, including the provision of adequate information and resources; d) a report concerning the C. D. activities which were carried out during the previous calendar year and their costs, including an assessment of such activities in relation to the community's development objectives. Waiver for certain small communities: HUD may waive all or part of the above requirements if (1) the community has a population of less than 25,000 and is located either outside an SMSA or inside an SMSA but outside an "urbanized area", (2) the application relates to the first C. D. activity to be carried out by the community with block grant funds, and (3) the assistance requested is for a single development activity otherwise eligible for funding under the block grant.	a) Identification of C. D. needs and specification of both short-and long-term C. D. objectives which are consistent with comprehensive local and areawide development planning and national urban growth policies. b) Formulation of a program which will provide an adequate supply of standard housing in a suitable living environment, particularly for low and moderate income individuals who are residing in or employed in the community or who may be reasonably expected to reside in the community. c) Description of the activities to be undertaken together with estimated costs and the general location of such activities. d) Provision (1) of adequate information concerning the amount of funds available for such activities, the range of activities that may be undertaken, and other important program requirements to citizens likely to be affected by proposed C. D. activities, (2) of public hearings to obtain the views of such citizens on C. D. needs, (3) of an adequate opportunity to participate in the development of the application to such citizens, provided that this shall not be construed to restrict the responsibility of the community (applicant) for the development of the application and the planning and execution of the C. D. program. Three additional application requirements would exist for metropolitan cities (defined as center cities and all other cities over 50,000 with an SMSA) and for urban counties (defined as counties with populations exceeding 200,000 exclusive of the population of metropolitan cities therein and of any other unit of local government which otherwise qualifies for hold-harmless treatment): e) establishment of a realistic two-year	the degree to which the recipient's C. D. activities will relate to any State and areawide programs and activities for C. D. Each recipient would be required to publish its proposed statement for public review 60 days prior to submitting its final statement to HUD. A copy of the final statement would have to be made available to the public, to the Governor (in the case of a general purpose local government), and to HUD. The recipient would also have to certify that the above procedure had been followed and that the recipient in compliance with all other provisions of the Act. Within 60 days after the close of each fiscal year in which a recipient receives funds, the recipient shall make public and send to HUD a report concerning the C. D. projects or activities paid for or expected to be paid for in whole or in part with the past year's C. D. funds. This report must include an assessment of such activities in relation to the recipient's C. D. objectives.

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5. Application Requirement (Continued)		schedule of program activities designating resources which can and will be made available locally toward meeting those needs, f) satisfactory provision for the periodic reexamination of program methods and objectives as information becomes available on the social, economic, and environmental consequences of program activities, g) formulation of a comprehensive program which includes activities designed to (1) eliminate slums, blight and deterioration and (2) develop properly planned community facilities and public improvements, including the provision of supporting health, social, and similar services. NOTE: All applications must be submitted for review and comment to the appropriate areawide clearinghouse under A-95.	
6. Allocation and Distribution of Funds	While all communities of whatever size or location would be eligible for funding under the block grant, certain communities would be allocated a basic grant entitlement: a) Allocation to SMSAs--75% of the total block grant funds appropriated each year would initially be earmarked for use in Standard Metropolitan Statistical Areas (SMSAs). Each SMSAs share would be determined according to a formula using four criteria: population, poverty (weighted twice), housing overcrowding, and past program experience (annual average of grants, loans, or advances received under each of the consolidated programs during most recent five year period). b) Allocation within SMSAs to Metropolitan Cities-- From the amount set aside for the SMSA, each metropolitan city (defined as the central city and any other city within the SMSA over 50,000 population) would be allocated to a formula share, using the same criteria described above. Regardless of the amount of its formula share, each metropolitan city would be assured indefinitely of a minimum hold harmless amount, computed in the following manner: the sum of (1) the sum of the average of all grants, loans or advances received by the city during the last five full fiscal years prior the date of the enactment of the block grant from each of the consolidated programs, except the NDP portion of urban renewal and (2) the average annual grant received under the NDP program. Each year, the	The House and Senate bills were quite similar on the allocation and distribution of funds. Only the major differences in the House bill are listed below: a) Allocation to SMSAs--80% of the total block grant funds appropriated each year would be earmarked for use in SMSAs. The poverty criteria in the formula would use regionalized income figures as well as being double counted. b) Allocation within SMSAs to Metropolitan Cities and Urban Counties-- (1) Definition of metropolitan cities would include a combination of two or more units of general local government within an SMSA and having a combined population of 50,000 or more. (2) Regarding the phase-in process, the difference between an amount equal to 135% of hold harmless and the maximum formula share would be phased in over three years. (3) "Urban Counties" (approximately 85--defined as counties with a population of 200,000 or more, exclusive of the population of metropolitan cities therein and any other unit of local government which otherwise	The Administration's 1973 bill would dispense with an initial allocation to SMSAs and would distribute the funds as follows: a) Allocation to Metropolitan Cities and Urban Counties -- 63% of the total funds appropriated each year would be allocated to all metropolitan cities and urban counties according to a formula, using the following 3 criteria: population, poverty (weighted twice), and housing overcrowding. Metropolitan cities would be defined as central cities and all other cities over 50,000 population within SMSAs--a total of approximately 480 cities. Urban Counties would be defined as all counties with populations of 200,000 or more, exclusive of all metropolitan cities therein--approximately 90 counties. Only during the first four years of the program (FY 75-78) would each metro. city and urban county be assured of a minimum funding level (hold harmless) based on the community's recent use of the seven consolidated programs. The hold harmless guarantee would be computed in the following manner: the sum of (1) the sum of the average of all grants, loans or advances received by

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6. Allocation and Distribution of Funds (continued)	metropolitan city would be eligible for either the formula share or the hold harmless, whichever amount was higher. If the formula share exceeded the hold harmless amount in the first year by more than 135%, then difference between the lower and higher figure would be made available to the city on a phased basis over a three year period.	qualifies for hold harmless treatment, and with sufficient authorization under state law to carry out C. D. activities) would have the same formula and hold harmless treatment as metropolitan cities.	the recipient during the five year period of FY 68 - 72 from each of the consolidated programs, except Model Cities and the NDP portion of Urban Renewal and (2) the average annual grant received under Model Cities (through FY 72) or NDP (through FY 72 unless FY 73 was the first NDP grant for the community). Average annual grant defined as total amount of grants received divided by total number of months of activity with the result multiplied by twelve. Model City portion of total hold harmless calculation would drop out at the end of the community's fifth Model City action year. In computing the grants or loans received under urban renewal (both conventional and NDP projects), the bill would exclude grants or loans made to assist in recovery from natural disasters and grants made to assist in the initial implementation of the Uniform Relocation Assistance Act. Regarding the total hold harmless amount, the recipient would be guaranteed 100% of that amount only in years one and two (FY 75 & 76). In year three (FY 77), the recipient would be allocated its formula share plus 2/3rds of the difference between its formula and hold harmless amounts. In year four (FY 78) it would be the formula plus 1/3rd of the difference. In year five (FY 79), the hold harmless guarantee would be eliminated entirely. In the case of a recipient whose total formula amount would exceed its holdharmless amounts, a phase-in process would apply. In year one, the recipient would be allocated 1/3 of its total formula amount or its hold harmless amount, whichever was greater. In year two, it would be allocated 2/3 of its total formula amount or its hold harmless amount or its year one grant, whichever was greater. In year three, it would be allocated its full formula share.

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6. Allocation and Distribution of Funds (Continued)	c) Allocation within SMSAs to Non-Metropolitan Cities--After the formula and hold harmless needs of metropolitan cities are met, HUD would then hold harmless any other units of general local government within the SMSA which, during the five years preceding the date of enactment of the block grant, receiving assistance for either a conventional urban renewal or NDP program. Any funds remaining within the SMSA after the above needs have been satisfied would be available to any interested non-metropolitan city within that SMSA.	c) Allocation within SMSAs to Non-Metropolitan Cities and Non-Urban Counties--No major differences.	b) Hold Harmless for Non-Metropolitan Cities and Non-Urban Counties -- Any unit of general local government, which is not a metro. city or an urban county, would be allocated a full hold harmless calculation as outlined above if the community had been carrying out model cities or urban renewal activities during FY 68 or any subsequent fiscal year prior to the date of enactment of this bill. As with the metro.cities and urban counties, this hold harmless guarantee would phase down during years three, four and five to zero. Funds for these hold harmless allocations would come from the total C. D. appropriation after the initial 65% share had been allocated to metro cities and urban counties.
	d) Allocation outside of SMSAs--25% of the total block grant funds available each year would be set aside in a discretionary fund to meet three basic categories of needs not met in the SMSA fund: (1) the hold harmless requirements of communities outside of SMSAs, (2) the general demands of communities outside of SMSAs, and (3) the unmet hold harmless needs of all communities within SMSAs.	d) Allocation outside SMSAs--20% of the total block grant funds available each year would be set aside in a discretionary fund to (1) first, meet hold harmless requirements of communities outside SMSAs and (2) second, to meet general demands of communities outside SMSAs and for use within SMSAs (for other than metropolitan cities) to meet urgent development needs.	c) Allocation of Remainder to States After items (a) and (b) above had been met, the remaining funds would be allocated in the following manner: (1) 10% to HUD; (2) 90% to States on the basis of the population, poverty (weighted twice), and housing over-crowding in the metropolitan areas of the State (excluding the data for any metropolitan cities). Each State would be required to allocate at least ½ of its share to general local governments within the metropolitan areas of the State according to the same three criteria just listed above. The remainder of the State share would be available for distribution by the Governor to general local governments throughout the State and for reasonable administrative costs incurred by the State.
			d) Hold Harmless Savings--In years three, four and five of the C. D. program, "savings" would be realized through the phasing down of the hold harmless guarantee to all general local governments (see (a) and (b) above). In those years and in all subsequent years, those savings would be allocated as follows: (1) 10% to HUD; (2) 30% directly to metro cities and urban counties as in (a) above; (3) 30% to States

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			for distribution to general local governments within metropolitan areas as in (c) above; (4) 30% to States for distribution to general local governments throughout the State and for reasonable administrative costs as in (c) above.
7. Authorizations	Two year authorization of contract authority equal to $5.9 billion of which $2.7 billion could be utilized during the first year and $3.2 billion in the second year. This contract authority would be subject to prior approval in appropriation acts. Procedure would permit two year contracts between HUD and local communities.	Two year authorization of contract authority equal to $5.5 billion of which $2.5 billion could be utilized in the first year and $3 billion in the second year. Prior approval in appropriation acts necessary. Two year contracts between HUD and local communities could be made.	Five years authorization (FY 75-79) of the appropriation of "such sums as may be necessary." The Administration has announced its intention of requesting an appropriation of $2.3. billion for FY 75.
8. Loan Provision	HUD would be authorized to make loans to States and localities to provide financing for <u>planning and operating activities</u> pending receipt by the locality of C.D. block grant funds and to provide interim financing for the construction of certain public facilities.	HUD would be authorized to make loans to States and localities to finance <u>real property</u> acquisition activities only. Committee report language suggests that HUD should use this loan assistance only with recipients which are unable to borrow privately without Federal backing.	The Bill would provide <u>no</u> Federal loan assistance. However, the bill states that general local governments would not be prohibited from using whatever local financing mechanisms are available.
9. Completion of Existing Urban Renewal Projects.	(No similar provision)	(No similar provision)	Notwithstanding the existing urban renewal Statute, HUD may terminate any urban renewal project currently being carried out as soon as practicable by effecting a financial closeout as if the project had been fully completed. If such closeout does not result in the full repayment of any outstanding temporary loans, HUD would be authorized to condition distribution of C. D. funds upon the use of such funds, in such amounts and staged over such time periods as HUD deems appropriate, to repay such temporary loans.
10. Applicability of Uniform Relocation Assistance Act of 1970.	Extends coverage of Uniform Relocation Assistance Act to persons who discontinue business or move from their dwellings as a direct result of C.D. block grant activity.	(No similiar provision)	Extends coverage of Uniform Relocation Assistance Act to persons who discontinue business or move from their dwelling as a direct result of any C.D. activities, 25% or more of the cost of which is paid for with funds under this bill.

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