



Some tips on the new **housing** act

By Daniel Lauber

Passage of the Housing Community Development Act of 1974 last August raised a number of serious questions in the offices of many mayors and planning department heads across the nation. Just what do the feds want us to do to receive our community development block grant? How do community development planning and comprehensive *planning* under 701 provisions relate? Who should coordinate the preparation of the seemingly massive application for community development funds?

Publication of proposed regulations to implement Title I, Community Development Block Grants, in the September 17 *Federal Register* did little to answer these questions. Final regulations and application forms will not be available immediately. Many local government executives, particularly in smaller cities competing for limited discretionary funds, are in limbo as they try to gear up for one of the federal government's biggest giveaways.

Concern has focused around the community development block grants portion of the act, due to the large amount of funds to be distributed and the short time allowed for preparing the necessary application material. Applications will be accepted by HUD between January 2 and April 15. However, applications first must undergo up to 45 days of review by A-95 review agencies before submission to HUD. Consequently, applications should be

in the hands of the A-95 agency by March 1 to assure submission to HUD by April 15. That's not much time to prepare a three-year community development plan and a one-year program and budget, a housing assistance plan, and certifications of compliance with federal regulations covering such areas as citizen participation, civil rights, and environmental impact.

Cities and counties with sound planning programs have no need to panic. Nearly all the data needed to support the application for Title I funds will have been gathered already as part of an existing comprehensive planning program. Other local governments will simply have to initiate planning.

All applicants for community development block grants, though, will have to submit an application that includes five documents specified by the legislation. (A sixth, a performance report, will be required beginning fiscal year 1976.) A HUD spokesman at the Chicago regional briefing session reported that the actual application form will be only three or four pages long.

The first component of the application is the three-year community development plan summary. This plan must identify "community development needs, demonstrate a comprehensive strategy for meeting those needs, and specify both short-term and long-term community development objectives in accordance with areawide development planning and national urban growth policies." Naturally, national urban growth policies have

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not been formulated anywhere yet. The plan is required to "encompass the needs, strategy, and objectives designed to eliminate or prevent slums, blight, and deterioration . . . and to provide improved community development facilities and public improvements." The proposed regulations require applicants to take into account any special needs of any identifiable segments of the low-income population.

Normal planning techniques and principles should be followed in preparing this plan. HUD spokesmen claim that all the information needed to formulate the necessary goals and objectives of this plan is available from existing sources that include the existing general plan, neighborhood analyses, the capital improvements program, the workable program, regional planning agency reports, local social and welfare agencies, building department records, community renewal studies, existing urban renewal program reports, model cities reports, HUD housing studies, and census data.

The second component of the application is a summary of the one-year community development program. This summary must specify the activities in FY 1975 to be supported by the funds acquired under Title I, as well as an estimate of the costs and general location of these activities. Maps of census tracts or enumeration districts and demographic data of prevailing population characteristics should be included. The summary also must indicate any additional funding sources for projects to be undertaken in this first year. Finally, the summary should show that "appropriate environmental factors" have been taken into account.

The third, and perhaps most significant component of the application for a community development block grant is the five-part housing assistance plan. Housing developers' (public and private) applications for housing assistance under Title II of *the act* must be consistent with this housing assistance plan. There are only three instances where the requirement of this plan may be waived: (1) when the housing assistance application involves 12 or fewer units; (2) for housing in federally assisted new communities; and (3) for housing financed by loans or loan guarantees by a state or state agency, except where a Unit of general local government objects in its housing assistance plan to this exception for state-financed housing. It is likely that cities currently excluding low- and moderate-income housing may use this provision to try to exclude such state-financed housing. However, James L. Mitchell, undersecretary of HUD, warns that HUD will carefully monitor these plans to disallow exclusionary and discriminatory tactics.

The proposed regulations specify five tasks the housing assistance plan must fulfill: (1) make an accurate survey of the condition of the community's housing stock; (2) estimate the housing assistance needs of lower-income persons (including the elderly and handicapped, large families, and persons displaced or soon to be displaced) already residing in the community or expected to move there as a result of planned or existing employment opportunities; (3) specify a realistic annual goal of the number of dwelling units or persons to be assisted, including the relative proportions of new, rehabilitated, and existing dwelling units, and the sizes and types of housing projects and assistance best suited to the needs of lower-income persons in the community; (4) indicate the general locations of proposed housing for lower-income persons with the objectives of promoting a greater choice

of housing opportunities and avoiding undue segregation of these units in lower-income neighborhoods; and (6) prepare a map showing concentrations of minority groups in the census tracts or enumeration districts composing the applicant community.

These provisions may be the first ever promulgated by the federal government that recognize the relationship between jobs and housing. It will be interesting to see if Undersecretary Mitchell's warning will be carried out.

Even for cities with ongoing planning programs, the preparation of a local housing assistance plan may be a unfamiliar and forbidding task. Fortunately, the National Association of Housing and Redevelopment Officials has prepared a superb 41-page guidebook, *A Local Housing Assistance Plan*.

Available from NAHRO (2600 Virginia Ave., N.W., Washington, DC 20037) for 55 (\$3 for NAHRO members), this book should be required reading for every local government official who has to prepare a housing assistance plan. Complete information is provided on how to prepare the plan, including sources of information, surveying techniques, indicators of housing quality, methods of selecting housing assistance programs, and ways of assigning the local housing plan responsibilities within the existing *local* government structure. It also explains the types of housing assistance provided in Titles II and III of the act.

The fourth component of the community development block grant application is the community development program budget. HUD will supply forms on which to specify the budgetary items of each year's community development programs.

The final component concerns six certifications the applicant must make. These include conformity with civil rights and employment opportunity acts and executive orders, compliance with Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, compliance with OMB financial management requirements, and meeting congressional intent. In addition the applicant agrees to determine whether the community development program meets applicable provisions of the National Environmental Policy Act of 1969.

The certification that will have the most impact on the planning process deals with citizen participation. The standards and guidelines contained in the proposed regulations are probably the most comprehensive ever required by the federal government. The applicant must certify that, prior to submission of the application, the applicant "provided citizens with adequate information concerning the amount of funds available for proposed community development and housing activities, the range of activities that may be undertaken, and other important program requirements; held public hearings to obtain the views of citizens on community development and housing needs; and provided citizens an adequate opportunity to participate in the development of the application and in the development of any revisions, changes, or amendments."

These requirements, however, are expanded upon as standards which HUD will use to determine compliance on the part of the recipient of funds. The regulations require that a local citizen participation plan be developed and made public. This plan must specify how the recipient intends to meet the citizen participation requirements of the act, including a timetable specifying when and how

information will be disseminated; when and how public hearings will be held in the initial stages of the planning process; when and how citizens will be able to participate in the development of the application prior to submission to HUD; when and how technical assistance will be provided to assist citizen participants to understand program requirements; and the nature and timing of citizen participation in any amendments to the community development program or reallocation of funds and designation of new activities or locations. Citizens likely to be affected by community development and housing activities must be given the opportunity to articulate needs and express preferences about proposed activities and to assist in the selection of priorities. Their complaints and questions shall be answered in a "timely and responsive manner." Records must be kept of the process by which citizens were informed concerning the different aspects of this title, public hearings, and the opportunities provided citizens to participate in the development of block grant applications.

Whether these provisions actually will open up the community development block *grant* application process to citizens is uncertain. Much will depend on how strictly HUD reviews the citizen participation certifications and what remedies HUD takes when noncompliance is uncovered. However, the heart of the problem may lie in the fact that, while a city could fully comply with the citizen participation requirements, it could still ignore the citizen input. How can a city be forced to take this input into account? Until that question is answered, these provisions may be just another exercise in rhetoric.

Successful completion of the application process is within the means of nearly every potential applicant. However, since there is really so little time to prepare the application adequately for FY 1975 funds, many local government officials may fear that the best possible plans cannot be prepared. According to NAHRO officials, HUD recognizes this problem and recommends that an applicant submit the application on time even if it is not perfect. During the program year, the applicant can amend the application. Applicants should just be sure that they "lock up their money by applying on time." Perfection apparently can wait till later.

But who, or what agency, should coordinate and oversee the entire application process? The office of the chief executive of the general local government, usually the mayor, is responsible for the final plans and application as well as for official responses to HUD on proposed new federally assisted housing development. Consequently the chief executive of the general local government should assign responsibilities for the preparation of the different aspects of the community development and housing assistance plans. He or she may delegate a lead responsibility to a local department, probably the city planning or community development agency, to exercise a review and coordination role; or the chief executive may establish a coordinator in his own office. The actual decision will depend ultimately on how much control the chief executive wishes to maintain over the planning and application process and the capabilities of existing city agencies and departments.

The Housing and Community Development Act of 1974 will not cause great changes in the planning process for any city with a sound planning program. Other cities will have to initiate community development planning as part of their comprehensive planning program. All cities and

counties should be aware, though, that in order to receive comprehensive planning assistance under the 701 program, their comprehensive plans will have to include not only a housing element, as is currently required, but beginning August 1977, a land-use element also. Officials at HUD are considering allowing the housing assistance plan required under Title I to serve as the housing element under the 701 program (Title IV).

In addition, the act states that the process of "comprehensive planning" includes the following: "preparation, as a guide for governmental policies and action, of general plans with respect to (i) the pattern and intensity of land *use*, (ii) the provision of public facilities (including transportation facilities) and other government services, and (iii) the effective development and utilization of human and natural resources; identification and evaluation of area needs (including housing, employment, education, and health) and formulation of specific programs for meeting the needs so identified; surveys of structures and sites which are determined by the appropriate authorities to be of historic or architectural value; long-range physical and fiscal plans for such action; programming of capital improvements and other major expenditures, based on a determination of relative urgency, together with definite financing plans for such expenditures in the earlier years of the program; coordination of all related plans and activities of the state and local governments and agencies concerned; and preparation of regulatory and administrative measures in support of the foregoing."

From this definition it should be clear that comprehensive planning assistance (701) funds may be used for the preparation of the community development and housing assistance plans. Community development and housing are functional areas within comprehensive planning. However, community development block grant funds may be used for preparation of the community development plan; they are not available for other aspects of comprehensive planning. Cities wishing to obtain 10 per cent cash advance on their community development block grant after January 1 may do so. Short forms to request this advance will be available from HUD by December 1. However, work done before January 1 is not eligible for Title I funds. Use of community development, rather than 701, funds for preparation of the community development plan will relieve the pressure on the limited amount of 701 funds available.

The application process for community development block grants is not as complicated as it *might* seem at first. All potential applicants, however, should obtain a copy of the Housing and Community Development Act of 1974, as well as copies of final and proposed regulations as they appear in the *Federal Register*. HUD area offices should have the *necessary* material available. Questions concerning the act and applications should be directed to the nearest HUD area office.

This act signals a major new federal role in funding community development activities and planning. HUD recognizes the many difficulties that accompany the adoption of such a radically different approach and in this first year will allow for them. The success or failure of the entire approach will depend upon the applicants themselves, the degree of compliance upon which HUD insists, and the degree to which citizens influence and watchdog the planning process. It may be the dawn of a new age.