

PROPOSED FIRST YEAR HCD PROGRAM  
ACTIVITY SUMMARY

A.	<u>RESIDENTIAL</u>	\$2,021,000
	(Housing Rehabilitation)	(\$2,160,000) Loans
1.	Single Family Dwelling Rehab - 650 Jobs	
	205 Deferred Pmt. Loans @ \$4,000 ea. =	\$820,000
	305 PIL/312 Loans @ \$6,000 ea. =	(\$1,830,000)
	140 Critical Maint. Loans \$1,500 ea. =	210,000
2.	Emerg. Hsg. Repair & Winterization (CETA)	50,000
3.	Multi-Family Rehab - Correcting Code	
	Deficiencies (Chap. 13, etc.)	500,000
	110 Rooming Units Loans @ \$3,000 ea. =	(330,000)
4.	Housing Recycle Program	150,000
5.	Hsg. Dev. & Rehab Architectural Services	37,000
6.	PIL Loan Reserve Fund	150,000
7.	Sewer Backflow Preventers for Single Family Dwellings	104,000
B.	<u>COMMERCIAL/INDUSTRIAL</u>	282,000
1.	Architectural Services	32,000
2.	Revolving Fund - Historic/Comm. Bldg. Rehab	250,000
C.	<u>PUBLIC PROPERTIES</u>	1,287,000
1.	Parks, Plazas, etc.	312,000
2.	Waterfront Esplanade	470,000
*3.	Pioneer Square	500,000
4.	Site Prep. - Eliot II	5,000
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	957,000
1.	Landbanking for Housing	
	Real Estate Purchases	440,000
	Relocation Payments	40,000
	Site Clearance	45,000
	Disposition Costs	3,000
	Sub-Total	528,000
*2.	Real Estate Purchase of Open Space	200,000
3.	Public Improvements	
	Real Estate Purchases	113,000
	Relocation Payments	25,000
	Site Clearance	8,000
	Disposition Costs	9,000
	Sub-Total	155,000
4.	Demolition Loan Fund - Clearance of Abandoned Structures	74,000

\*Requires policy and/or eligibility determination

E.	<u>PROJECT IMPROVEMENTS</u>		\$1,449,000
	1. Street Reconstruction & Sidestripping	666,000	
	2. Traffic Signals	116,000	
	3. Water & Sewer	100,000	
	4. Street Furniture & Malls	383,000	
	5. Street Trees	61,000	
	6. Lighting	116,000	
	*7. Engineering Study (Ross Island Bridge)	7,000	
F.	<u>CONTINGENCIES &amp; LOCAL OPTIONS</u>		595,200
	1. Contingencies	380,000	
	2. Local Options (Housing Assistance for Handicapped - CART, Recycle Centers, Special Capital Impvts, Etc.)	215,200	
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		1,807,800
	1. Operating Costs	352,000	
	2. Personal Services	1,455,800	
H.	<u>OTHER COSTS</u>		358,000
	1. Processing & Management (City of Portland)	263,000	
	2. Interest on Short Term Operating Loans	80,000	
	3. Federal Monitoring Charge	15,000	
	TOTAL HCD FUNDS		\$8,757,000
	(Loans)		<u>(\$2,160,000)</u>
			\$10,917,000

\*Requires policy and/or eligibility determination

2/4/75

MSJ:gc

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
NORTHEAST (NDP) & ELIOT II (NDP) AREAS  
(One year completion program in NDP Action Areas - Start 3/75)

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$ 456,000 (\$1,200,000) Loans
	1. 100 Deferred Pymt. Loans @ \$4,000 ea. =	\$400,000
	2. 200 312/PIL Loans @ \$6,000 ea. =	(1,200,000)
	3. Critical Maintenance Loans @ 1,500 ea. = (No. based on demand & budget limitation)	---
	4. Sewer Backflow Preventers for single- family dwellings (Sabin)	48,000
	(Housing Development)	
	5. Eliot II Housing Design & Development Program (Arch. Serv.)	8,000
B.	<u>COMMERCIAL/INDUSTRIAL</u>	-0-
C.	<u>PUBLIC PROPERTIES</u>	5,000
	1. Pacific Univ. Clinic (Eliot II) Site Prep. in conj. with A-5 above	5,000
D.	<u>REAL ESTATE &amp; RELOCATION</u>	375,000
	1. 15th & Prescott & Mississippi & Prescott Intersection Improvements	
	Acquire 8 parcels	80,000
	Acquisition Expenses	15,000
	Relocation	25,000
	Site Clearance	8,000
	2. Landbanking for Housing - (Eliot II)	
	Acquire 6 Parcels	165,000
	Acquisition Expenses	15,000
	Relocation	20,000
	Site Clearance	25,000
	Disposition Expenses (To Pacific Univ.)	2,000
	3. Demolition Loan Fund - Clearance of Abandoned Structures 10 @ \$1,100 ea. =	11,000
	4. Housing Site (Eliot II) Purchase of Site from NDP by PDC (\$70,000)	
	Disposition Expenses	4,000
	5. Woodlawn Pilot Housing Site Disposition Expenses	2,000
	6. Scattered Single Residential Lots Disposition Expenses - 10 Lots	3,000

DRAFT

(Northeast & Eliot II NDP Areas - Cont'd)

E.	<u>PROJECT IMPROVEMENTS</u>		\$666,000
	(Woodlawn Area)		
1.	Street Reconstruction 3 long blks.	\$ 44,000	
2.	Pilot Housing Site Right-of-way Impvts. & 13th Ave. Mall Impvts.	33,000	
	(King-Vernon-Sabin)		
3.	Street Reconstruction (3 short blks.)	27,000	
4.	15th & Prescott Impvts.	70,000	
5.	Street Lighting (Approx. 200 lights)	46,000	
	(Boise-Humboldt Area)		
6.	Street & Alley Reconstruction (2 blks., 1 alley)	22,000	
7.	Street Trees (400 Trees)	17,000	
8.	Mississippi & Prescott Impvts.	17,000	
9.	Cascade Center Mall Impvts.	110,000	
	(Eliot II Urban Renewal Area)		
10.	Street Improvements	70,000	
11.	Knott St. Mall Impvts.	50,000	
12.	Sewer Improvements	100,000	
13.	Lighting	60,000	
F.	<u>CONTINGENCIES</u>		115,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		670,800
1.	Operating Costs - Office space, supplies, etc.	115,200	
2.	Personal Services - Salaries, Health Ins., Social Security, etc.	555,600	
	Sub-Total		\$2,287,800 (HCD)
			<u>\$1,200,000 (Loans)</u>
	TOTAL		\$3,487,800

MSJ:ac  
2/4/75

DRAFT

February 4, 1975

PROPOSED HOUSING & COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
ELIOT AREA III

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		---
1.	Critical Maintenance Loans @ \$1,500 ea. (No. based on need & budget limitation)		
B.	<u>COMMERCIAL/INDUSTRIAL</u>		-0-
C.	<u>PUBLIC PROPERTIES</u>		\$100,000
1.	Dawson Park Improvements	\$50,000	
2.	Lillis Albina Park Improvements	50,000	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>		\$202,000
1.	Landbanking for Housing S.W. Corner Area - Russell & Williams (For housing development in conj. with Eliot II Project)		
	Acquire 4 parcels	140,000	
	Acquisition expenses	10,000	
	Relocation for Business	20,000	
	Site Clearance	20,000	
	Disposition Costs	1,000	
2.	Demolition Loan Fund - Clearance of Abandoned Structures - 10 @ \$1,100 ea.	11,000	
E.	<u>PROJECT IMPROVEMENTS</u>		-0-
F.	<u>CONTINGENCIES</u>		22,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		85,500
1.	Operating Costs - Office Space, supplies, etc.	15,900	
2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	69,600	
	TOTAL		<hr/> \$409,500

MSJ:gc  
2/4/75

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
UNION AVENUE

A.	<u>RESIDENTIAL</u>		-0-
B.	<u>COMMERCIAL/INDUSTRIAL</u>		\$50,000
	1.	Commercial Rehab Revolving Loan Fund	
C.	<u>PUBLIC PROPERTIES</u>		22,000
	1.	Mini Plaza - Bus Stop - (Neigh. Commons Project) Impvts. & Landscaping	\$22,000
	*2.	Albina Family Service Center Rehab & Site Improvements	---
D.	<u>REAL ESTATE &amp; RELOCATION</u>		54,000
	1.	Acquire 1 parcel for Mini Plaza - Bus Stop (Includes Acquisition Expenses)	\$18,000
	2.	Demolition Loan Fund - Clearance of Abandoned Structures	36,000
E.	<u>PROJECT IMPROVEMENTS</u>		128,000
	1.	Pedestrian Corridor Impvts. (3) Curb cuts, special lighting, screening & landscaping	25,000
	2.	Union Ave. Street Tree Program Master Tree Planting/Ground Cover Plan & Phase I Tree Planting	19,000
	3.	Traffic Signals (2 Intersections)	
		• Russell/Knott/Union Ave.	48,000
		Killingsworth/Union Ave.	36,000
F.	<u>CONTINGENCIES</u>		18,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		81,700
	1.	Operating Costs - Office space, supplies, etc.	12,900
	2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	68,800

TOTAL

\$353,700

\* Requires policy and/or eligibility determination

DRAFT

February 4, 1975

PROPOSED HOUSING & COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
CORBETT/TERWILLIGER AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		\$100,000 (\$180,000) Loans
1.	25 Deferred Payment Loans @ \$4,000 =	\$100,000	
2.	30 Variable Interest Loans @ 6,000 =	(180,000)	
3.	Critical Maintenance Loans @ 1,500 (No. Based on Need & Budget Limitation)	--	
B.	<u>COMMERCIAL/INDUSTRIAL</u>		-0-
C.	<u>PUBLIC PROPERTIES</u>		-0-
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>		200,000
*1.	Acquisition of Open Space	200,000	
E.	<u>PROJECT IMPROVEMENTS</u>		13,000
*1.	Planning study for Ross Island Bridge ramps & related improvements. (Match for \$63,000 Federal Aid Urban Funds)	7,000	
2.	Street closure, Pendleton at Hood	6,000	
F.	<u>CONTINGENCIES</u>		25,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>		157,900
1.	Operating Costs - Office Space, supplies, etc.	24,400	
2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	133,500	
			<hr/>
		Sub-Total	\$495,900 (HCD)
			<hr/>
			(\$180,000) (Loans)
		TOTAL	\$675,900

\*Requires policy and/or eligibility determination

MSJ:gc  
2/4/75

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
NORTHWEST PROJECT AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$150,000 (\$120,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 ea. \$100,000	
	2. 20 Variable Int. Loans (312/PIL) @ 6,000 ea. (\$120,000)	
	3. 10 Critical Maintenance Loans @ 1,500 ea. --- (No. based on need & budget limitation)	
	4. Architectural Services - Model Block Rehab Area 2,000	
	5. Sewer Backflow Preventers for Single-Family Dwellings 48,000	
B.	<u>COMMERCIAL/INDUSTRIAL</u>	15,000
	1. Architectural Services - Commercial/Industrial Areas (Adj. to Freeway & Thurman)	
C.	<u>PUBLIC PROPERTIES</u>	190,000
	*1. Neighborhood Center --	
	2. Couch Park Improvements 150,000	
	3. Macleay Park Improvements 40,000	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	10,000
	1. Demolition Loan Fund - Clearance of Abandoned Structures (Garages, etc.) 10,000	
E.	<u>PROJECT IMPROVEMENTS</u>	55,000
	1. Street Closures (2 locations) 30,000	
	2. Street Trees & Model Block Right-of-way Improvements (Model Block & adjacent locations) 25,000	
F.	<u>CONTINGENCIES</u>	27,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>	106,100
	1. Operating Costs - Office Space, supplies, etc. 20,300	
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc. 85,800	
	Sub-Total	\$553,100 (HCD)
	* Requires policy and/or eligibility determination	(\$120,000) Loans
	TOTAL	\$673,100



PROPOSED HOUSING & COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
THURMAN/VAUGHN AREA PROJECT

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$ 35,000 (30,000) Loans
	1. 5 Deferred Payment Loans @ \$4,000 = \$ 20,000	
	2. 5 312/PIL Loans @ \$6,000 = (\$ 30,000)	
	(Housing Development)	
	3. Architectural Services - Design of Thurman-Vaughn Redevelopment Area	15,000
B.	<u>COMMERCIAL/INDUSTRIAL</u> (Design of Thurman-Vaughn Redevelopment Area included in Item A-3 above)	-0-
C.	<u>PUBLIC PROPERTIES</u>	-0-
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	116,000
	1. Landbanking for Housing - Acquisition of Old Forestry Center Site - (In- cludes Acquisition Expenses)	110,000
	2. Demolition Loan Fund - Clearance of Abandoned Structures 5 @ \$1200 ea.	6,000
E.	<u>PROJECT IMPROVEMENTS</u>	
	1. Upshur Street Right-of-Way (Including closures, pedestrian improvements, lighting and land- scaping. Preliminary plans in- cluded in Item A-4 above)	50,000
F.	<u>CONTINGENCIES</u>	14,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>	71,200
	1. Operating Costs - Office Space, supplies, etc.	10,000
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	61,200
	Sub-Total	286,200 (HCD) (30,000) Loans
	TOTAL	316,200

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
ST. JOHNS AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		\$105,000
			(\$180,000) Loans
1.	25 Deferred Payment Loans @ \$4,000 ea. = \$100,000		
2.	30 Variable Int. Loans (312/PIL) (\$6,000 ea. = \$180,000)		
3.	Sewer Backflow Preventer for Single Family Dwellings	5,000	
B.	<u>COMMERCIAL/INDUSTRIAL</u>		
1.	St. Johns Business District Architectural Services - Master Planning	12,000	12,000
C.	<u>PUBLIC PROPERTIES</u>		
*1.	Cultural Arts Center/Neighborhood Facility		--
D.	<u>REAL ESTATE &amp; RELOCATION</u>		-0-
E.	<u>PROJECT IMPROVEMENTS</u>		332,000
1.	Street Sidestripping	\$200,000	
2.	Street Reconstruction	40,000	
3.	Street Lighting	10,000	
4.	St. Johns Bus. Dist. Right-of-Way Improvements	50,000	
5.	Traffic Signalization @ Columbia Blvd. & Fessenden (6-way signal)	32,000	
F.	<u>CONTINGENCIES</u>		30,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>		132,100
1.	Operating Costs - Office space, supplies, etc.	21,100	
2.	Personal Services - Salaries, Health Ins., Social Security, etc.	111,000	
			Sub-Total
			611,100 HCD
			(\$180,000) Loans
			TOTAL
			\$791,100

\*Requires policy and/or eligibility determination

PROPOSED HOUSING & COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
BUCKMAN PROJECT AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$103,000	
		( 120,000) Loans	
	1. 25 Deferred Payment Loans @ \$4,000 ea. = \$100,000		
	2. 20 Variable Int. Loans (312/PIL) (6,000 ea. = \$120,000)		
	3. Critical Maintenance Loans @ 1,500 ea. -- (Number based on Need & Budget Limitations)		
	4. Sewer Backflow Preventers for Single Family Dwellings 3,000		
B.	<u>COMMERCIAL/INDUSTRIAL</u>	-0-	
C.	<u>PUBLIC PROPERTIES</u>		
	*1. Neighborhood Facility	--	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	-0-	
E.	<u>PROJECT IMPROVEMENTS</u>	\$ 42,000	
	1. Street Closures & Improvements @ 17th & Ankeny 40,000		
	2. Bicycle Path System (Planning & Implementation) 2,000		
F.	<u>CONTINGENCIES</u>	14,000	
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>	111,400	
	1. Operating Costs - Office Space, supplies, etc. 12,100		
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., Etc. 99,300		
		Sub-Total	\$270,400 (HCD)
			<u>(120,000) Loans</u>
		TOTAL	\$390,400

\*Requires policy and/or eligibility determination

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
DOWNTOWN WATERFRONT URBAN RENEWAL PROJECT

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$512,000 (\$330,000) Loans
	1. Architectural/Engr. Services - Structural & Economic Analyses of approx. 12 potential Buildings for Multi-family Housing Rehab	\$ 12,000
	2. Multi-Family Rehab (Correcting Code Deficiencies - Chap. 13, etc.)	500,000
	3. 110 Loans for rooming units involving moderate rehab at \$3,000 ea.	(330,000)
B.	<u>COMMERCIAL/INDUSTRIAL</u>	205,000
	1. Architectural services in support of commercial rehab (10 clients @ \$500 ea.	5,000
	2. Revolving Fund for rehab of Historic/ Commercial Bldgs.	200,000
C.	<u>PUBLIC PROPERTIES</u>	470,000
	1. Waterfront Esplanade design & Engineering for 1st phases	70,000
	2. Waterfront Esplanade, 1st phase construction	400,000
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	-0-
E.	<u>PROJECT IMPROVEMENTS</u>	163,000
	1. Improvements to Ankeny, First & Burnside (Skidmore - Old Town District)	163,000
F.	<u>CONTINGENCIES</u>	85,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u>	262,600
	1. Operating Costs - Office Space, supplies, etc.	49,000
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	213,600
	Sub-Total	\$1,697,600 (HCD <u>(\$330,000) Loans</u>
	TOTAL	\$2,027,600

February 6, 1975

GLOSSARY

Real Estate Purchases and Acquisition Expenses

Cost of land and existing improvements whether acquired by condemnation or direct purchase. Includes interest or other awards resulting from verdicts of court. Also includes incidental expenses, such as title insurance and appraisals.

Relocation Payments

Payments and assistance for relocating persons and businesses displaced through program activity.

Site Clearance

Cost of clearing a site including such items as demolishing structures, removing obsolete facilities, fill or temporary fencing and rough grading.

Site Preparation

Necessary fill, grading and erosion control.

Real Estate Disposition Expenses

Normal costs accompanying sales of real property, such as title insurance, reuse appraisals, property surveys and fees connected with sale or lease.

Project Improvements

Cost of project improvements including engineering design, surveys, preparation of working drawings and specifications, installation.

Contingencies and Local Options

Contingencies - an amount which may be used, if needed, to supplement budgetary estimates for designated activities.

Local Options - an amount for eligible unspecified program activities.

Contingencies and Local Options may not exceed 10% of the Community Development Block Grant amount.

Operating Costs

Auto maintenance and mileage, office rent, rental/repair of office equipment, telephone, supplies, printing and duplication, insurance, legal, furniture and equipment.

Personal Services (PDC)

Housing services staff, project field services staff, operations staff, program development staff, executive and administrative staff. Includes base salary, FICA, SAIF, Health Insurance, annual step increase and estimated cost of living.

Processing and Management (City of Portland)

Administrative costs of preparing and processing application and management programs.

Interest on Short Term Operating Loans

Anticipated charges by depository (bank) and/or charges on short term loans necessary to carry out program.

Federal Monitoring Charge

An amount provided as reimbursement for inspections and audits by the Federal government.

ON:gc

PRELIMINARY HCD BUDGET

November 4, 1974

Neighborhood Development Program.....	2,500,000
Housing.....	458,000
Capital Improvements, etc.....	1,542,000
Administration.....	500,000
Pioneer Square.....	500,000
Capital Improvements, non-target neighborhoods.....	400,000
Contingencies at 10%.....	850,000
Relocation.....	200,000
Neighborhood Facilities.....	75,000
Harborside Park.....	50,000
<u>Community organization and support services</u> .....	300,000
Design review.....	10,000
Administration (20% x \$6,000,000).....	<u>1,200,000</u>

*Indirect Costs*

*250,000*  
\$6,085,000

\$8,500,000  
6,085,000

first year HCD allocation  
preliminary HCD budget

\$2,415,000

balance

HM:dym1

*A 95 only  
after Council.  
EO- declare intent.*

*Scul 50  
2030  
NW 30-  
N 30+12  
PACT 30  
Mod 100  

---

\$ 220*

HOUSING PROGRAMS - CURRENT HCD WORKING BUDGET

November 4, 1974

Deferred payment loans.....	725,000
PIL security deposit.....	150,000
Critical maintenance loans.....	200,000
Housing recycle/homeownership.....	300,000
Landbanking.....	600,000
Development loans and seed money.....	600,000
Multi-family write-down.....	500,000
Demolition loans.....	<u>50,000</u>
	\$3,125,000

HM:dym1



DRAFT COPY

NOVEMBER 7, 1974

SUBJECT: HOUSING COMMUNITY DEVELOPMENT BUDGET

The "Preliminary HCD Budget 11-4-74" has some obvious problems. Off the top commitments total \$6,085,000 leaving a balance of 1st year money of \$2,415,000 this is less than the \$3,125,000 suggested as a housing revolving fund amount and there is no money for capital improvements in target neighborhoods. Some adjustments should be made but on what basis?

First let's reaffirm the basic policy that the hold harmless amount should go into housing, which is the Number One priority. How does the preliminary Budget look against that policy? Assigning 4 basic categories, the budget can be summarized as:

Housing	33.8%		2,873,000
NDP		458,000	
Other Revolving		2,415,000	
Capital Improvements			2,442,000
28.7%			
NDP		1,542,000	
Pioneer Square		500,000	
Non-target Neighborhoods		400,000	
Special Projects & Contingencies	17.5%		1,485,000
Contingencies		850,000	
Relocation		200,000	
Neighborhood Facility		75,000	
Harborside Park		50,000	
Community Org./Support Services		300,000	
Design Review		10,000	
Administration	20.0%		1,700,000

SUBJECT: HOUSING COMMUNITY DEVELOPMENT BUDGET

NDP	500,000	
HCD	1,200,000	-----
		\$8,500,000

In order to provide for Capital Improvements in target Neighborhoods the Housing subcommittee recommended eliminating contingencies and transferring the \$850,000 to capital improvements for target Neighborhoods. The resulting percentages for categories is as follows:

Housing	33.8%
Capital Improvements	38.7%
Special Projects	7.5%
Administration	20.0%

Clearly, housing does not come out looking like the number one priority.

Looking next at the proposed NDP budget specifically:

Housing	18.3%	\$458,000
Capital Improvements	61.7%	1,542,000
Special Projects	)	
Administration	20.0%	500,000

If housing is a top priority, the budget appears out of balance. Note, two rather large capital expenditures relate to large institutions. Cascade Center Malls account for \$110,000. Since these Malls are vacated public streets owned by Portland Community College, perhaps they can be born by PDC development funds not HCD funds.

Boundry Street Improvements in Eliot account for \$330,000 and relates to Emanuel Hospital's Urban Renewal Plan. In the absence of any broad program of any broad program of involvement in the Eliot Neighborhood the value of this project falls mostly on Emanuel and Stanton Yard. Additionally, 15th & Prescott

SUBJECT: HOUSING COMMUNITY DEVELOPMENT BUDGET

improvements total \$288,000 in acquisition, relocation, demolition, and construction. Perhaps signalization of this intersection would be cheaper and have the same effect of stabilizing the traffic hazzard potential..

The changes suggested above could save \$700,000 in capital improvements. If \$200,000 of this savings was added to NDP Housing and \$500,000 switched to Housing Revolving fund for new areas, the NDP Budget would become:

Housing	\$658,000	35%
Capital Improvement) Special Projects )	842,000	45%
Administration	<u>375,000</u>	20%
Total	\$1,875,000	

Adjusting the HCD budget to reflect the NDP Budget Changes we arrive at the following breakout in terms of the four categories:

Housing	42%	3,573,000
NDP		658,000
Other Revolving		2,915,000
Capital Improvements	30.5%	2,592,000
NDP		842,000
Pioneer Square		500,000
Target Neighborhoods		850,000
Non-target Neighborhoods		400,000
Special Projects	7.5%	635,000
Relocation		200,000
Neighborhood Facility		75,000
Harborside Park		50,000
Community Org. & Software		300,000
Design Review		10,000

## SUBJECT: HOUSING COMMUNITY DEVELOPMENT BUDGET

Administration	20%	1,700,000
NDP		375,000
Other HCD		1,325,000
	Total	8,500,000

It should be noted at this point that similar exercises are not possible in proposed target neighborhoods because the budgets for these areas are not available. If we extract from the budget the dollar amounts keyed to New Target Areas we arrive at:

Other Housing Revolving Fund	2,915,000
Target Neighborhood Capital Imp.	<u>850,000</u>
	\$3,765,000

For the five areas, if split equally, this amounts to only \$753,000 per Neighborhood divided \$170,000 for capital improvements and \$583,000 for housing. Serious consideration will have to be given to reducing the number of new areas if we are to have any impact in the first year. With the resources available three new neighborhoods would be more realistic in terms of impact.

January 7, 1975

SUMMARY OF PROPOSED HCD PROJECT BUDGETS

<u>Project</u>	<u>12 Month Program</u>		<u>Total HCD + (Rehab Loans)</u>	
	<u>Start 1-1-75</u>	<u>Total HCD</u>		<u>Rehab Loans</u>
1. N.E. - NDP & Elliot II		\$2,500,000	(\$1,320,000)	\$3,820,000
2. Elliot		550,000	-0-	550,000
3. Union Ave.		454,000	-0-	454,000
4. Corbett-Terwilliger		549,000	( 180,000)	729,000
5. Northwest		545,000	( 120,000)	665,000
6. Thurman - Vaughn		263,000	( 30,000)	293,000
7. St. John's		570,000	( 180,000)	750,000
8. Buckman		266,000	( 120,000)	386,000
9. Downtown-Waterfront <i>(includes Burnside Housing etc.)</i>		1,850,000	( 330,000)	2,180,000
10. Pioneer Square (for BOR match)		500,000	-0-	500,000
Local Options		297,000	-0-	297,000
PIL Loan Reserve Fund		150,000	-0-	150,000
City Processing/Mgmt. Cost (3%)		<u>263,000</u>	<u>-0-</u>	<u>263,000</u>
<b>TOTALS</b>		<b>\$8,757,000</b>	<b>(\$2,280,000)</b>	<b>\$11,037,000</b>

PROPOSED FIRST YEAR HCD PROGRAM  
ACTIVITY SUMMARY

A. RESIDENTIAL

\$1,624,000  
(\$2,280,000) Loans &  
HRP Grants

1. Single Unit Rehab - 640 Jobs  
205 Deferred Pmt. Loans @ \$4,000 ea. = \$820,000  
305 PIL/312 Loans (@ \$6,000 ea. = 1,830,000)  
50 Critical Maint. Loans @ 1,500 ea. = 75,000  
80 Hous. Repair Grants-MC (1,500 ea. = 120,000)
2. 660 Rehab Insp. & Fees 52,000
3. Multi Unit Rehab - 180 units  
70 Hskp. Units @ \$7,000 = 490,000  
110 Rming. Units (Loan) (@ 3,000 ea. = 330,000)
4. Hsg. Dev. & Rehab Design Contracts 37,000
5. PIL Loan Reserve Fund 150,000

B. COMMERCIAL/INDUSTRIAL

162,000

- Design Services 32,000
- Revolving Fund - Comm. Rehab 80,000
- Comm. Area R/W Impvts. 50,000

C. PUBLIC PROPERTIES

910,000

- Parks, Plazas, etc. 385,000
- Waterfront Esplanade 470,000
- Site Prep - Eliot II 5,000
- Albina Neigh. Ctr. Rehab 50,000

D. REAL ESTATE, RELOCATION & SITE CLEARANCE

1,274,000

1. Real Estate Purch. (25 Par) \$1,021,000
2. Relocation Pmts. 124,000
3. Disposition 12,000
4. Site Clearance 117,000

E. PROJECT IMPROVEMENTS

1,456,000

- Street Impvts. 679,000
- Traffic Impvts. 116,000
- Water & Sewer (Eliot II) 100,000
- St. Furn., Malls & Lighting 389,000
- Street Trees 93,000
- Prelim. Design Studies (2) 79,000

F.	<u>CONTINGENCIES &amp; LOCAL OPTIONS</u>		\$ 582,000
	1. Identified Project Areas	\$285,000	
	2. Special Needs	297,000	
G.	<u>OVERHEAD &amp; PERSONAL SERVICES</u>		1,986,000
	1. Overhead	499,000	
	2. Personal Services	1,487,000	
	} ± 23% ?		
	Pioneer Square (BOR match)		500,000
	City Processing/Management (3%)		<u>*263,000</u>
	TOTAL HCD FUNDS		<u>\$8,757,000</u>
	(Loans & MC HRP Grants)		(\$2,280,000)
	TOTAL		\$11,037,000

1/7/75  
MSJ:gc

Downtown-Waterfront UR

Res Rehab 500,000 330,000 312  
PIL

Acquistn. 230,000

Commercial  
Rehab Loan  
Design Wk  
Hist.

Esplanade 500,000

~~Ag. & related~~  
Proj. Improv 16,000  
Anteny



DRAFT

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
ST. JOHN'S AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		\$105,000 (\$180,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 ea. = \$100,000		
	2. 30 Variable Int. Loans (312/PIL) (\$6,000 ea. = \$180,000)		
	3. 60 Rehab. Insp. & Fees 5,000		
B.	<u>COMMERCIAL/INDUSTRIAL</u>		62,000
C.	<u>PUBLIC PROPERTIES</u>		
	1. Cultural Arts Ctr./Neigh. Fac. (Budget Amt. pending HCD Eligibility Determination & Local Commitments)		
D.	<u>REAL ESTATE &amp; RELOCATION</u>		-0-
E.	<u>PROJECT IMPROVEMENTS</u>		215,000
	1. Street Reconstruction & Lighting	\$183,000	
	2. Traffic Signalization @ Columbia Blvd. & Fessenden (6-way signal)	32,000	<i>140,000 side stepping</i>
F.	<u>CONTINGENCIES</u> (For above items)		24,000
G.	<u>OVERHEAD &amp; PERSONAL SERVICES</u>		164,000
	1. Overhead - Rent, equipment, supplies, etc.	\$ 34,000	
	2. Personal Services - Salaries, fringe benefits and Employer taxes	130,000	
		<b>Sub-Total</b>	\$570,000 HCD
		<b>Total</b>	<u>(\$180,000) Loans</u> \$750,000

MSJ:gc  
12/11/74 (Revised)

February 4, 1975

PROPOSED HOUSING COMMUNITY DEVELOPMENT  
FIRST YEAR PROGRAM & BUDGET  
ST. JOHNS AREA

HCD

<u>A. RESIDENTIAL</u>		
(Housing Rehabilitation)		\$105,000
		(\$180,000) Loans
1.	25 Deferred Payment Loans @ \$4,000 ea. = \$100,000	
2.	30 Variable Int. Loans (312/PIL) (\$6,000 ea. = \$180,000)	
3.	Sewer Backflow Preventer for Single Family Dwellings - Public Works Dept. 5,000 - 500 apiece 10 each.	
<u>B. COMMERCIAL/INDUSTRIAL</u>		
1.	St. Johns Business District Architectural Services - Master Planning	12,000
		12,000
<u>C. PUBLIC PROPERTIES</u>		
*1.	Cultural Arts Center/Neighborhood Facility	--
<u>D. REAL ESTATE &amp; RELOCATION</u>		-0-
<u>E. PROJECT IMPROVEMENTS</u>		332,000
1.	Street Sidestripping	\$200,000
2.	Street Reconstruction	40,000
3.	Street Lighting	10,000
4.	St. Johns Bus. Dist. Right-of-Way Improvements	50,000
5.	Traffic Signalization @ Columbia Blvd. & Fessenden (6-way signal)	32,000
		50,000 ~
<u>F. CONTINGENCIES</u> 4-5% -		30,000
<u>G. OPERATING COSTS &amp; PERSONAL SERVICES</u>		132,100
1.	Operating Costs - Office space, supplies, etc.	21,100
2.	Personal Services - Salaries, Health Ins., Social Security, etc.	111,000
		Sub-Total
		611,100 HCD
		(\$180,000) Loans
		TOTAL \$791,100

\*Requires policy and/or eligibility determination

SUMMARY BY AREA

PROPOSED HCD FIRST YEAR PROGRAM BUDGET

Area	<u>Total HCD *</u>	<u>Rehab Loans</u>	<u>Total HCD + (Rehab Loans)</u>
1. Northeast (NDP-Model Cities Area)	\$2,237,800	(\$1,200,000)	\$3,437,800
2. Eliot	409,500	-0-	409,500
3. Union Ave. Corridor	353,700	-0-	353,700
4. Corbett-Terwilliger	495,900	( 180,000)	675,900
5. Northwest	553,100	( 120,000)	673,100
6. Thurman - Vaughn Corridor	286,200	( 30,000)	316,200
7. St. Johns	611,100	( 180,000)	791,100
8. Southeast (incl. Buckman)	270,400	( 120,000)	390,400
9. Downtown Waterfront Redevelopment Area	1,697,600 **	( 330,000)	2,027,600
10. Local Options	286,400	-0-	286,400
11. Critical Maintenance Loans	221,000	-0-	221,000
12. Housing Recycle Program	208,000	-0-	208,000
13. Emergency Housing Repair & Winterization	50,000	-0-	50,000
14. PIL Loan Reserve Fund	150,000	-0-	150,000
15. Pioneer Square (Match for BOR Grant)	500,000	-0-	500,000
City Processing/Management Cost (3%)	263,000	-0-	263,000
PDC Central Office - Operating Costs	71,300	-0-	71,300
Interest on Short Term Operating Loan	80,000	-0-	80,000
Federal Monitoring Charge	<u>15,000</u>	<u>-0-</u>	<u>15,000</u>
<b>TOTALS</b>	<b>\$8,760,000</b>	<b>(\$2,160,000)</b>	<b>\$10,920,000</b>

\* Items 1 through 12 include contingencies  
 \*\*\* To be repaid with Tax Increment Funds

NORTHEAST (NDP) & ELIOT II (NDP) AREAS

(One year completion program in NDP Action Areas - Start 3/75)

A.	<u>RESIDENTIAL</u>		\$ 456,000
	(Housing Rehabilitation)		(\$1,200,000) Loans
1.	100 Deferred Pymt. Loans @ \$4,000 ea. =	\$400,000	
2.	200 312/PIL Loans @ \$6,000 ea. =	(1,200,000)	
3.	Critical Maintenance Loans @ 1,500 ea. =	---	
	(No. based on demand & budget limitation)		
4.	Sewer Backflow Preventers for single-family dwellings (Sabin)	48,000	
	(Housing Development)		
5.	Eliot II Housing Design & Development Program (Consultant Services)	8,000	
B.	<u>COMMERCIAL/INDUSTRIAL</u>		-0-
C.	<u>PUBLIC PROPERTIES</u>		5,000
1.	Pacific Univ. Clinic (Eliot II) Site Prep. (in conjunction with A-5 above)	5,000	
D.	<u>REAL ESTATE &amp; RELOCATION</u>		375,000
1.	15th & Prescott & Mississippi & Prescott Intersection Improvements		
	Acquire 8 parcels	80,000	
	Acquisition Expenses	15,000	
	Relocation	25,000	
	Site Clearance	8,000	
2.	Landbanking for Clinic - (Eliot II)		
	Acquire 6 Parcels	165,000	
	Acquisition Expenses	15,000	
	Relocation	20,000	
	Site Clearance	25,000	
	Disposition Expenses (To Pacific Univ.)	2,000	
3.	Demolition Loan Fund - Clearance of Abandoned Structures 10 @ \$1,100 ea. =	11,000	
4.	Housing Site (Eliot II)		
	Purchase of Site from NDP by PDC (\$70,000)		
	Disposition Expenses	4,000	
5.	Woodlawn Pilot Housing Site		
	Disposition Expenses	2,000	
6.	Scattered Single Residential Lots		
	Disposition Expenses - 10 Lots	3,000	

(Northeast & Eliot II NDP Areas - Cont'd)

E.	<u>PROJECT IMPROVEMENTS</u>		\$616,000
	(Woodlawn Area)		
1.	Street Reconstruction 3 long blks.	\$ 44,000	
2.	Pilot Housing Site Right-of-way Impvts. & 13th Ave. Mall Impvts.	33,000	
	(King-Vernon-Sabin)		
3.	Street Reconstruction (3 short blks.)	27,000	
4.	15th & Prescott Impvts. (Incl. traffic signals)	70,000	
5.	Street Lighting (Approx. 200 lights)		
	(Boise-Humboldt Area)		
6.	Street & Alley Reconstruction (2 blks., 1 alley)	22,000	
7.	Street Trees (400 Trees)	17,000	
8.	Mississippi & Prescott Impvts.	17,000	
9.	Cascade Center Mall Impvts.	110,000	
	(Eliot II Urban Renewal Area)		
10.	Street Improvements	70,000	
11.	Knott St. Mall Impvts.	50,000	
12.	Sewer Improvements	100,000	
13.	Lighting	56,000	
F.	<u>CONTINGENCIES</u>		115,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		670,800
1.	Operating Costs - Office space, supplies, etc.	115,200	
2.	Personal Services - Salaries, Health Ins., Social Security, etc.	555,600	
	Sub-Total		\$2,237,800 (HCD)
			<u>\$1,200,000 (Loans)</u>
	TOTAL		\$3,487,800

ELIOT AREA III

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		---
1.	Critical Maintenance Loans @ \$1,500 ea. (No. based on need & budget limitation)		
B.	<u>COMMERCIAL/INDUSTRIAL</u>		-0-
C.	<u>PUBLIC PROPERTIES</u>		\$100,000
1.	Dawson Park Improvements	\$50,000	
2.	Lillis Albina Park Improvements	50,000	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>		\$202,000
1.	Landbanking for Housing S.W. Corner Area - Russell & Williams (For housing development in conjunction with Eliot II Project)		
	Acquire 4 parcels	140,000	
	Acquisition expenses	10,000	
	Relocation for Business	20,000	
	Site Clearance	20,000	
	Disposition Costs	1,000	
2.	Demolition Loan Fund - Clearance of Abandoned Structures - 10 @ \$1,100 ea.	11,000	
E.	<u>PROJECT IMPROVEMENTS</u>		-0-
F.	<u>CONTINGENCIES</u>		22,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		85,500
1.	Operating Costs - Office Space, supplies, etc.	15,900	
2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	69,600	
			<hr/>
		TOTAL	\$409,500

UNION AVENUE

A.	<u>RESIDENTIAL</u>		-0-
B.	<u>COMMERCIAL/INDUSTRIAL</u>		\$50,000
	1.	Commercial Rehab Revolving Loan Fund	
C.	<u>PUBLIC PROPERTIES</u>		22,000
	1.	Mini Plaza - Bus Stop - (Neigh. Commons Project) Impvts. & Landscaping	\$22,000
	*2.	Albina Family Service Center Rehab & Site Improvements	---
D.	<u>REAL ESTATE &amp; RELOCATION</u>		54,000
	1.	Acquire 1 parcel for Mini Plaza - Bus Stop (Includes Acquisition Expenses)	\$18,000
	2.	Demolition Loan Fund - Clearance of Abandoned Structures	36,000
E.	<u>PROJECT IMPROVEMENTS</u>		128,000
	1.	Pedestrian Corridor Impvts. (3) Curb cuts, special lighting, screening & landscaping	25,000
	2.	Union Ave. Street Tree Program Master Tree Planting/Ground Cover Plan & Phase I Tree Planting	19,000
	3.	Traffic Signals (2 Intersections) Russell/Knott/Union Ave.	48,000
		Killingsworth/Union Ave.	36,000
F.	<u>CONTINGENCIES</u>		18,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		81,700
	1.	Operating Costs - Office space, supplies, etc.	12,900
	2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	68,800
		TOTAL	\$353,700

\* Requires policy and/or eligibility determination

CORBETT/TERWILLIGER AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		\$100,000 (\$180,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 =	\$100,000	
	2. 30 Variable Interest Loans @ 6,000 =	(180,000)	
	3. Critical Maintenance Loans @ 1,500 (No. Based on Need & Budget Limitation)	--	
B.	<u>COMMERCIAL/INDUSTRIAL</u>		-0-
C.	<u>PUBLIC PROPERTIES</u>		-0-
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>		100,000
	*1. Acquisition of Open Space	100,000	
E.	<u>PROJECT IMPROVEMENTS</u>		113,000
	*1. Planning study for Ross Island Bridge ramps & related improvements. (Match for \$63,000 Federal Aid Urban Funds)	7,000	
	2. Street closure, Pendleton at Hood	6,000	
	3. Willamette Park Improvements	100,000	
F.	<u>CONTINGENCIES</u>		25,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		157,900
	1. Operating Costs - Office Space, supplies, etc.	24,400	
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	133,500	
	Sub-Total		\$495,900 (HCD)
			(\$180,000) (Loans)
	TOTAL		\$675,900

\*Requires policy and/or eligibility determination



NORTHWEST PROJECT AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$150,000 (\$120,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 ea. \$100,000	
	2. 20 Variable Int. Loans (312/PIL) @ 6,000 ea. (\$120,000)	
	3. 10 Critical Maintenance Loans @ 1,500 ea. --- (No. based on need & budget limitation)	
	4. Architectural Services - Model Block Rehab Area 2,000	
	5. Sewer Backflow Preventers for Single-Family Dwellings 48,000	
B.	<u>COMMERCIAL/INDUSTRIAL</u>	15,000
	1. Planning Services - Commercial/Industrial Areas (Adj. to Freeway & Thurman)	
C.	<u>PUBLIC PROPERTIES</u>	190,000
	*1. Neighborhood Center --	
	2. Couch Park Improvements 150,000	
	3. Macleay Park Improvements 40,000	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	10,000
	1. Demolition Loan Fund - Clearance of Abandoned Structures (Garages, etc.) 10,000	
E.	<u>PROJECT IMPROVEMENTS</u>	55,000
	1. Street Closures (2 locations) 30,000	
	2. Street Trees & Model Block Right-of-way Improvements (Model Block & adjacent locations) 25,000	
F.	<u>CONTINGENCIES</u>	27,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>	106,100
	1. Operating Costs - Office Space, supplies, etc. 20,300	
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc. 85,800	
	Sub-Total	\$553,100 (HCD)
	* Requires policy and/or eligibility determination	(\$120,000) Loans
	TOTAL	\$673,100

THURMAN/VAUGHN AREA PROJECT

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$ 35,000 (30,000) Loans
	1. 5 Deferred Payment Loans @ \$4,000 = \$ 20,000	
	2. 5 312/PIL Loans @ \$6,000 = (\$ 30,000)	
	(Housing Development)	
	3. Planning Services - Design of Thurman-Vaughn Redevelopment Area	15,000
B.	<u>COMMERCIAL/INDUSTRIAL</u>	-0-
C.	<u>PUBLIC PROPERTIES</u>	-0-
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	116,000
	1. Landbanking for Housing - Acquisition of Old Forestry Center Site - (In- cludes Acquisition Expenses)	110,000
	2. Demolition Loan Fund - Clearance of Abandoned Structures 5 @ \$1200 ea.	6,000
E.	<u>PROJECT IMPROVEMENTS</u>	
	1. Upshur Street Right-of-Way (Including closures, pedestrian improvements, lighting and land- scaping. Preliminary plans in- cluded in Item A-3 above)	50,000
F.	<u>CONTINGENCIES</u>	14,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>	71,200
	1. Operating Costs - Office Space, supplies, etc.	10,000
	2. Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	61,200
	Sub-Total	286,200 (HCD) (30,000) Loans
	TOTAL	316,200

ST. JOHNS AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)		\$105,000 (\$180,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 ea. = \$100,000		
	2. 30 Variable Int. Loans (312/PIL) (\$6,000 ea. = \$180,000)		
	3. Sewer Backflow Preventer for Single Family Dwellings 5,000		
B.	<u>COMMERCIAL/INDUSTRIAL</u>		
	1. St. Johns Business District Architectural Services - Master Planning 12,000		62,000
	2. Commercial Rehab Loans 50,000		
C.	<u>PUBLIC PROPERTIES</u>		
	*1. Cultural Arts Center/Neighborhood Facility		--
D.	<u>REAL ESTATE &amp; RELOCATION</u>		-0-
E.	<u>PROJECT IMPROVEMENTS</u>		282,000
	1. Street Sidestripping \$200,000		
	2. Street Reconstruction 40,000		
	3. Street Lighting 10,000		
	4. St. Johns Bus. Dist. Right-of-Way Improvements -0-		
	5. Traffic Signalization @ Columbia Blvd. & Fessenden (6-way signal) 32,000		
F.	<u>CONTINGENCIES</u>		30,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		132,100
	1. Operating Costs - Office space, supplies, etc. 21,100		
	2. Personal Services - Salaries, Health Ins., Social Security, etc. 111,000		
		Sub-Total	611,100 HCD <u>(\$180,000) Loans</u>
		TOTAL	\$791,100

\*Requires policy and/or eligibility determination

BUCKMAN PROJECT AREA

(A part of the Southeast Program)

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$103,000 ( 120,000) Loans
	1. 25 Deferred Payment Loans @ \$4,000 ea. = \$100,000	
	2. 20 Variable Int. Loans (312/PIL) (6,000 ea. = \$120,000)	
	3. Critical Maintenance Loans @ 1,500 ea. -- (Number based on Need & Budget Limitations)	
	4. Sewer Backflow Preventers for Single Family Dwellings 3,000	
B.	<u>COMMERCIAL/INDUSTRIAL</u>	-0-
C.	<u>PUBLIC PROPERTIES</u>	
	*1. Neighborhood Facility	--
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	-0-
E.	<u>PROJECT IMPROVEMENTS</u>	\$ 42,000
	1. Street Closures & Improvements @ 17th & Alder 40,000	
	2. Bicycle Path System (Planning & Implementation) 2,000	
F.	<u>CONTINGENCIES</u>	14,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES</u> (PDC)	111,400
	1. Operating Costs - Office Space, supplies, etc. 12,100	
	2. Personal Services - Salaries, Social Secur- ity, Taxes, Health Ins., Etc. 99,300	
	(Includes Field Services and Programming Staff time to develop action programs for other S.E. neighborhoods)	
	Sub-Total	\$270,400 (HCD)
		<u>(120,000) Loans</u>
	TOTAL	\$390,400

\*Requires policy and/or eligibility determination

DOWNTOWN AREA

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation in the Downtown Area within the Freeway Loop)		\$512,000 (\$330,000) Loans
1.	Architectural/Engr. Services - Structural & Economic Analyses of approx. 12 potential Buildings for Multi-family Housing Rehab	\$ 12,000	
2.	Multi-Family Rehab (Correcting Code Deficiencies - Chap. 13, etc.)	500,000	
3.	132 Loans for rooming units involving moderate rehab at \$2,500 ea.	(330,000)	
B.	<u>COMMERCIAL/INDUSTRIAL</u> (Downtown Waterfront Urban Renewal Project Area)		205,000
1.	Architectural services in support of commercial rehab (10 clients @ \$500 ea.	5,000	
2.	Revolving Fund for rehab of Historic/Commercial Bldgs.	200,000	
C.	<u>PUBLIC PROPERTIES</u>		470,000
1.	Waterfront Esplanade design & Engineering for 1st phases	70,000	
2.	Waterfront Esplanade, 1st phase construction	400,000	
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>		-0-
E.	<u>PROJECT IMPROVEMENTS</u>		163,000
1.	Improvements to Ankeny, First & Burnside (Skidmore - Old Town District; Street Alterations - \$50,000, Street Furn., etc. \$113,000)	163,000	
F.	<u>CONTINGENCIES</u>		85,000
G.	<u>OPERATING COSTS &amp; PERSONAL SERVICES (PDC)</u>		262,600
1.	Operating Costs - Office Space, supplies, etc.	49,000	
2.	Personal Services - Salaries, Social Security, Taxes, Health Ins., etc.	213,600	
	Sub-Total		\$1,697,600 (HCD <u>(\$330,000) Loans</u>
	TOTAL		\$2,027,600

12

## DOWNTOWN WATERFRONT REDEVELOPMENT AREA

### Explanation of Budgeted Activities

Note: HCD money will be used in the Waterfront as a temporary loan to fund projects which can begin quickly. A tax increment bond will be issued as soon as possible to pay back this HCD advance and fund additional projects. The money returned will then be re-allocated to other community projects in the HCD program.

#### A. RESIDENTIAL

The subsidizing of residential development, especially for low income residents, is both legally and financially the most complex of the development proposals. Any project participation in this will also include combining resources with State programs financed through the recent State Housing Bond issue and federal programs for rent subsidy payments, such as Section 8, or federal low interest loans, mortgage insurance or tax abatement.

1. The 12 structural and economic analysis of potential units for residential rehabilitation are feasibility studies which will aid public agencies and private owners to choose the best possible units for rehabilitation.
2. 70 housekeeping units involving major rehabilitation are the second phase of a continuing program to rehabilitate 400 such units as identified by the Social Policy Report and begun with the Foster Hotel. Because of the difficulty in duplicating the Foster model, an amount has been budgeted which would allow outright public purchase. (see Real Estate and Relocation) and direct funding of rehabilitation. If, by combining programs mentioned above, savings can be designed, they will be applied to rehabilitating additional units.
3. 110 loans for rooming units involving moderate rehabilitation would be the first phase of 660 such units targeted by the Social Policy for this project. It is expected that a revolving low interest loan fund can be established in conjunction with local banks similar to that used for private residences in the Model Cities area. As such, it would be self-supporting and require no use of HCD money.

#### B. COMMERCIAL

1. Design services in support of private rehabilitation would be offered to provide those interested with preliminary design ideas, costs and financing analysis to help determine the best way to proceed with a rehab project.

- 13
2. Funding budgeted for the revolving rehabilitation loan fund would be the first step in establishing the Urban Conservation Fund recommended by the City's consultants on historic conservation. Interest bearing loans would be made so the fund would become self sustaining.

C. PUBLIC PROPERTIES

1. Waterfront Esplanade design and engineering for first phase development will be undertaken based on approved work of the City's consultants.
2. Construction costs for initial Waterfront Esplanade first phase development.

D. REAL ESTATE AND RELOCATION

1. Acquisition of property for residential rehabilitation is budgeted in support of A.2., where actual public purchase may be necessary to provide suitable structures to accommodate 70 rehabilitated units. Because some occupancy of buildings acquired may be expected, relocation assistance, as required by federal law, is budgeted. If acquisition is not required, this money will be re-allocated to other activities.

E. PROJECT IMPROVEMENTS

1. Design services in support of historic district improvements will provide the level of design and engineering necessary to proceed with actual construction of improvements.
2. Improvements to Ankeny, First and Burnside would be made based on criteria established in the Parking and Circulation Policy and the Urban Design Plan for the project. They would generally consist of improvements to streets and sidewalks (or, in the case of Ankeny, its development as a pedestrian mall) provision of street furniture and other amenities and would support and encourage private development and rehabilitation in the Skidmore/Old Town area.

F. CONTINGENCIES.

An amount to be allocated, to the above items, as needed.

G. OVERHEAD AND PERSONAL SERVICES

This is the amount required to support office and legal costs, employee salaries, fringe benefits, employer taxes, etc.

14

III. Proposed Program and Budget, by Activity



ACTIVITY SUMMARY

A.	<u>RESIDENTIAL</u> (Housing Rehabilitation)	\$2,071,000 (\$2,160,000) Loans
	1. Single Family Dwelling Rehab - 650 Jobs	
	205 Deferred Pmt. Loans @ \$4,000 ea. =	\$820,000
	305 PIL/312 Loans @ \$6,000 ea. =	(\$1,830,000)
	140 Critical Maint. Loans \$1,500 ea. =	210,000
	2. Emerg. Hsg. Repair & Winterization (CETA)	50,000
	**3. Multi-Family Rehab - Correcting Code	
	Deficiencies (Chap. 13, etc.)	500,000
	132 Rooming Units Loans @ \$2,500 ea. =	(330,000)
	4. Housing Recycle Program	200,000
	**5. Hsg. Dev. & Rehab Architectural Services	37,000
	6. PIL Loan Reserve Fund	150,000
	7. Sewer Backflow Preventers for Single Family Dwellings	104,000
B.	<u>COMMERCIAL/INDUSTRIAL</u>	332,000
	1. Architectural Services	32,000
	**2. Revolving Fund - Historic/Comm. Bldg. Rehab	300,000
C.	<u>PUBLIC PROPERTIES</u>	1,387,000
	**1. Parks, Plazas, etc.	412,000
	**2. Waterfront Esplanade	470,000
	3. Pioneer Square (match for BOR Grant)	500,000
	4. Site Prep. - Eliot II	5,000
D.	<u>REAL ESTATE, RELOCATION &amp; SITE CLEARANCE</u>	857,000
	1. Landbanking for Housing & Clinic	
	Real Estate Purchases	440,000
	Relocation Payments	40,000
	Site Clearance	45,000
	Disposition Costs	3,000
	Sub-Total	528,000
	*2. Real Estate Purchase of Open Space	100,000
	3. Public Improvements	
	Real Estate Purchases	113,000
	Relocation Payments	25,000
	Site Clearance	8,000
	Sub-Total	146,000
	4. Other Disposition Costs	9,000
	5. Demolition Loan Fund - Clearance of Abandoned Structures	74,000

\*Requires policy and/or eligibility determination  
\*\*Potential partial reimbursement from tax increment

E. PROJECT IMPROVEMENTS \$1,349,000

- \*\* 1. Street Reconstruction & Sidestripping 666,000
- 2. Traffic Signals 116,000
- 3. Water & Sewer (Eliot II) 100,000
- \*\* 4. Street Furniture & Malls 333,000
- 5. Street Trees 61,000
- 6. Lighting 66,000
- \*7. Engineering Study (Ross Island Bridge) 7,000

F. CONTINGENCIES & LOCAL OPTIONS 598,200

- 1. Contingencies 380,000
- 2. Local Options (Housing Assistance for Handicapped - CART, Recycle Centers, Special Capital Impvts, Etc.) 218,200

G. OPERATING COSTS & PERSONAL SERVICES (PDC) 1,807,800

- \*\* 1. Operating Costs 352,000
- \*\* 2. Personal Services 1,455,800

H. OTHER COSTS 358,000

- 1. Processing & Management (City of Portland) 263,000
- 2. Interest on Short Term Operating Loans 80,000
- 3. Federal Monitoring Charge 15,000

TOTAL HCD FUNDS \$8,760,000

(Loans) (\$2,160,000)

\$10,920,000

\*Requires policy and/or eligibility determination  
\*\*Potential partial reimbursement from tax increment

(1) An order that the respondent's payments be terminated, or

(2) An order that the respondent's payments be reduced, or

(3) An order that the Secretary limit the availability of payments to activities not affected by respondent's failure to comply, or

(4) An order in favor of respondent. After reaching his initial decision the administrative law judge shall certify to the complete record, together with a certified copy of his initial decision, to the Secretary. The administrative law judge shall serve also a copy of the initial decision upon the Secretary and the respondent. The administrative law judge shall serve also a copy of the initial decision by certified mail to the chief executive officer of the respondent or to its attorney of record.

(k) *What constitutes record.* The transcript of testimony, pleadings and exhibits, all papers and requests filed in the proceeding together with all findings, decisions and orders, shall constitute the exclusive record in the matter.

(l) *Procedure on review of decision of administrative law judge.*—(1) *Appeal to the Secretary.* Within 30 days from the date of the initial decision and order of the administrative law judge, the respondent may appeal to the Secretary and file his exceptions to the initial decision and his reasons therefor. The respondent shall transmit a copy of his appeal and reasons therefor to the HUD counsel who may, within 30 days from receipt of the respondent's appeal, file a reply brief in opposition to the appeal. A copy of the reply brief, if one is filed, shall be transmitted to the respondent or its counsel of record. Upon the filing of an appeal and a reply brief, if any, the Secretary shall make the final agency decision on the record of the administrative law judge submitted to him.

(2) *Absence of appeal.* In the absence of exceptions by the respondent within the time set forth in paragraph (1) (1) of this section or a review initiated by HUD counsel within 45 days after the initial decision, such initial decision of the administrative law judge shall constitute the final decision of the Department.

(m) *Decision of the Secretary.* On appeal from or review of the initial decision of the administrative law judge, the Secretary will make the final agency decision. In making his decision the Secretary will review the record or such portions thereof as may be cited by the par-

ties to permit limiting of the issues. The Secretary may affirm, modify, or revoke the findings and initial decision of the administrative law judge. A copy of the Secretary's decision shall be transmitted immediately to the chief executive officer of the respondent or its counsel of record.

(n) *Publicity of proceedings.* (1) *In general.* A proceeding conducted under this subpart shall be open to the public and to elements of the news media provided that in the judgment of the administrative law judge, the presence of the media does not detract from the decorum and dignity of the proceeding.

(2) *Availability of record.* The record established in any proceeding conducted under this subpart shall be made available to inspection by the public as provided for and in accordance with regulations of the Department of HUD pursuant to 24 CFR Part 15.

(3) *Decisions of the administrative law judge.* The statement of findings and the initial decision of the administrative law judge in any proceedings, whether or not on appeal or review shall be indexed and maintained by the Secretary and made available for inspection by the public at the public documents room of the Department. If practicable, the statement of findings and the decisions of the administrative law judge shall be published periodically by the Department and offered for sale through the Superintendent of Documents.

(4) Based on written advice from the Department of Justice that publicity of the proceedings or public release of the record pursuant to (n) (1), (2), and (3) of this section would adversely affect criminal prosecution, the Secretary may deem the applicability of (n) (1), (2), and (3) stayed.

(o) *Judicial review.* (1) Actions taken under administrative proceedings pursuant to this subpart shall be subject to judicial review pursuant to Section 111(c) of the Act. If a respondent desires to appeal a decision of the administrative law judge which has become final, or a final order of the Secretary for review of appeal, to the U.S. Court of Appeals, as provided by law, the Secretary, upon prior notification of the filing of the petition for review, shall have prepared in triplicate, a complete transcript of the record of the proceedings, and shall certify to the correctness of the record. The original certificate together with the original record shall then be filed with the Court of Appeals which has jurisdiction.

(2) Any recipient which receives the final agency decision of the termination, reduction or limitation of payments under this title may, within sixty days after receiving such notice, file with the United States Court of Appeals for the circuit in which such State is located, or in the United States Court of Appeals for the District of Columbia, a petition for review of the Secretary's action. The petitioner shall forthwith transmit copies of the petition to the Secretary and the Attorney General of the United States, who, shall represent the Secretary in the litigation.

(3) The Secretary shall file in the court the record of the proceeding on which he based his action, as provided in Section 2112 of Title 28, United States Code. No objection to the action of the Secretary shall be considered by the court unless such objection has been urged before the Secretary.

(4) The court shall have jurisdiction to affirm or modify the action of the Secretary or to set it aside in whole or in part. The findings of fact by the Secretary, if supported by substantial evidence on the record considered as a whole, shall be conclusive. The court may order additional evidence to be taken by the Secretary, and to be made part of the record. The Secretary may modify his findings of fact, or make new findings, by reason of the new evidence so taken and filed with the court, and he shall also file such modified or new findings, which findings with respect to questions of fact shall be conclusive if supported by substantial evidence on the record considered as a whole, and shall also file his recommendations, if any, for the modification or setting aside of his original action.

(5) Upon the filing of the record with the court, the jurisdiction of the court shall be exclusive and its judgment shall be final, except that such judgment shall be subject to review by the Supreme Court of the United States upon writ of certiorari or certification as provided in Section 1254 of Title 28, United States Code.

*Effective date.* This part shall be effective November 13, 1974.

DAVID O. MEEKER, Jr.,  
Assistant Secretary for Community Planning and Development.

[FR Doc.74-26565 Filed 11-12-74; 8:45 am]

# federal register

WEDNESDAY, NOVEMBER 13, 1974

WASHINGTON, D.C.

Volume 39 ■ Number 220



PART III

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Assistant Secretary  
for Community Planning  
and Development

Community Development Block Grants

**Title 24—Housing and Urban Development**  
**CHAPTER V—OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT**

[Docket No. R-74-292]

**PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS**

Notice was given on September 17, 1974, at 39 FR 33482 that the Department of Housing and Urban Development was proposing to amend Title 24 of the Code of Federal Regulations by adding a new Part 570 to Chapter V.

The purpose of Part 570 is to set forth regulations governing the use of funds under Title I of the Housing and Community Development Act of 1974, Pub. L. 93-383, which provides for a new program of community development block grants which begins on January 1, 1975.

These regulations deal with those funds which under the new legislation are distributed by entitlements to cities and other units of general local government on a needs formula or hold-harmless basis. The law directs that financial assistance be provided to communities with minimum delay, and establishes a Federal review process of not more than 75 days. The review standards assume approval of applications from entitlement cities unless findings to the contrary, as presented by the statute, can be specified by the Secretary.

At a later date regulations will be published which will deal with the distribution and application process for discretionary funds under this Title. In addition, regulations will be published at a later date governing: grant close-out procedures; marketing of notes and interest rates; grants for taxable obligations; HUD administrative services for rehabilitation loans and grants; requirements for completion of renewal projects prior to financial settlement, and HUD reports.

The Department has received more than 200 responses to the September 17, 1974, publication. All of these comments were seriously considered and many changes have been incorporated in these regulations as a result. The principal changes are set forth below.

Subpart A, General Provisions, was changed to add several new definitions and language clarifying the scope and purposes of the program. § 570.1 was changed to reflect the continuation of the authority to make Section 312 rehabilitation loans to August 22, 1975. The "maintenance of effort" language, formerly contained in Subpart G, Other program requirements, has been included in § 570.2. In response to various comments, definitions were inserted as follows: "applicant;" "chief executive officer;" "identifiable segment of the total group of lower income persons in the community;" "low and moderate income families;" "lower income families;" "low and moderate income persons;" and "lower income persons."

Subpart B, Allocation and Distribution of Funds, contains a new explanation of the effect of annexations on eligibility

for grants; a clarification of the hold harmless regulations; and a change in the elements required to qualify an urban county for entitlement funds by permitting consideration of the activities undertaken by designated agencies and deleting wording concerning consideration, for eligibility determination, of activities previously undertaken by the county.

Subpart C, Eligible Activities, now includes publicly owned low rent housing modernization as an eligible activity. In response to numerous comments, language clarifying the eligibility of continuing model cities program activities was added. In § 570.201, certain ineligible activities are more clearly defined and libraries and nursing homes are added as ineligible activities.

Subpart D, Applications for Entitlement Grants, contains changes reflecting a significant number of comments on application submission and review requirements. Of particular concern to local officials, planning agencies and State governments, were the requirements for complying with OMB Circular A-95. The language of § 570.300(c) of the regulations has been changed to encourage A-95 clearinghouse comments to HUD pertaining to the statutory determinations to be made by HUD in reviewing the application. In § 570.303(a) applicants are required to explain any inconsistencies with area-wide plans.

New language has been added in § 570.302(c) authorizing entitlement applicants to incur costs to plan and prepare for the implementation of eligible community development activities beginning with the effective date of these regulations, with reimbursement dependent upon the availability of appropriated funds. The housing assistance plan requirements described in § 570.303(c), have been simplified. Language has been added indicating that applicants shall take HUD site and neighborhood standards into consideration when describing the general location of new construction or substantial rehabilitation for housing to be assisted by HUD.

Many comments were received with respect to the certifications called for in § 570.303(e). Most of the suggestions indicated that HUD should prescribe more fully the procedures, process and local structure for citizen participation in § 570.303(e) (2) and in § 570.900(d). Such comments were given careful consideration and rejected since the proposed requirements would have imposed upon HUD the responsibility for specifying the manner in which local general purpose government related to its citizens. This role was not considered appropriate for HUD.

Language was added to § 570.303(e) (5) to have applicants comply with Federal Management Circulars 74-4 and 74-7 and OMB Circular No. A-95.

Section 570.306(b) (2) has been revised to delete language requiring HUD determinations concerning the Federal Government's financial interest in existing renewal projects as a condition to approval of an application.

In Subpart F, Grant Administration, language has been added permitting the applicant to designate one or more public agencies to undertake a Community Development Program in whole or in part. Language on the release of funds has been clarified in § 570.504.

In response to several queries, in § 570.508(c), the definition and handling of program income has been revised to make it clear how different sources of income, including rehabilitation loan repayments, shall be treated.

Audit requirements have been revised in § 570.509, in response to comments to require a local audit at least every two years.

Part G, Other Program Requirements, has been renumbered, with language added with respect to complying with the Hatch Act, the National Flood Insurance Program, the Clean Air Act, and the Federal Water Pollution Control Act requirements. In response to comments, language was deleted from the relocation requirements relating to the payment of relocation costs for assisted housing with community development funds.

Part H, Loan Guarantees, contains several significant changes. Applications for loan guarantees must be submitted at the time the applicant applies for entitlement grants.

Several objections and suggestions were received concerning the language on marketing of notes and interest rates. § 570.704 has been reserved for new language to be inserted at a later date on this subject. In addition, revised language will be entered at a later date on grants for taxable obligations.

Subpart I, Financial Settlement of Urban Renewal Projects, has no changes. Requirements for completion of renewal projects prior to financial settlement will be entered at a later date.

Subpart J, Program Management, contains re-numbered paragraphs and clarification of performance standards on relocation and equal opportunity.

The Assistant Secretary for Community Planning and Development has determined that the public interest would be best served by making these regulations effective immediately. This is consistent with the Act which directs that financial assistance be provided to communities with minimum delay. Therefore, deferral of the effective date under 5 U.S.C. 55-3(d) is waived and these regulations shall become effective upon publication in the FEDERAL REGISTER.

Accordingly, Title 24 is amended as follows:

A new Part 570, Community Development Block Grants is added to Chapter V to read as set forth hereinafter:

Subpart A—General Provisions	
Sec. 570.1	Applicability and scope.
570.2	Objective and purpose of program.
570.3	Definitions.
Subpart B—Allocation and Distribution of Funds	
570.100	General.
570.101	Allocation between metropolitan and nonmetropolitan areas.
570.102	Basic grant amounts.
570.103	Hold-harmless grants.
570.104	Funds for discretionary grants.

witness in the proceeding. The Secretary shall be represented by the General Counsel of HUD.

(d) *Administrative Law judge; powers.*  
 (1) *Appointment.* An administrative law judge, appointed as provided by Section 11 of the Administrative Procedure Act (5 U.S.C. 3105), shall conduct proceedings upon complaints filed under this subpart.

(2) *Powers of administrative law judge.* Among other powers provided by law, the administrative law judge's authority, in connection with any proceeding under this subpart, shall include authority to:

(i) Administer oaths and affirmations;  
 (ii) Making ruling upon motions and requests. Prior to the close of the hearing no appeal shall lie from any such ruling except, at the discretion of the administrative law judge, in extraordinary circumstances;

(iii) Determine the time and place of hearing and regulate its course and conduct. In determining the place of hearing the administrative law judge may take into consideration the requests and convenience of the respondent or its counsel;

(iv) Adopt rules of procedure and modify the same from time to time as occasion requires for the orderly disposition of proceedings;

(v) Rule upon offers of proof, receive relevant evidence, and examine witnesses;

(vi) Take or authorize the taking of depositions;

(vii) Receive and consider oral or written arguments on facts or law;

(viii) Hold or provide for the holding of conferences for the settlement or simplification of the issues by consent of the parties;

(ix) Perform such acts and take such measures as are necessary or appropriate to the efficient conduct of any proceeding; and

(x) Make initial findings and decision.  
 (e) *Hearings.* (1) In general: The administrative law judge shall preside at the hearing on a complaint. Testimony of witnesses shall be given under oath or affirmation. The hearing shall be stenographically recorded and transcribed. Hearings will be conducted pursuant to section 7 of the Administrative Procedure Act (5 U.S.C. 556).

(2) *Failure to appear:* If, after proper service and notice, a respondent fails to appear at the hearings, it shall be deemed to have waived the right to a hearing and the administrative law judge shall make his findings and decision against the respondent by default.

(3) *Waiver of hearing:* A respondent may waive the hearing by informing the administrative law judge, in writing on or before the date set for hearing, that it desires to waive hearing. In such event the administrative law judge shall make his findings and decision based upon the pleadings before him. The decision shall plainly show that the respondent waived hearing.

(4) The administrative law judge shall prior to or at the beginning of the

hearing require that the parties attempt to arrive at such stipulations as will eliminate the necessity of taking evidence with respect to allegations of facts concerning which there is no substantial dispute. The administrative law judge shall take similar action, where it appears appropriate, throughout the hearing and shall call and conduct any conferences which he deems advisable with a view to the simplification, clarification, and disposition of any of the issues involved.

(f) *Evidence.* (1) Any evidence which would be admissible under the rules of evidence governing proceedings in matters not involving trial by jury in the Courts of the United States, shall be admissible and controlling as far as possible. Provided that, the administrative law judge may relax such rules in any hearing when in his judgment, such relaxation would not impair the rights of either party and would more speedily conclude the hearing, or would better serve the ends of justice. Evidence which is irrelevant, immaterial or unduly repetitious shall be excluded by the administrative law judge.

(2) *Depositions.* The deposition of any witness may be taken pursuant to § 570.913(g) and the deposition may be admitted.

(3) *Proof of documents.* Official documents, records and papers of a respondent shall be admissible as evidence without the production of the original provided that such documents, records and papers are evidenced as the original by a copy attested to or identified by the chief executive officer of the respondent or the custodian of the document, and contain the seal of the respondent.

(4) *Exhibits.* If any document, record, paper, or other tangible or material thing is introduced in evidence as an exhibit, the administrative law judge may authorize the withdrawal of the exhibit subject to any conditions he deems proper. An original document, paper or record need not be introduced and a copy duly certified (pursuant to paragraph (b) of this section) shall be deemed sufficient.

(5) *Objections.* Except as requested by counsel or the administrative law judge, oral or written objections to evidence shall be in short form, stating the grounds of objection relied upon, and the record shall not include subsequent argument thereon, except as permitted by the administrative law judge. Rulings on such objections shall be a part of the record. No exception to the ruling is necessary to preserve the right of either party to the proceeding.

(g) *Depositions.* (1) *In general.* Depositions for use at a hearing may, with the written approval of the administrative law judge, be taken by either the Secretary or the respondent or their duly authorized representatives. Depositions may be taken upon oral or written interrogatories, upon not less than 15 days written notice to the other party, before any officer duly authorized to administer an oath for general purposes. Such written notice shall state the names of the witnesses and the time and

place where the depositions are to be taken. The requirement of 15 days written notice may be waived by the parties in writing, and depositions may then be taken from the persons and at times and places mutually agreed to by the parties.

(2) *Written interrogatories.* When a deposition is taken upon written interrogatories, any cross-examination shall be upon written interrogatories. Copies of such written interrogatories shall be served upon the other party with the notice, and copies of any written cross-interrogatories shall be mailed by first class mail or delivered to the opposing party at least 10 days before the date of taking the depositions, unless the parties mutually agree otherwise. A party upon whose behalf a deposition is taken must file with the administrative law judge and serve one copy upon the opposing party. Expenses in the reporting of depositions shall be borne by the party at whose instance the deposition is taken.

(h) *Stenographic record; oath of reporter, transcript.* (1) *In general.* A stenographic record shall be made of the testimony and proceedings, including stipulations and admissions of fact in all proceedings. Arguments of counsel may be heard on request. A transcript of the proceedings (and evidence) at the hearing shall be made in all cases.

(2) *Oath of reporter.* The reporter making the stenographic record shall subscribe an oath before the administrative law judge, to be filed in the record of the case, that he (or she) will truly and correctly report the oral testimony and proceedings at such hearing and accurately transcribe the same to the best of his (or her) ability.

(3) *Transcript.* Copies of the transcript may be obtained from the reporter at rates not to exceed the actual cost of duplication. Copies of exhibits introduced at the hearings or at the taking of depositions will be supplied to the parties upon the payment of a reasonable fee (31 U.S.C. 483(a)).

(i) *Proposed findings and conclusions.* Except in cases where a respondent has failed to appear to answer the complaint or has failed at the hearings, or has waived the hearing, the administrative law judge, prior to making his initial decision, shall afford the parties a reasonable opportunity to submit proposed findings and conclusions and supporting reasons therefor.

(j) *Initial decision of the Administrative Law Judge.* Within 30 days after the conclusion of a hearing, the administrative law judge shall make his initial decision. However, where proposed findings and conclusions are timely submitted by the parties, such decision shall be made within 30 days after receipt of the findings and conclusions. The initial decision shall include a statement of the findings of fact and the conclusions therefrom, as well as the reasons or basis therefor, upon all the material issues of fact, law or discretion preserved on the record, and may provide for one of the following orders:

the Attorney General may bring a civil action in any appropriate United States district court for such relief as may be appropriate, including injunctive relief.

**§ 570.913 Other remedies for non-compliance.**

(a) *Secretarial referral to the Attorney General.* The Secretary may, if he has reason to believe that a recipient has failed to comply substantially with any provision of the Act, refer the matter to the Attorney General of the United States with a recommendation that an appropriate civil action be instituted. Upon such a referral the Attorney General may bring a civil action in any United States district court having venue thereof for such relief as may be appropriate, including an action to recover the amount of the assistance furnished under this Part which was not expended in accordance with it, or for mandatory or injunctive relief.

(b) *Secretarial actions on payments.* If the Secretary finds a recipient has failed to comply substantially with any provision of this Part, he may, provided his finding of failure to comply is made after reasonable notice and opportunity for hearing,

(1) Terminate payments to the recipient; or

(2) Reduce payments to the recipient by an amount equal to the amount of such payments which were not expended in accordance with this Part; or

(3) Limit the availability of payments to programs, projects, or activities not affected by such failure to comply.

The following regulations govern the procedure and practice requirements involving adjudications where the Secretary desires to take action requiring reasonable notice and opportunity for hearing. The regulations in this part shall be liberally construed to secure just, expeditious, and efficient determination of the issues presented. The Administrative Procedure Act (5 U.S.C. 551 et seq.) where applicable shall be a guide in any situation not provided for or controlled by this subpart, but shall be liberally construed or relaxed when necessary.

(c) *Reasonable notice and opportunity for hearing.* (1) Whenever the Secretary has reason to believe that a recipient has failed to comply substantially with any section of the Act or of the provisions of this part, and that termination, reduction, or limiting the availability of payments is required, he shall give reasonable notice and opportunity of hearing to such recipient prior to the invocation of any sanction under the Act.

(2) Except in proceedings involving willfulness or those in which the public interest requires otherwise, a proceeding under this part will not be instituted until such facts or conduct which may warrant such action have been called to the attention of the chief executive officer of the recipient in writ-

ing and he has been accorded an opportunity to demonstrate or achieve compliance with the requirements of the Act and of this part. If the recipient fails to meet the requirements of the Act and regulations within such reasonable time as may be specified by the Secretary, a proceeding shall be instituted. Such proceeding shall be instituted by the Secretary by a complaint which names the recipient as the respondent.

(3) A complaint shall give a plain and concise description of the allegations which constitute the basis for the proceeding. A complaint shall be deemed sufficient if it fairly informs the respondent of the charges against it so that it is able to prepare a defense to the charges. Notification shall be given in the complaint as to the place and time within which the respondent shall file its answer, which time shall be not less than 30 days from the date of service of the complaint. The complaint shall also contain notice that a decision by default will be rendered against the respondent in the event it fails to file its answer as required.

(4) (i) *Service of Complaint.* The complaint or a true copy thereof may be served upon the respondent registered or by certified mail, return receipt requested; or it may be served in any other manner which has been agreed to in writing by the respondent. Where the service is by certified mail, the return Postal Service receipt duly signed on behalf of the respondent shall be proof of service.

(ii) *Service of papers other than complaint.* Any paper other than the complaint may be served upon the respondent or upon its attorney of record by registered or certified mail, return receipt requested. Such mailing shall constitute complete service.

(iii) *Filing of papers.* Whenever the filing of a paper is required or permitted in connection with a proceeding under this Part, and the place of filing is not specified in this subpart or by rule or order of the administrative law judge, the paper shall be filed with the Secretary, Washington, D.C. 20410. All papers shall be filed in duplicate.

(iv) *Motions and Requests.* Motions and requests shall be filed with the designated administrative law judge, except that an application to extend the time for filing an answer shall be filed with the Secretary pursuant to § 570.913 (c) (4) (iii).

(5) (i) *Filing.* The respondent's answer shall be filed in writing within the time specified in the complaint, unless on application the time is extended by the Secretary. The respondent's answer shall be filed in duplicate with the Secretary.

(ii) *Contents.* The answer shall contain a statement of facts which constitute the grounds of defense, and it shall specifically admit or deny each allegation set forth in the complaint, except that the respondent shall not deny a material allegation in the complaint which it knows to be true; nor shall a respondent state that it is without sufficient infor-

mation to form a belief when in fact it possesses such information. The respondent may also state affirmatively special matters of defense.

(iii) *Failure to deny or answer allegation in the complaint.* Every allegation in the complaint which is not denied in the answer shall be deemed to be admitted and may be considered as proved, and no further evidence in respect of such allegation need be adduced at a hearing.

(iv) *Failure to file answer.* Failure to file an answer within the time prescribed in the complaint, except as the time for answer is extended under § 570.913 (c) (5) (i), shall constitute an admission of the allegations of the complaint and a waiver of hearing, and the administrative law judge shall make his findings and decision by default without a hearing or further procedure.

(v) *Reply to answer.* No reply to the respondent's answer is required unless the administrative law judge so requests. Otherwise, the Secretary may file a reply in his discretion, but in any event within 10 days from his receipt of respondent's answer.

(vi) *Referral to administrative law judge.* Upon receipt of the answer by the Secretary or upon filing a reply if one is deemed necessary, or upon failure of the respondent to file an answer within the time prescribed in the complaint or as extended under § 570.913 (c) (5) (i), the complaint (and answer, if one is filed) shall be referred to the administrative law judge. Where an answer has been filed, the administrative law judge shall set a time and place for hearing and shall serve notice thereof upon the parties at least 15 days in advance of the hearing date.

(6) (i) If it appears to the Secretary that the respondent in its answer falsely and in bad faith, denies a material allegation of fact in the complaint or states that it has no knowledge sufficient to form a belief, when in fact it does possess such information, or if it appears that the respondent has knowingly introduced false testimony during the proceedings, the Secretary may thereupon file supplemental charges against the respondent. Such supplemental charges may be tried with other charges in the case, provided the respondent is given due notice thereof and is afforded an opportunity to prepare its defense thereto.

(ii) In the case of a variance between the allegations in a pleading and the evidence adduced in support of the pleading, the administrative law judge may order or authorize amendment of the pleading to conform to the evidence: *Provided*, The party that would otherwise be prejudiced by the amendment is given reasonable opportunity to meet the allegation of the pleading as amended. The administrative law judge shall make findings on any issue presented by the pleadings as so amended.

(iii) A respondent may appear in person through its chief executive officer and must be represented by counsel. Respondent's counsel may also appear as a

Sec.  
570.105 Qualification as urban county.  
570.106 Qualification and submission dates.  
570.107 Reallocation of funds.  
570.108 Offset against entitlement.

**Subpart C—Eligible Activities**

570.200 Eligible activities.  
570.201 Ineligible activities.

**Subpart D—Applications for Entitlement Grants**

570.300 Pre-submissions.  
570.301 Program year.  
570.302 Advance of funds and authorization to incur costs.  
570.303 Application requirements.  
570.304 Waiver of application requirements.  
570.305 Program amendments.  
570.306 HUD review and approval of application.

**Subpart E—Applications and Criteria for Discretionary Grants**

570.400 [Reserved]  
**Subpart F—Grant Administration**  
570.500 Designation of public agency.  
570.501 Grant agreement.  
570.502 Method of payment.  
570.503 Disbursement of transition and planning advances.  
570.504 Release of funds pursuant to 570.603 and 570.607.  
570.505 Financial management systems.  
570.506 Program income.  
570.507 Procurement standards.  
570.508 Bonding and insurance.  
570.509 Audit.  
570.510 Retention of records.  
570.511 HUD administrative services for rehabilitation loans and grants [Reserved].

**Subpart G—Other Program Requirements**

570.600 Limitations on local option activities and contingency accounts.  
570.601 Nondiscrimination.  
570.602 Relocation and acquisition.  
570.603 Environment.  
570.604 Historic preservation.  
570.605 Labor standards.  
570.606 Architectural Barriers Act of 1968.  
570.607 Activities for which other Federal funds must be sought.  
570.608 Hatch Act.  
570.609 National Flood Insurance Program.  
570.610 Clean Air Act and Federal Water Pollution Control Act.

**Subpart H—Loan Guarantees**

570.700 Eligible applicants.  
570.701 Application requirements.  
570.702 Guaranteed loan amount.  
570.703 Federal guarantee.  
570.704 Marketing of notes and interest rates [Reserved].  
570.705 Grants for taxable obligations [Reserved].

**Subpart I—Financial Settlement of Urban Renewal Projects**

570.800 General.  
570.801 Projects which can be completed without capital grants.  
570.802 Projects which cannot be completed without additional capital grants.  
570.803 Requirements for completion of projects prior to financial settlement [Reserved].

**Subpart J—Program Management**

570.900 Performance standards.  
570.905 Reports to be submitted by recipient.  
570.906 Annual performance report.  
570.907 Records to be maintained by recipient.  
570.908 HUD reports [Reserved].  
570.909 Secretarial reviews and monitoring of recipient's performance.

Sec.  
570.910 Evaluation by HUD.  
570.911 Secretarial adjustment of annual grants.  
570.912 Non-discrimination compliance.  
570.913 Other remedies for non-compliance.

**AUTHORITY:** Title I of the Housing and Community Development Act of 1974 (Pub. L. 93-383); and sec. 7(d), Department of Housing and Urban Development Department, (42 U.S.C. 3535(d)).

**Subpart A—General Provisions**

**§ 570.1 Applicability and scope.**

(a) The policies and procedures contained herein are applicable to the making of community development program block grants and loan guarantees on behalf of urban communities under the provisions of Title I of the Housing and Community Development Act of 1974.

(b) This Part covers policies and procedures relating to the roles and responsibilities of HUD and general local government with regard to the allocation and distribution of funds; eligible activities; application for entitlement grants; applications and criteria for discretionary grants; grant administration; other program requirements; loan guarantees; financial settlement of urban renewal projects; and program management.

(c) The community development block grant program under this Part replaces the following programs consolidated by the Act:

(1) Urban renewal (and neighborhood development programs) under title I of the Housing Act of 1949;

(2) Model Cities under Title I of the Demonstration Cities and Metropolitan Development Act of 1966;

(3) Water and sewer facilities under section 702 of the Housing and Urban Development Act of 1965;

(4) Neighborhood facilities under section 703 of the Housing and Urban Development Act of 1965;

(5) Public facilities loans under Title II of the Housing Amendments of 1955;

(6) Open space land under Title VII of the Housing Act of 1961; and

(7) Rehabilitation loans under section 312 of the Housing Act of 1964, except that such loans may be made under the authority of section 312 of the Housing Act of 1964, as amended, until August 22, 1975.

**§ 570.2 Objective and purpose of program.**

(a) The primary objective of the Community Development Program is the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this primary objective, the Federal assistance provided in this Part is for the support of community development activities which are directed toward the following specific objectives:

(1) The elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally persons of low and moderate income;

(2) The elimination of conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities;

(3) The conservation and expansion of the Nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income;

(4) The expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities;

(5) A more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers;

(6) The reduction of the isolation of income groups within communities and geographical areas and the promotion of an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income; and

(7) The restoration and preservation of properties of special value for historic, architectural or esthetic reasons.

(b) It is also the purpose of this Part to further the development of a national urban growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid which:

(1) Provides assistance on an annual basis, with maximum certainty and minimum delay, upon which communities can rely in their planning;

(2) Encourages community development activities which are consistent with comprehensive local and areawide development planning;

(3) Further achievement of the national housing goal of a decent home and a suitable living environment for every American family; and

(4) Fosters the undertaking of housing and community development activities in a coordinated and mutually supportive manner.

(c) It is intended under this Part that the Federal assistance made available hereunder not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

**§ 570.3 Definitions.**

(a) "Act" means Title I of the Housing and Community Development Act of 1974, P.L. 93-383.

(b) "Applicant" means the State or unit of general local government which makes application pursuant to the provisions of Subpart D or Subpart E. One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of a

State or a unit of general local government to undertake a Community Development Program in whole or in part, but only the State or unit of general local government may be the applicant under Subpart D and E.

(c) "Basic grant amount" means the amount of funds which a metropolitan city or urban county is entitled to receive under this Part as determined by the formula based on factors pertaining to population, extent of poverty, and extent of housing overcrowding provided in Subpart B.

(d) "Chief executive officer" of a unit of local government means the elected official, or the legally designated official, who has the primary responsibility for the conduct of that unit's governmental affairs. Examples of the "chief executive officer" of a unit of local government may be: The elected mayor of a municipality; the elected county executive of a county; the chairman of a county commission or board in a county that has no elected county executive; the official designated pursuant to law by the governing body of the unit of local government; or the chairman, governor, chief, or president (as the case may be) of an Indian tribe or Alaskan native village.

(e) "City" means for purposes of basic grant eligibility, (1) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (2) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census.

(f) "Community Development Program" means the program formulated by the applicant in its application to HUD as described in Subpart D which (1) includes the activities to be undertaken to meet its community development needs and objectives identified in its summary community development plan, together with the estimated costs and general location of such activities, (2) indicates resources other than those provided under this Part which are expected to be made available toward meeting its identified needs and objectives, and (3) takes into account appropriate environmental factors.

(g) "Discretionary grant" means a grant made from the Secretary's fund, from the transition fund for urgent community development needs, and from the general purpose funds for metropolitan and nonmetropolitan areas as described more fully in § 570.104(a), (b), (c) (1), and (c) (2), respectively.

(h) "Entitlement amount" means the amount to be received by a unit of general local government consisting of its basic grant amount and/or hold-harmless grant under § 570.102 and § 570.103.

(i) "Extent of housing overcrowding" means the number of housing units with

1.01 or more persons per room based on data compiled and published by the United States Bureau of the Census for 1970.

(j) "Extent of poverty" means the number of persons whose incomes are below the poverty level based on data compiled and published by the United States Bureau of the Census for 1970 and the latest reports of the Office of Management and Budget. For the purposes of this Part, the Secretary has determined that it is neither feasible nor appropriate to make adjustments at this time in the computations of "extent of poverty" for regional or area variations in income and cost of living.

(k) "Hold-Harmless amount" means the amount which represents the average past level of funds received by a unit of general local government under the consolidated programs cited in § 570.1(c) and which is used to determine the amount of the Hold-Harmless grant.

(l) "Hold-Harmless grant" means that amount of funds which a unit of general local government is entitled to receive in excess of its basic grant amount under § 570.103.

(m) "HUD" means the Department of Housing and Urban Development.

(n) "Identifiable segment of the total group of lower-income persons in the community" means women, and members of a minority group which includes Negroes, Spanish-Americans, Orientals, American Indians and other groups normally identified by race, color, or national origin.

(o) "Low and moderate income families" or "lower income families" means families whose incomes do not exceed 80 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income limits higher or lower than 80 percent of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction cost, unusually high or lower family incomes, or other factors.

(p) "Low and moderate income persons" or "lower income persons" means persons for whom the income of the family conforms with the definition of lower income families as established in § 570.3(o) above.

(q) "Metropolitan area" means a standard metropolitan statistical area, as established by the Office of Management and Budget.

(r) "Metropolitan city" means (1) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (2) any other city, within a metropolitan area, which has a population of fifty thousand or more.

(s) "Population" means the total resident population based on data compiled and published by the United States Bureau of the Census for 1970.

(t) "Secretary" means the Secretary of Housing and Urban Development.

(u) "State" means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(v) "Unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Virgin Islands, and American Samoa or a general purpose political subdivision thereof; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States. Such term also includes a State or a local public body or agency (as defined in section 711 of the Housing and Urban Development Act of 1970), a community association, or other entity, which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of section 712 of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968.

(w) "Urban county" means any county within a metropolitan area which, pursuant to § 570.105, (1) is authorized under State law to undertake essential community and housing assistance activities in its unincorporated areas, if any, which are not units of general local government, and (2) has a combined population of two hundred thousand or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded or (ii) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential community development and housing assistance activities.

#### Subpart B—Allocation and Distribution of Funds

##### § 570.100 General.

(a) This subpart describes the policies and procedures governing the determination of entitlement for eligible units of general local government to receive grants, the entitlement amounts, and the allocation of appropriated funds among the several distribution categories provided under Title I of the Housing and Community Development Act of 1974.

(b) In determining eligibility for a Basic Grant and allocating funds under this subpart, current corporate status and geographic boundaries will be considered, in accordance with the following, to the extent such information is available from the U.S. Bureau of the Census at such time as the allocation of funds is to be made each year:

(1) Incorporation of a community having population of at least 50,000 based on latest national census;

recipient to determine eligibility for and the amount of the payment(s) made.

(3) A copy of any grievance filed by the displaced person, a description of the actions taken to resolve it, and a copy of all pertinent determinations.

(e) *Acquisition.* Recipients' files shall contain the following records concerning real property acquisition governed by the provisions of § 570.603:

(1) Invitation to owner to accompany appraiser during inspection.

(2) Property appraisal.

(3) Statement of basis for the determination of just compensation.

(4) Written offer of just compensation.

(5) Purchase agreement, deed, declaration of taking, and any similar or related documents involving conveyance.

(6) Settlement cost reporting statement.

(7) Notice to surrender possession of premises.

(f) *Equal opportunity.* (1) The recipient shall maintain demographic data by census tract. The data shall include prevailing population characteristics relating to race, ethnic group, sex, age, and head of household.

(2) The recipient shall maintain racial, ethnic, and gender data showing the extent to which these categories of persons have participated in, or benefited from, programs and activities funded under this Part.

(3) The recipient shall maintain data which records its affirmative action in equal opportunity employment, including but not limited to employment, upgrading, demotions, transfers, recruitment or recruitment advertising, layoffs or terminations, pay or other compensation, and selection for training.

(4) The recipient shall maintain data which records its good faith efforts to identify, train and/or hire lower-income residents of the project area and to utilize business concerns which are located in or owned in substantial part by persons residing in the area of the project.

(g) *Labor Standards.* Recipients shall maintain records regarding compliance of all contractors performing construction work with grant funds, with the obligations imposed upon them by § 570.605.

(h) *Unavailability of other Federal assistance.* Recipients using funds provided under this Part for the provision of public services as described in § 570.200(a)(8) or for the acquisition, construction, reconstruction, or installation of flood and drainage facilities as described in § 570.200(a)(2), shall maintain records of compliance with the procedures as set forth in § 570.607 indicating that assistance for such facilities under other Federal laws or programs is unavailable.

(i) *OMB Circular A-95 comments.* The recipient shall retain copies of all letters, correspondence, or other records received as a result of review of the community development program application by the appropriate clearinghouse pursuant to the provisions of OMB Circular A-95.

(j) *Record-keeping period.* Records required to be retained under this section shall be kept for a period of three years, or such longer period as HUD may require in specific cases.

§ 570.908 HUD Reports [Reserved].

§ 570.909 Secretarial review and monitoring of recipient's performance.

(a) *General.* The Secretary will review each recipient's annual performance. The review of the recipient's performance will take place where possible, prior to approval of the succeeding year's application for grant.

(b) *Objective.* The review system is designed to determine:

(1) Whether the recipient has carried out a program substantially as described in its application;

(2) Whether that program conformed to the requirements of this Part and other applicable laws and regulations;

(3) Whether the recipient has demonstrated a continuing capacity to carry out in a timely manner the approved community development program. To determine the recipient's continuing capacity, the Secretary will consider:

(i) The recipient's performance in moving activities into execution or accomplishing activities undertaken as a part of the community development program in substantial conformance with the recipient's schedule or timetable for its activities; and

(ii) The recipient's performance in utilizing its resources, including funds received under this Part, at a rate which indicates substantial conformance with the recipient's planned rate of expenditure or utilization.

In making determinations concerning a recipient's continuing capacity, the Secretary will be guided by the experience of other recipients of similar size with similar entitlement amounts as judged by the above factors. Where a recipient's performance with respect to the above factors lags substantially behind that of similar recipients, or for any other reason, the Secretary desires further information, the Secretary may require submission of additional information concerning the administrative, planning, budgeting, management, and evaluation functions of the recipient to determine whether a lack of capacity is the source of the recipient's substantial nonperformance. The Secretary shall further determine by this review if action on the part of the recipient to eliminate the causes of substantial nonperformance will satisfy the requirement of a finding that the necessary capacity to carry out in a timely manner its community development program in succeeding years exists.

(c) *Basis for Review.* Each recipient shall assist the Secretary in performing his review function with respect to:

(1) Review of reports and records of recipients;

(2) Review of certification by the recipient of conformance to applicable laws and regulations;

(3) Site visits and inspections on a routine sampling basis including interviews with citizens and local officials.

§ 570.910 Evaluation by HUD.

(a) The Secretary shall, in addition to his annual reviews and audits, evaluate programs conducted under this Part and their effectiveness in meeting the objectives of this Part.

(b) The Secretary may conduct such evaluation using HUD personnel, or by contract or other arrangement with public or private agencies.

(c) Recipients under this Part may be required to supply data or make available such records as are necessary for the accurate completion of these evaluations.

§ 570.911 Secretarial adjustment of annual grants.

When the Secretary determines on the basis of such reviews and audits as may be necessary or appropriate, that the recipient has not carried out a program substantially as described in its application, that the program did not conform to the requirements of the Act and other applicable laws, or that the recipient does not have a continuing capacity to carry out in a timely manner the approved community development program, he then may make appropriate adjustment in the amount of the annual grants in accordance with his findings pursuant to such reviews and audits. Adjustments may be made in annual grants for the current program period, the forthcoming program period, or both. Where the determination involves a failure to comply substantially with any provision of the Act, the provisions of § 570.913 shall apply.

§ 570.912 Nondiscrimination compliance.

Whenever the Secretary determines that a State or unit of general local government which is a recipient of either grant or loan assistance under this Part has failed to comply with the provisions of § 570.601, he shall notify the Governor of such State or the chief executive officer of such unit of general local government of the noncompliance and shall request the Governor or the chief executive officer to secure compliance. If within a reasonable period of time, not to exceed sixty days, the Governor or the chief executive officer fails or refuses to secure compliance, the Secretary is authorized to (a) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; (b) exercise the powers and functions provided by Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d); (c) exercise the powers and functions provided for in § 570.913; or (d) take such other action as may be provided by law. When a matter is referred to the Attorney General pursuant to the preceding sentence, or whenever he has reason to believe that a State government or unit of general local government is engaged in a pattern or practice in violation of the provisions of § 570.601(a),

property and related facilities, of lending institutions.

(iii) Any action taken to assure that land use and development programs funded under this Part provide greater housing opportunities throughout the planning area for any identifiable segment of the total group of lower-income persons in the community.

(iv) Any site selection policies adopted to promote equal opportunity in housing.

(d) *Citizen participation.* (1) A local citizen participation plan has been developed and made public. The recipient shall specify in the plan how it intends to meet the citizen participation requirements of this Part, inclusive of a timetable specifying: (i) When and how information will be disseminated concerning the amount of funds available for projects that may be undertaken, along with other important program requirements; (ii) when in the initial stage of the planning process public hearings will be held; (iii) when and how citizens will have an opportunity to participate in the development of the application prior to submission; (iv) when and how any technical assistance the recipient may choose to provide, will be made available to assist citizen participants to understand program requirements such as Davis-Bacon, environmental policies, equal opportunity requirements, relocation provisions and like requirements, in the preapplication process; and (v) the nature and timing of citizen participation in the development of any future community development program amendments, including reallocation of funds and designation of new activities or locations.

(2) A local process has been developed which permits citizens likely to be affected by community development and housing activities, including low and moderate income persons, to articulate needs, express preferences about proposed activities, assist in the selection of priorities, and otherwise participate in the development of the application, and have individual and other complaints answered in a timely and responsive manner. (Applicants may wish to provide bilingual opportunities for citizen participation, if feasible, where significant numbers of non-English speaking persons are likely to be affected by community development program activities.)

§ 570.905 Reports to be submitted by recipient.

(a) *General.* Recipients will submit such reports, including litigation reports as the Secretary may require.

(b) *Financial management.* Each recipient shall submit such financial reports as are deemed necessary by the Secretary, consistent with the requirements of Federal Management Circular 74-7.

(c) *Relocation and acquisition reports.* Recipients will report at least annually on a form prescribed by the Secretary

on numbers of persons and businesses relocated, numbers remaining in the relocation workload, and a general breakdown of relocation costs and on real property acquired.

(d) *Equal opportunity reports.* Recipients shall submit such reports as may be necessary, pursuant to the rules and regulations under Title VI, Civil Rights Act of 1964; Title VIII, Civil Rights Act of 1968; Section 3 of the Housing and Urban Development Act of 1968; Section 109 of the Act, Executive Order 11246 as amended, and Executive Order 11063, or any reports as may be further prescribed by the Secretary.

§ 570.906 Annual performance report.

(a) *Submission.* Prior to the beginning of fiscal year 1977 and prior to each fiscal year thereafter, each recipient shall submit a performance report.

(a) *Submission.* Beginning with the application submitted in Fiscal Year 1976, and each fiscal year thereafter, each recipient shall submit a performance report.

(b) *Contents.*—(1) *Progress on planned activities.* The recipient shall indicate, on a form prescribed by HUD, progress on each of the activities that were to be carried out pursuant to its approved application for the previous fiscal year, including requirements described in § 570.305(b).

(2) *Recipient Assessment.* The performance report must include the recipient's assessment of the effectiveness of the program of community development activities conducted under this Part in meeting the objectives of this Part and the needs and objectives identified in the recipient's previous fiscal year application for funding under this part.

(3) *Housing Assistance Provided.* If the recipient's last application indicated that any housing assistance planned under § 570.303(c) (3) was to be provided, the performance report should indicate, on a form prescribed by HUD, progress in providing such assistance.

(4) *Listing of Environmental Reviews.* The performance report should indicate, on a form prescribed by HUD, the nature and status of all environmental reviews, including historic preservation reviews, and status of all environmental reviews required on projects funded pursuant to this part.

(5) *Equal Opportunity.* The recipient shall indicate compliance with the performance standards outlined in § 570.900(c).

(6) *Citizen Participation.* The recipient shall indicate compliance with the performance standards outlined in § 570.900(d).

(c) *Public information.* The recipient will, at the time of submission of the annual performance report, make public notice of the availability of the report for examination by the public. The recipient will keep copies of the performance

report for release as public information and make such copies available to the public at no charge.

§ 570.907 Records to be maintained by recipient.

(a) *Financial management.* Recipients are to maintain records, in accordance with Federal Management Circular 74-7, Attachment G, which identify adequately the source and application of funds for grant supported activities. These records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

(b) *Citizen participation.* Recipients shall maintain the following records with respect to the citizen participation requirements outlined in § 570.900(d):

(1) narrative or other records describing the process used to inform citizens 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.

(2) records of public hearings held to obtain the views of citizens on community development and housing needs.

(3) narrative or other records of the opportunities provided citizens to participate in the development of block grant applications.

(c) *Other resources.* All recipients, under the provisions of § 570.303(b), are required to set forth a community development program which includes activities to be undertaken to meet identified community development needs and objectives and indicates resources other than block grants which are expected to be made available toward meeting identified needs and objectives. Records shall be maintained in a form prescribed by HUD which indicate what amount of the resources indicated in the previous application were annually provided for community development activities and for which activities they were used.

(d) *Relocation.* The recipient shall maintain a management control mechanism that indicates the overall status of the relocation workload and a separate relocation record for each person, business, organization, and farm operation displaced or in the relocation workload as a result of activities as described in § 570.602(a). Each separate record shall include:

(1) Name, address, and relocation needs of person(s) to be displaced; a description of the services and assistance provided; a statement of the type and amount of relocation payments made; and the location and a description of the replacement dwelling or nonresidential accommodation to which the person(s) relocated.

(2) The pertinent claim form(s) and supporting documentation submitted by the displaced person and a copy of the worksheet or other document used by the

(2) Change in boundaries or annexations resulting in the population of the unit of general local government reaching or exceeding 50,000 based on latest national census; and

(3) Changes in boundaries or annexations cumulatively resulting in an increase or decrease in population of the unit of general local government of at least five percent based on latest national census.

§ 570.101 Allocation between metropolitan and nonmetropolitan areas.

Eighty percent of the funds appropriated each year for the purposes of this Part, excluding amounts for the Secretary's discretionary fund and the transition fund described in Subpart E and excluding fifty million dollars in each of Fiscal Years 1975 and 1976 as specified in § 570.104, will be allocated to metropolitan areas, with the balance of twenty percent allocated to nonmetropolitan areas, for community development block grants in metropolitan and nonmetropolitan areas, respectively.

§ 570.102 Basic grant amounts.

(a) *Metropolitan cities.* (1) Of the amount allocated to metropolitan areas pursuant to § 570.101, the Secretary will allocate to all metropolitan cities an amount of funds which bears the same ratio to the allocation for such metropolitan areas as the average of the ratios between:

(i) The population of all metropolitan cities and the population of all metropolitan areas;

(ii) The extent of poverty in all metropolitan cities and the extent of poverty in all metropolitan areas; and

(iii) The extent of housing overcrowding by units in all metropolitan cities and the extent of housing overcrowding by units in all metropolitan areas.

(2) Of the amount allocated to all metropolitan cities, the Secretary will allocate to each metropolitan city a basic grant amount which bears the same ratio to the allocation for all metropolitan cities as the average of the ratios between:

(i) The population of that city and the population of all metropolitan cities;

(ii) The extent of poverty in that city and the extent of poverty in all metropolitan cities; and

(iii) The extent of housing overcrowding by units in that city and the extent of housing overcrowding by units in all metropolitan cities.

(3) In determining the average of ratios under paragraph (a) (1) and (2) of this section, the ratio involving the extent of poverty will be counted twice.

(4) Towns or townships having population of 50,000 or more may be eligible for entitlement to basic grant amounts although they are not classified as municipalities by the U.S. Bureau of the Census. In determining eligibility, primary reliance shall be placed on information available from the U.S. Bureau of the Census with respect to population level, closeness of settlement, and presence of incorporated places within

the boundaries of the unit of general local government.

(b) *Urban counties.* (1) Of the amount allocated to metropolitan areas pursuant to § 570.101, the Secretary will allocate to each urban county a basic grant amount determined by:

(i) Calculating the total amount that would have been allocated to all metropolitan cities and urban counties together under paragraph (a) (1) of this section if data pertaining to the population, extent of poverty, and extent of housing overcrowding in all urban counties were included in the numerator of each of the fractions described in that paragraph; and

(ii) Determining for each urban county the amount which bears the same ratio to the total amount calculated under paragraph (b) (1) (i) of this section as the average of the ratios between:

(A) The population of that urban county and the population of all metropolitan cities and urban counties;

(B) The extent of poverty in that urban county and the extent of poverty in all metropolitan cities and urban counties; and

(C) The extent of housing overcrowding by units in that urban county and the extent of housing overcrowding by units in all metropolitan cities and urban counties.

(2) In determining the average of ratios under paragraph (b) (1) (ii) of this section, the ratio involving the extent of poverty will be counted twice.

(3) In computing amounts or exclusions with respect to an urban county in any fiscal year, there will be excluded any metropolitan city, any other unit of general local government within the county which is to receive a hold-harmless grant for that fiscal year pursuant to § 570.103, and any other unit of general local government the population of which has been excluded from the county's population as part of the urban county qualification process, pursuant to § 570.105.

(4) In excluding the population, poverty, and housing overcrowding data of units of general local government which are to receive a hold-harmless grant from the computations in this paragraph, as required by paragraph (b) (3) of this section, the Secretary will exclude only two-thirds of such data for Fiscal Year 1978 and one-third of such data for Fiscal Year 1979.

(c) *Phase-in provisions.* During the first three years for which funds are approved for distribution to a metropolitan city or urban county, the basic grant amount of those cities and counties as computed under paragraphs (a) and (b) will be adjusted if the amount so computed for the first year exceeds the city's or county's hold-harmless amount for that year as determined under § 570.103. The adjustments will be made so that:

(1) The amount for the first year does not exceed one-third of the full basic grant amount or the hold-harmless amount, whichever is the greater;

(2) The amount for the second year does not exceed two-thirds of the full basic grant amount, or the hold-harmless amount, or the amount allowed under paragraph (c) (1) of this section, whichever is the greatest; and

(3) The amount for the third year does not exceed the full basic grant amount.

§ 570.103 Hold-harmless grants.

(a) *Metropolitan cities and urban counties.* Any metropolitan city or urban county having a hold-harmless amount, as calculated under paragraph (c) of this section, in any fiscal year which exceeds its basic grant amount for that year as computed under § 570.102 will be entitled to receive a hold-harmless grant, in addition to its basic grant. Except as provided in paragraph (d) of this section, the amount of the hold-harmless grant will be equal to the difference between the basic grant amount and the hold-harmless amount.

(b) *Other units of general local government.* Any other unit of general local government will be entitled to receive a hold-harmless grant if, during the five fiscal year period ending June 30, 1972 (or June 30, 1973, in the case of a locality which first received a grant for a neighborhood development program in that fiscal year), it had been carrying out one or more urban renewal projects, code enforcement programs, or neighborhood development programs under Title I of the Housing Act of 1949, or model cities programs under Title I of the Demonstration Cities and Metropolitan Development Act of 1966, under commitments for assistance entered into with HUD during that period. Except as provided in paragraph (d) of this section, such hold-harmless grant will equal the hold-harmless amount as computed under paragraph (c) of this section.

(c) *Calculation of hold-harmless amount.* (1) For each unit of general local government having entitlement for either a basic grant amount or a hold-harmless grant, the Secretary will calculate a hold-harmless amount for each of the first five fiscal years beginning with Fiscal Year 1975, and, for a unit of general local government first qualifying for a basic grant amount after the fourth such fiscal year, for the first two years that unit of general local government receives a basic grant amount.

(2) The hold-harmless amount will be the sum of:

(i) The annual average during the five fiscal years ending June 30, 1972, of:

(A) Commitments for grants for urban renewal (excluding neighborhood development programs) under Part A of Title I of the Housing Act of 1949. For the purposes of this calculation, "commitments for grants" means any of the following conditions occurring during the five year base period:

(1) Funds reserved and not either cancelled or allocated;

(2) Funds reserved and allocated; and funds allocated which had not previously been reserved.

(B) Loans made for the purpose of rehabilitation of property under section 312 of the Housing Act of 1964;

(C) Grants for open space land projects, including urban beautification and historic preservation, under Title VII of the Housing Act of 1961;

(D) Grants for water and sewer projects under section 702 of the Housing and Urban Development Act of 1965;

(E) Grants for neighborhood facilities under section 703 of the Housing and Urban Development Act of 1965; and

(F) Loans for public facilities under Title II of the Housing Amendments of 1955; and

(i) The average annual grant for a neighborhood development program under Part B of Title I of the Housing Act of 1949 made during the five fiscal years ending June 30, 1972, or during Fiscal Year 1973 in the case where the initial grant for this purpose was made in that fiscal year; and

(iii) In the case of a unit of general local government having a model cities program which was funded or extended in Fiscal Year 1973 for a period ending after June 30, 1973, amounts based on the following percentages of the average annual grant made for the model cities program under Title I of the Demonstration Cities and Metropolitan Development Act of 1966 during fiscal years ending June 30, 1972:

(A) One hundred percent for each of a number of years, which, when combined with the number of funding years for which the unit of general local government has received grants prior to Fiscal Year 1975, equals five.

(B) Eighty percent for the year immediately following year five as determined in paragraph (c) (2) (iii) (A) of this section;

(C) Sixty percent for the year immediately following the year provided in paragraph (c) (2) (iii) (B) of this section; and

(D) Forty percent for the year immediately following the year provided in paragraph (c) (2) (iii) (C) of this section.

For the purpose of calculating hold-harmless amounts, the average annual grant under paragraphs (c) (2) (ii) and (iii) of this section will be established by dividing the total amount of grants made to the unit of general local government by the number of months of program activity for which such grants were made and multiplying the result by twelve. In calculating the hold-harmless amount, any portion of grants which were made as one-time payments for relocation costs under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601) will be excluded. In calculating the average annual grant under paragraph (c) (2) (iii) of this section, the Secretary will exclude Planned Variations grants and grants for such other special purposes as relocation costs for Project Rehab in model cities programs.

In attributing credit to metropolitan cities for grants or loans for the purpose of calculating the hold-harmless amount, the Secretary will be guided primarily by the location of the project, and, in addition, the identity of the local government which contracted for such grants or loans. Thus, where a county park authority received a grant to provide recreational facilities in a metropolitan city, the city would be credited with the grant in the hold-harmless calculation, and not the county.

(d) *Phase-out of hold-harmless.* (1) In determining the hold-harmless grant for Fiscal Years 1975, 1976, and 1977, the full hold-harmless amount calculated under paragraph (c) of this section will be used in accordance with paragraphs (a) and (b) of this section. In Fiscal Years 1978 and 1979, if the hold-harmless amount exceeds the basic grant amount for a locality in any such year, as computed under § 570.102, it will be reduced so that—

(i) In Fiscal Year 1978, the excess of the hold-harmless amount over the basic grant amount for that year will equal two-thirds of the difference between such hold-harmless and basic grant amounts; and

(ii) In Fiscal Year 1979, the excess of the hold-harmless amount over the basic grant amount for that year will equal one-third of the difference between such hold-harmless and basic grant amounts.

(2) In Fiscal Year 1980, no hold-harmless grants will be made.

(3) In determining the adjustments under paragraph (d) (1) of this section for units of general local government not qualifying for a basic grant, the provisions of paragraph (d) (1) (i) and (ii) of this section will be applied as though such units had entitlement to a basic grant amount of zero.

(e) *Waiver of hold-harmless.* Any unit of general local government qualifying for a hold-harmless grant under the conditions contained in paragraph (b) of this section may, not later than thirty days prior to January 1, 1975, or not later than 30 days prior to the beginning of any fiscal year thereafter, irrevocably waive its eligibility for such grants. Such waiver must be submitted to the Secretary in writing. In the case of such a waiver, the unit of general local government shall not be excluded from the computations described in § 570.102 (b) (3) and § 570.104(c) (1) and (2).

#### § 570.104 Funds for discretionary grants.

(a) *Secretary's fund.* From the amount appropriated for community development block grants each fiscal year, excluding the transition fund described in paragraph (b) and fifty million dollars in each of Fiscal Years 1975 and 1976, HUD will determine an amount which is two percent of such appropriated funds for use in making grants:

(1) In behalf of new communities approved under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968;

(2) To States and units of general local government which jointly apply for such funds for addressing problems that are area-wide in scope;

(3) In Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands;

(4) To States and units of general local government for use in demonstrating innovative community development projects;

(5) To States and units of general local government for use in meeting emergency community development needs caused by disasters that, in the determination of the President, are of sufficient severity and magnitude to warrant major disaster assistance by the Federal Government, (but not more than one-fourth of the total amount reserved and set aside in the Secretary's fund under this section for each year will be used for this purpose); and

(6) To States and units of general local government where HUD finds it necessary to correct inequities resulting from the allocation provisions of this subpart.

Grants from the Secretary's fund may be made in addition to any other community development block grants which may be made to the same recipient under this subpart.

(b) *Transition fund.* Using funds appropriated for Fiscal Years 1975, 1976 and 1977 for this purpose, grants may be made to units of general local government having urgent community development needs which cannot be met through the operation of the allocation provisions of this subpart. Grants under this paragraph may not exceed the total amount appropriated in each fiscal year for this purpose.

(c) *General purpose funds—*(1) *Metropolitan areas.* Any portion of the amount allocated to metropolitan areas under § 570.101, which remains after the allocation of (i) basic grant amounts to metropolitan cities and urban counties under § 570.102, and (ii) hold-harmless grants to which units of general local government in metropolitan areas are entitled, under § 570.103, plus fifty million dollars in each of Fiscal Year 1975 and Fiscal Year 1976, will be allocated for grants to units of general local government, other than metropolitan cities and urban counties, and to States for use in metropolitan areas, allocating for each such metropolitan area an amount which bears the same ratio to the total of those remaining amounts as the average of the ratios between:

(A) The population of that metropolitan area and the population of all metropolitan areas;

(B) The extent of poverty in that metropolitan area and the extent of poverty in all metropolitan areas; and

(C) The extent of housing overcrowding by units in that metropolitan area and the extent of housing overcrowding by units in all metropolitan areas.

In determining the average ratios for metropolitan areas, the ratio involving the extent of poverty will be counted twice; and in computing amounts for

305, or it may include the proposed use of surplus funds in the first application for entitlement funds which is submitted after financial settlement. If the unit of general local government wishes to stage the use of surplus urban renewal funds over a period of years, it may request the Secretary to make the funds available on a schedule specified by the unit of general local government. In this event, the application or amendment must include only the surplus funds to be used in the program year covered by the application. The use of remaining surplus funds will be governed by subsequent years' applications. Amounts not identified in the application or amendment will be obligated to the recipient by contract and reserved until the use of funds is included in an approved application.

(ii) *Non-Entitlement communities.* Surplus funds resulting from a financial settlement under this section will be made available to a unit of general local government which receives no entitlement amount under Subpart B upon approval of an application as specified in Subpart E, Applications and Criteria for Discretionary Grants.

(2) *Release from contractual obligations under Title I of the Housing Act of 1949.* Prior to financial settlement of the project, the Secretary will negotiate with the LPA the requirements which must be met for completion of the project under the contract executed under Title I of the Housing Act of 1949, as amended, in accordance with § 570.803.

#### § 570.802 Projects which cannot be completed without additional capital grants.

(a) *Use of funds by locality.* Units of general local government may use funds made available under this Part to complete projects funded under Title I of the Housing Act of 1949, as amended, as specifically authorized by § 570.200(a) (10).

(b) *HUD review of locality's intended use of funds.* The Secretary will review the application submitted pursuant to § 570.303 to determine whether the unit of general local government's use of funds will be sufficient to protect the Federal Government's financial interest in existing urban renewal projects. The Federal Government's financial interest in the existing urban renewal projects shall be determined to be sufficiently protected if the unit of general local government's proposed use of funds will ultimately result in full repayment of outstanding temporary loans plus accrued interest. In the event that full repayment of outstanding temporary loans is proposed to be accomplished over a period of more than three years, the proposed use of funds for payment of interest on outstanding temporary loans until full repayment can be accomplished shall be reviewed. If he determines that the unit of general local government's intended use of funds does not sufficiently protect the Federal Government's financial interest in the existing urban renewal project, the Secretary may, after consultation with the chief executive of the unit of general

local government and the local public agency, deduct up to 20 percent from the unit of general local government's entitlement funds in any fiscal year for application to outstanding temporary loans plus accrued interest.

(c) *Deductions at the request of the locality.* The Secretary is authorized to make deductions from a unit of general local government's entitlement for repayment of temporary loans plus accrued interest if the local public agency carrying out the project submits to the Secretary a request which is concurred in by the governing body of the unit of general local government.

(d) *Release from contractual obligations under Title I of the Housing Act of 1949.* Prior to financial settlement of the project, the Secretary will negotiate with the LPA the requirements which must be met for completion of the project under the contract executed under Title I of the Housing Act of 1949, as amended, in accordance with § 570.803.

#### § 570.803 Requirements for Completion of Projects Prior to Financial Settlement [Reserved].

##### Subpart J—Program Management

#### § 570.900 Performance Standards.

Performance standards are the standards against which the Secretary will determine whether the recipient has complied with the specific requirements of this Part. Performance standards are operational program requirements complementing the simplified application review requirements of this part which are designed to provide financial assistance, with maximum certainty and minimum delay, upon which communities can rely in their planning. The Secretary's review of performance against the standards set forth in this section will serve as the basic assurance that grants are being used properly to achieve the objectives of this Part. The Secretary may, either during or after performance, review, monitor, and evaluate the recipient's community development program. The Secretary will use the following standards in determining compliance with this Part of the recipient's performance, including determinations under § 570.911.

(a) *Relocation.* The recipient has established operating procedures under which:

(1) All displaced persons were provided sufficient information in an assimilable form so that they fully understood the reason for their displacement and the relocation rights, payments, and assistance to which they were entitled;

(2) All displaced persons received formal notice establishing their eligibility for relocation payments;

(3) All displaced families and individuals were provided a reasonable number of referrals to comparable decent, safe, and sanitary housing and were provided assistance in obtaining such housing;

(4) All displaced businesses, organizations, and farm operations were offered assistance in obtaining replacement locations;

(5) All displaced persons were provided appropriate advisory services in

order to minimize hardships to such persons in adjusting to relocation;

(6) All displaced persons received all the relocation payments to which they were entitled in a prompt manner;

(7) Displacement and relocation activities under the community development program were coordinated with those of other governmental agencies in the community carrying out programs resulting in concurrent displacement; and

(8) A locally developed administrative review process provides full opportunity for displaced persons to obtain reconsideration of determinations as to their eligibility for, or the amount of, a relocation payment made and consideration of complaints regarding the adequacy of replacement housing. The process assures that complaints of displaced persons are handled in a timely and responsive manner, that conflicts are resolved fairly and expeditiously, that the recipient will review determinations upon request, and that an appeal may be made to the HUD Area Office when necessary.

(b) *Acquisition.* Local acquisition policy complies with Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

(c) *Equal opportunity.* (1) The recipient will be required to document the actions undertaken to assure that no person, on the ground of race, color, national origin, religion, or sex, has been excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any activity funded under this Part. Such documentation should indicate:

(i) Any methods of administration designed to assure that no person, on the ground of race, color, national origin or sex, has been excluded from participation in, denied the benefits of, or otherwise subjected to discrimination under any activity funded under this Part.

(ii) Criteria used in selecting sites for public facilities designed to further the accomplishment of the objectives of the programs or activities conducted under this Part with respect to any identifiable segment of the total group of lower-income persons in the community.

(iii) Any actions undertaken to overcome the effects of conditions which may have resulted in limited participation, in the past, in programs or activities of the type funded under this Part, by any identifiable segment of the total group of lower-income persons in the community.

(iv) Any actions undertaken to promote equal employment opportunities for any identifiable segment of the total group of lower-income persons in the community.

(2) The recipient will be required to document the actions undertaken to further fair housing. Such documentation should indicate:

(i) Any actions undertaken to encourage the development and enforcement of fair housing laws.

(ii) Any actions taken to prevent discrimination in housing and related facilities developed and operated with assistance under this Part, and in the lending practices, with respect to residential



and functions set forth in Reorganization Plan Number 14 of 1950 (5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

**§ 570.606 Architectural Barriers Act of 1968.**

The Architectural Barriers Act of 1968, 42 U.S.C. 4151 is applicable to assistance under this Part and requires that the design of any facility constructed with funds from this title comply with the "American Standard Specification for Making Buildings and Facilities Accessible, and Usable by, the Physically Handicapped," Number A-117.1-1961, as modified (41 CFR 101-17.703).

**§ 570.607 Activities for which other Federal funds must be sought.**

A recipient may use community development funds for the provision of public services as described in § 570.200(a) (8) for activities (other than those previously approved under the model cities program and described in § 570.200(b)); or for flood or drainage facilities as described in § 570.200(a)(2), provided that:

(a) The recipient has applied or inquired in writing to the Federal agency or agencies which conduct a program or programs most likely to meet the needs for which community development funds are being considered, or of the State or local agency or agencies, if any, which customarily receive funds from such programs and administer them within the recipient's jurisdiction.

(b) The recipient has received (1) a written statement of rejection from such Federal, State or local agency; (2) a written statement that funds cannot be made available for at least 90 days after the request; or (3) no response from the Federal, State or local agency within a 90 day period from the date of application or inquiry; and

(c) The recipient has notified HUD of the results of the application or inquiry.

**§ 570.608 Hatch Act.**

Neither the Community Program nor the funds provided therefor, nor the personnel employed in the administration of the program shall be in any way or to any extent engaged in the conduct of political activities in contravention of Chapter 15 of Title 5, United States Code.

**§ 570.609 National Flood Insurance Program.**

The provisions of the Flood Disaster Protection Act of 1973 (Pub. L. 93-234) and the regulations thereunder (24 CFR Chapter X, Subpart B) apply to assistance under this part.

**§ 570.610 Clean Air Act and Federal Water Pollution Control Act.**

The recipient must comply with the provisions of the Clean Air Act, as amended (42 U.S.C. 1857 et seq.), and the Federal Water Pollution Control Act, as amended (33 U.S.C. 1251 et seq.), and the regulations thereunder (40 CFR Part 15).

**Subpart H—Loan Guarantees**

**§ 570.700 Eligible applicants.**

Units of general local government, which are eligible for grant assistance as specified in Subpart B, may apply for loan assistance under this subpart. Applications may also be made by public agencies designated by such units of general local government if the unit of general local government certifies that it does not have the legal capacity to carry out the activities for which the loan assistance is being made available and/or to accept the loan assistance.

**§ 570.701 Application requirements.**

(a) *Timing of submission of loan application.* Applications for loan guarantees must be submitted at the time of submission of an application for grant funds as specified in Subparts D and E.

(b) *Submission requirements.* Applications for loan guarantees must be made in the form prescribed by HUD. Units of general local government will be required to furnish full faith and credit pledges, or pledges of revenues approved by HUD, pursuant to § 570.702 (c).

**§ 570.702 Guaranteed loan amount.**

(a) *Eligible costs.* Guarantees of loans may be made to cover the costs for acquisition or assembly of real property and the related expenses of interest, demolition, relocation, and site improvements, as identified and approved in the grant application.

(b) *Prohibition on loans to benefit private individuals or corporations.* No guarantee shall be issued in behalf of any agency designed to benefit, in or by the flotation of any issue, a private individual or corporation.

(c) *Security requirements.* No guarantee or commitment to guarantee shall be made unless:

(1) The Secretary has reserved and withheld, from the applicant's entitlement or discretionary amount for the applicable program year, for the purpose of paying the guaranteed obligations (including interest), an amount which is at least equal to 110 percent of the difference between the cost of land acquisition and related expenses and the estimated disposition proceeds, which amount may subsequently be increased by the Secretary to the extent he determines such increase is necessary or appropriate because of any unanticipated, major reduction in such estimated disposition proceeds;

(2) The unit of general local government pledges its full faith and credit or revenues approved by the Secretary for the repayment of any amounts required to be paid by the United States pursuant to its guarantee as is equal to the difference between the principal amount of the guaranteed loan and interest thereon and the amount to be reserved and withheld under the preceding paragraph. If revenues are pledged, the applicant must submit evidence to the satisfaction of the Secretary that: (i) There is a reasonable expectation that the revenues will be available; and (ii)

the revenues are unencumbered by any superior claim under the pledge; and

(3) The unit of general local government pledges the proceeds of any grants to which it may become eligible under this for the repayment of any amounts which are required to be paid by the United States pursuant to its guarantee, and which are not otherwise fully repaid when due pursuant to paragraphs (c) (1) and (2) of this section.

**§ 570.703 Federal guarantee.**

The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the obligations for such guarantee with respect to principal and interest, and validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed obligations.

**§ 570.704 Marketing of notes and interest rates. [Reserved]**

**§ 570.705 Grants for taxable obligations. [Reserved]**

**Subpart I—Financial Settlement of Urban Renewal Projects**

**§ 570.800 General.**

This subpart contains regulations governing the transition from the urban renewal and neighborhood development programs (NDP) pursuant to Title I of the Housing Act of 1949, as amended to the programs undertaken pursuant to this Part.

**§ 570.801 Projects which can be completed without additional capital grants.**

(a) Urban renewal and NDP projects which can be completed without additional capital grants may continue to completion under the existing contracts executed under Title I of the Housing Act of 1949, as amended.

(b) At the request of the local public agency (LPA) carrying out the project, with the approval of the governing body of the unit of general local government in which the project is located, the Secretary may approve a financial settlement of the project if a surplus of capital grant funds will result after full repayment of temporary loan indebtedness. The form of the request for financial settlement will be prescribed by the Secretary. Financial settlements so requested shall be made at the discretion of the Secretary.

(1) *Disbursement and use of surplus funds.* Surplus grant funds remaining after financial settlement will be made available to the unit of general local government for use in accordance with the provisions of this Part.

(i) *Entitlement recipients.* Entitlement recipients may use surplus funds for activities previously approved in their application as specified in Subpart D. If activities not previously approved are to be undertaken with surplus funds, the recipient may either follow the amendment policy as specified in § 570.-

metropolitan areas there will be excluded any metropolitan cities, urban counties, and any units of general local government which receive hold-harmless grants under § 570.103 (b).

(2) *Nonmetropolitan areas.* Any portion of the amount allocated to nonmetropolitan areas under § 570.101 which remains after providing the allocation of hold-harmless grants to which units of general local government in nonmetropolitan areas are entitled under § 570.103 (b), will be allocated for grants to units of general local government in nonmetropolitan areas or to States for use in nonmetropolitan areas, allocating for the nonmetropolitan areas of each State an amount which bears the same ratio to the total of those remaining amounts as the average of the ratios between:

(i) The population of the nonmetropolitan area in that State and the population of the nonmetropolitan area in all States.

(ii) The extent of poverty in the nonmetropolitan area in that State and the extent of poverty in the nonmetropolitan area in all States; and

(iii) The extent of housing overcrowding by units in the nonmetropolitan area in that State and the extent of housing overcrowding by units in the nonmetropolitan area in all States.

In determining the average of ratios for nonmetropolitan areas, the ratio involving the extent of poverty will be counted twice; and in computing amounts for nonmetropolitan areas there will be excluded units of general local government in nonmetropolitan areas which receive hold-harmless grants under § 570.103 (b).

(d) *Adjustment to exclusions for hold-harmless grants.* In excluding the population, poverty and housing overcrowding data of units of general local government which receive hold-harmless grants as required under paragraphs (c) (1) and (2) of this section, only two-thirds of such data will be excluded for Fiscal Year 1978 and one-third of such data for Fiscal Year 1979.

(e) *Criteria.* Specific criteria for determining recipients of discretionary funds may be found in Subpart E, Applications and Criteria for Discretionary Grants.

**§ 570.105 Qualification as urban county.**

(a) *Determination of qualification.* The Secretary will determine the qualifications of counties to receive entitlements as urban counties pursuant to § 570.102 (b) upon receipt of applications from counties in a form and manner prescribed by HUD. The Secretary shall determine eligibility and applicable portions of each eligible county for purposes of fund allocation under § 570.102 (b) on the basis of information available from the U.S. Bureau of Census with respect to population and other pertinent demographic characteristics, and based on information provided by the county and its included units of general local government.

(b) *Qualification as an urban county.* A county will qualify as an urban county if such county:

(1) Is in a metropolitan area;

(2) Is authorized under State law to undertake essential community development and housing assistance activities ("essential activities") in its unincorporated areas, if any, which are not units of general local government; and

(3) Has a combined population of 200,000 or more (excluding the population of metropolitan cities therein) consisting of persons residing:

(i) In such unincorporated areas.

(ii) In its included units of general local government in which it is authorized under State law to undertake essential activities (without the consent of the governing body of the locality, or upon the consent of the governing body of the locality and the county has received such consent) and which do not elect to have their population excluded from that of the county pursuant to § 570.102 (b) (3) or

(iii) In its included units of general local government with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential activities pursuant to community development block grants. Such cooperation agreements may consist of the provision by the county of funds or services or both in behalf of such essential activities.

(c) *Essential activities.* For purposes of this section, the term "essential activities" means community renewal and lower income housing activities. In determining whether a county has the required powers, the Secretary will consider both its authority and, where applicable, the authority of its designated agency or agencies.

(d) *Opinion as to authority.* A county wishing to qualify as an urban county shall, at a time designated by HUD and in a form prescribed by HUD, describe its authority for undertaking essential activities. Such description shall include an opinion with respect to such authority by the appropriate legal officer of the county.

**§ 570.106 Qualification and submission dates.**

The Secretary will fix qualification and submission dates necessary to permit the computations and determinations required under this Subpart to be made in a timely manner and all such computations and determinations will be final and conclusive.

**§ 570.107 Reallocation of funds.**

(a) *Metropolitan areas.* Any amounts allocated to a metropolitan city, urban county, or other unit of general local government for basic grants or hold-harmless grants in metropolitan areas in any fiscal year which are not applied for by the date fixed by the Secretary for that purpose, or which are disapproved by the Secretary as part of the application review or program monitoring processes, will be reallocated for use by the Secretary in making grants to States, metropolitan cities, urban counties, or other units of general local government; first, in any metropolitan area in the same

State, and second, in any other metropolitan area. Any other amounts allocated to a metropolitan area for any fiscal year under § 570.104 (c) (1) which the Secretary determines, on the basis of applications and other evidence available, are not likely to be fully obligated by the Secretary during the fiscal year for which the allocation has been made, will be reallocated by the Secretary sufficiently prior to the close of the fiscal year to allow a reasonable expectation that the funds may be used for making grants within that fiscal year to States, metropolitan cities, urban counties, and other units of general local government, first, in that or any other metropolitan area in the same State, and second, in any other metropolitan area.

(b) *Nonmetropolitan areas.* Any amounts allocated to a unit of general local government for any fiscal year for hold-harmless grants in a nonmetropolitan area which are not applied for by the date fixed by the Secretary for that purpose, or which are disapproved by the Secretary as part of the application review or program monitoring processes, will be reallocated by the Secretary for use in making grants to units of general local government in nonmetropolitan areas in any State or to any State for use outside of metropolitan areas. Any other amounts allocated to nonmetropolitan areas of a State for any fiscal year under § 570.104 (c) (2) which the Secretary determines, on the basis of application and other evidence available, are not likely to be fully obligated during the fiscal year for which the allocation has been made, will be reallocated by the Secretary sufficiently prior to the close of the fiscal year to allow a reasonable expectation that the funds may be used for making grants within that fiscal year to units of general local government in nonmetropolitan areas of other States and to other States for use in nonmetropolitan areas.

(c) *Policies governing reallocation.* Each fiscal year, HUD will publish the policies to be employed in the reallocation of funds for that year.

(d) *Fiscal year reallocation.* Metropolitan area funds reallocated for any fiscal year which are not used within that fiscal year will remain available in the next subsequent fiscal year for the same area. Nonmetropolitan area funds reallocated for any fiscal year which are not used within that fiscal year will remain available in the next subsequent fiscal year for the same area.

**§ 570.108 Offset against entitlement.**

To the extent that grants under Title I of the Housing Act of 1949 (urban renewal) or Title I of the Demonstration Cities and Metropolitan Development Act of 1966 (model cities) are payable from appropriations made for Fiscal Year 1975, and are made with respect to a project or program being carried on in any unit of general local government having a basic or hold-harmless grant entitlement for Fiscal Year 1975 under § 570.102 or 570.103, the amount of such grants made under such urban renewal

or model cities legislation will be considered to have been made against the entitlement amount of the unit of general local government as determined under this subpart, and will be deducted from such entitlement amount for Fiscal Year 1975. Deductions for this purpose will be made after the allocation of funds pursuant to this subpart and shall not otherwise affect the allocation of funds. The deduction required for such grants shall be disregarded in determining the amount of grants made to any unit of general local government that may be applied, pursuant to § 570.302(b), to payment of temporary loans in connection with urban renewal projects under Title I of the Housing Act of 1949.

#### Subpart C—Eligible Activities

##### § 570.200 Eligible activities.

(a) Grant assistance for a community development program may be used only for the following activities:

(1) Acquisition in whole or in part by purchase, lease, donation, or otherwise, of real property (including air rights, water rights, and other interests therein), which is—

(i) Blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth, as determined by the recipient pursuant to State and local laws;

(ii) Appropriate for rehabilitation or conservation activities;

(iii) Appropriate 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;

(iv) To be used for the provision of public works, facilities, and improvements eligible for assistance under paragraph (a) (2) of this section; or

(v) To be used for other public purposes, including the conversion of land to other uses where necessary or appropriate to the community development program.

(2) Acquisition, construction, reconstruction, or installation of the following public works, facilities, and site or other improvements: neighborhood facilities, senior centers, historic properties, utilities, streets, street lights, water and sewer facilities, foundations and platforms for air rights sites, pedestrian malls and walkways, and parks, playgrounds, and other facilities for recreational participation; flood and drainage facilities in cases where assistance for such facilities has been determined to be unavailable under other Federal laws or programs pursuant to the provisions of § 570.608; and parking facilities, solid waste disposal facilities, and fire protection services and facilities which are located in areas or which serve areas in which other activities described in § 570.303(b) are being, or are to be, carried out.

(3) Code enforcement in deteriorated or deteriorating areas in which such en-

forcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area.

(4) Clearance, demolition, removal, and rehabilitation of buildings and improvements (including (i) interim assistance to alleviate harmful conditions in which immediate public action is needed and (ii) financing rehabilitation of privately owned properties through the use of grants, direct loans, loan guarantees, and other means, when in support of other activities described in § 570.303(b), and (iii) demolition and modernization (but not new construction) of publicly owned low-rent housing.

(5) Special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

(6) Payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by program activities.

(7) Disposition, through sale, lease, donation, or otherwise of any real property acquired pursuant to this Part or its retention for public purposes, provided that the proceeds from any such disposition shall be expended only for activities in accordance with this part.

(8) Provision of public services not otherwise available in areas, or serving residents of areas, in which the recipient is undertaking, or will undertake, other activities described in § 570.303(b), where such services are determined to be necessary or appropriate to support such other activities and where assistance in providing or securing such services under other applicable Federal laws or programs has been applied for and denied or not made available pursuant to the provisions of § 570.607. For the purposes of this paragraph, such services shall be directed toward (i) improving the community's public services and facilities including those concerned with the employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas, and (ii) coordinating public and private development programs.

(9) Payment of the non-Federal share required in connection with a Federal grant-in-aid program undertaken as part of the community development program pursuant to § 570.303(b), provided, That such payment shall be limited to activities otherwise eligible under this section.

(10) Payment of the cost of completing a project funded under Title I of the Housing Act of 1949, including the provisions for financial settlement contained in Subpart I.

(11) Relocation payments and assistance for individuals, families, businesses, organizations, and farm operations displaced by activities assisted under this Part, including all benefits at least equal to the minimum levels established under the Uniform Relocation

Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601).

(12) Activities necessary (i) to develop a comprehensive community development plan (which plan may address the needs, strategy, and objectives to be summarized in the application pursuant to § 570.303(a) but may treat only such public services as are necessary or appropriate to support activities meeting such needs and objectives), and (ii) to develop a policy-planning-management capacity so that the recipient may more rationally and effectively (A) determine its needs, (B) set long-term goals and short-term objectives, (C) devise programs and activities to meet the goals and objectives, (D) evaluate the progress of such programs in accomplishing these goals and objectives, and (E) carry out management, coordination, and monitoring of activities necessary for effective planning implementation.

(13) Payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and, at the discretion of the recipient, of resources to residents of areas in which other community development activities described in § 570.303(b) and the housing activities covered in the Housing Assistance Plan described in § 570.303(c) are to be concentrated with respect to the planning and execution of such activities.

(b) Notwithstanding anything to the contrary in this section or in § 570.201, any ongoing activity being carried out in a model cities program shall be eligible for funding under this Part from that portion of the hold-harmless amount attributable to such model cities program until the applicant has received five years of funding for such activities as calculated pursuant to § 570.103(c) (2) (iii). For the purpose of this paragraph, the term "ongoing activity" means any model cities activity underway as of January 1, 1975, that was approved and funded by HUD on or before June 30, 1974.

(c) Costs incurred in carrying out the program, whether charged to the program on a direct or an indirect basis, must be in conformance with the requirements of Federal Management Circular 74-4, "Cost Principles Applicable to Grants and Contracts with State and Local Governments," except as modified in these regulations.

##### § 570.201 Ineligible activities.

Any type of activity not described in § 570.200 is ineligible. The following list of examples of ineligible activities is merely illustrative, and does not constitute a list of all ineligible activities.

(a) *Public facilities.* The general rule is that a public facility is ineligible to be acquired, constructed, reconstructed, rehabilitated, or installed unless it is specifically mentioned in § 570.200(a) (2), or was previously eligible under any of the

##### § 570.601 Limitations on local option activities and contingency accounts.

No more than ten per centum of the estimated costs which are expected to be incurred during any program year may be designated for unspecified local option activities, which are eligible pursuant to Subpart C, or for a contingency account for activities designated by the applicant pursuant to § 570.303(b).

##### § 570.601 Nondiscrimination.

(a) *Discrimination prohibited.* Section 109 of the Housing and Community Development Act of 1974 requires that no person in the United States shall on the ground of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds made available pursuant to this Part. For purposes of this section "program or activity" is defined as any function conducted by an identifiable administrative unit of the recipient, or by any unit of government or private contractor receiving community development funds or loans from the recipient. "Funded in whole or in part with community development funds" means that community development funds in any amount in the form of grants or proceeds from HUD guaranteed loans have been transferred by the recipient to an identifiable administrative unit and disbursed in a program or activity.

(b) *Specific discriminatory actions prohibited.* (1) A recipient may not, under any program or activity to which the regulations of this part may apply, directly or through contractual or other arrangements, on the ground of race, color, national origin, or sex:

(i) Deny any facilities, services, financial aid or other benefits provided under the program or activity.

(ii) Provide any facilities, services, financial aid or other benefits which are different, or are provided in a different form from that provided to others under the program or activity.

(iii) Subject to segregated or separate treatment in any facility in, or in any matter or process related to receipt of any service or benefit under the program or activity.

(iv) Restrict in any way access to, or in the enjoyment of any advantage or privilege enjoyed by others in connection with facilities, services, financial aid or other benefits under the program or activity.

(v) Treat an individual differently from others in determining whether the individual satisfies any admission, enrollment, eligibility, membership, or other requirement or condition which individuals must meet in order to be provided any facilities, services or other benefit provided under the program or activity.

(vi) Deny an opportunity to participate in a program or activity as an employee.

(2) A recipient may not utilize criteria or methods of administration

which have the effect of subjecting individuals to discrimination on the basis of race, color, national origin, or sex, or have the effect of defeating or substantially impairing accomplishment of the objectives of the program or activity with respect to individuals of a particular race, color, national origin, or sex.

(3) A recipient, in determining the site or location of housing or facilities provided in whole or in part with funds under this part, may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the ground of race, color, national origin, or sex; or which have the purpose or effect of defeating or substantially impairing the accomplishment of the objectives of the Act and of this section.

(4) (i) In administering a program or activity funded in whole or in part with community development block grant funds regarding which the recipient has previously discriminated against persons on the ground of race, color, national origin or sex, the recipient must take affirmative action to overcome the effects of prior discrimination.

(ii) Even in the absence of such prior discrimination, a recipient in administering a program or activity funded in whole or in part with community development block grant funds should take affirmative action to overcome the effects of conditions which would otherwise result in limiting participation by persons of a particular race, color, national origin or sex. Where previous discriminatory practice or usage tends, on the ground of race, color, national origin or sex, to exclude individuals from participation in, to deny them the benefits of, or to subject them to discrimination under any program or activity to which this part applies, the recipient has an obligation to take reasonable action to remove or overcome the consequences of the prior discriminatory practice or usage, and to accomplish the purpose of the Act.

(iii) A recipient shall not be prohibited by this part from taking any action eligible under § 570.200 to ameliorate an imbalance in services or facilities provided to any geographic area or specific group of persons within its jurisdiction, where the purpose of such action is to overcome prior discriminatory practice or usage.

(5) Notwithstanding anything to the contrary in this section, nothing contained herein shall be construed to prohibit any recipient from maintaining or constructing separate living facilities or rest room facilities for the different sexes. Furthermore, selectivity on the basis of sex is not prohibited when institutional or custodial services can properly be performed only by a member of the same sex as the recipients of the services.

##### § 570.602 Relocation and acquisition.

(a) Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (40 U.S.C. 4601), hereafter referred to as the Uniform Act, and the regulations at 24 CFR Part 42

are applicable to all displacement of persons, businesses, nonprofit organizations, and farms occurring as a direct result of any acquisition of real property assisted under this Part.

(b) Title III of the Uniform Act and the regulations at 24 CFR Part 42 are applicable to all acquisition of real property assisted under this part.

(c) The costs of relocation payments and assistance under Title II of the Uniform Act shall be paid from funds provided by this Part and/or such other funds as may be available to the locality from any source.

##### § 570.603 Environment.

In order to assure that the policies of the National Environmental Policy Act of 1969 are most effectively implemented in connection with the expenditure of funds under this Part the recipient shall comply with HUD Environmental Review Procedures (24 CFR Part 58) leading to certification for the release of funds for particular projects. These procedures set forth the regulations, policies, responsibilities and procedures governing the carrying out of environmental review responsibilities of recipients.

##### § 570.604 Historic preservation.

Recipients must take into account the effect of a project on any district, site, building, structure, or object listed on or nominated for listing on the National Register of Historic Places, maintained by the National Park Service of the U.S. Department of the Interior. Recipients should make every effort to eliminate or minimize any adverse effect on a historic property. Activities affecting such properties will be subject to requirements set forth in § 570.604(b). Recipients must meet the historic preservation requirements of P.L. 89-665 and the Archeological and Historic Preservation Act of 1974, Pub. L. 93-291 and Executive Order 11593, including the procedures prescribed by the Advisory Council on Historic Preservation in 36 CFR Part 800.

##### § 570.605 Labor standards.

All laborers and mechanics employed by contractors or subcontractors on construction work assisted under this Part shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), and shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332), and the contractors and subcontractors shall comply with all regulations issued pursuant to these Acts and with other applicable Federal laws and regulations pertaining to labor standards. This section shall apply to the rehabilitation of residential property only if such property is designed for residential use of eight or more families. The Secretary of Labor has, with respect to the labor standards specified in this section, the authority

(e) *Conditional approval.* The Secretary may make a conditional approval, in which case the full entitlement amount will be approved but the utilization of funds for affected activities will be restricted. Conditional approvals may be made only where local environmental reviews under § 570.604 have not yet been completed, where the requirements of § 570.607 regarding the provision of public services or flood or drainage facilities have not yet been satisfied, or where the provisions of § 570.802 are exercised.

#### Subpart E—Applications and Criteria for Discretionary Grants

##### § 570.400 [Reserved]

#### Subpart F—Grant Administration

##### § 570.500 Designation of public agency.

One or more public agencies, including existing local public agencies, may be designated by the governor of a State or the chief executive officer of a unit of general local government to undertake a Community Development Program in whole or in part. Notwithstanding such designations, the State or unit of general local government shall be the applicant, and, in the absence of special circumstances in which there is a legal incapacity on the part of the applicant to accept funds for eligible activities, the grant agreement shall be between HUD and the State or unit of general local government. Such designations do not relieve the State or unit of general local government of its responsibilities in assuring the administration of the program in accordance with all HUD requirements, including these regulations.

##### § 570.501 Grant agreement.

Upon approval of the application, the Secretary will authorize the execution of a grant agreement. These regulations become a part of the grant agreement.

##### § 570.502 Method of payment.

(a) *Advance payments.* Advance payments will be made by either a letter of credit or by U.S. Treasury checks to recipients when the following conditions are met:

(1) The recipient has demonstrated to the Secretary, initially through certification in a form prescribed by HUD and subsequently through performance, its willingness and ability to establish procedures that will minimize the time elapsing between the transfer of funds to it and its disbursement of such funds;

(2) The recipient's financial management system meets the standards for fund control and accountability prescribed in Appendix G of Federal Management Circular 74-7.

(b) *Reimbursement.* Recipients which do not meet the above conditions will receive grant payments by U.S. Treasury checks on a reimbursement basis.

##### § 570.503 Disbursement of advances against entitlement.

Advances against entitlement made available pursuant to § 570.302 will be made through the same disbursement

method as is appropriate for the recipient during the first program year.

##### § 570.504 Release of funds pursuant to § 570.603 and § 570.607.

Recipients may spend funds for projects requiring environmental review pursuant to § 570.603, and for public services activities or for flood and drainage facilities for which other Federal funds must be sought pursuant to § 570.607, only after notification to HUD that the requirements of these sections have been met and receipt of authorization to spend funds for affected activities. If recipients receive funds through a letter of credit, the letter of credit shall, at the time of approval of the application, be in the amount of all grant funds approved in the application including those portions subject to the environmental review provisions of § 570.603, the requirements of § 570.607 regarding activities for which other Federal funds must be sought, and the provisions of Subpart I. However, these provisions must be satisfied prior to authorized use of funds by the recipient for affected activities.

##### § 570.505 Financial management systems.

Each recipient shall be required to maintain a financial management system which complies with Appendix G of Federal Management Circular 74-7, "Standards for Grantee Financial Management Systems" or use the existing facilities of a constituent municipal, county or State government (or unit thereof) to perform the necessary fiscal and accounting functions for the grantee.

##### § 570.506 Program income.

(a) Units of general local government shall be required to return to the Federal Government interest (except for interest described in paragraph (c) of this section) earned on grant funds advanced by Treasury check or letter of credit in accordance with Appendix E of Federal Management Circular 74-7.

(b) Proceeds from the sale of personal property shall be handled in accordance with Appendix N of Federal Management Circular 74-7 pertaining to Property Management.

(c) All other program income earned during the grant period, including proceeds from the disposition of real property, payments of principal and interest on rehabilitation loans, and interest earned on revolving funds, shall be retained by the recipient and in accordance with the grant agreement, shall be added to funds committed to the program and be used in accordance with the provisions of this part.

(d) Recipients shall record the receipt and expenditure of revenues related to the program (such as taxes, special assessment, levies, fines, etc.) as a part of the grant program transactions.

##### § 570.507 Procurement standards.

Recipients shall comply with the requirements of Appendix O of Federal Management Circular 74-7, "Procurement Standards."

##### § 570.508 Bonding and insurance.

Recipients shall comply with the requirements of Appendix B of Federal Management Circular 74-7, "Bonding and Insurance."

##### § 570.509 Audit.

(a) The Secretary, the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to all books, accounts, records, reports, files, and other papers or property of recipients or their grantees and contractors pertaining to funds provided under this Part for the purpose of making surveys, audits, examinations, excerpts and transcripts.

(b) Recipient financial management systems shall provide for audits to be made by the recipient or at his direction to determine, at a minimum, the fiscal integrity of financial transactions and reports, and the compliance with laws, regulations and administrative requirements. The recipient will schedule such audits with reasonable frequency, usually annually, but not less frequently than once every two years, considering the nature, size, and complexity of the activity. Audits performed by, or at the direction of recipients, for activities funded under this Part may be paid for from community development block grants, but the responsibility for payment of these audits rests with the recipient.

(c) The Secretary shall, at least on an annual basis, audit or arrange for the audit of recipients as appropriate. The results of audits made by recipients which follow criteria prescribed by the Secretary will be given full consideration in determining the frequency and scope of audits by the Secretary.

##### § 570.510 Retention of records.

Financial records, supporting documents, statistical records, and all other records pertinent to the grant program shall be retained by the recipient for a period of three years from the date of the submission of the annual performance report, except as follows:

(a) Records that are the subject of audit findings shall be retained for three years after such findings have been resolved.

(b) Records for nonexpendable property which was acquired with Federal grant funds shall be retained for three years after its final disposition.

(c) Records for any displaced person shall be retained for three years after he has received final payment.

##### § 570.511 HUD administrative services for rehabilitation loans and grants. [Reserved]

##### § 570.512 Grant close out procedures. [Reserved]

#### Subpart G—Other Program Requirements

##### § 570.600 Maintenance of effort.

Funds made available under this part shall not be utilized to reduce substantially the amount of local financial support for community development activities below the level of such support prior to the availability of such assistance.

programs consolidated by the Act (except the public facilities loan program, the model cities program, and as an urban renewal local grant-in-aid eligible under section 110(d)(3) of the Housing Act of 1949) and cited in § 570.1(c). Examples of facilities which cannot be provided with these funds include the following:

(1) Buildings and facilities for the general conduct of government, such as city halls and other headquarters of government (where the governing body meets regularly), of the recipient and which are predominantly used for municipal purposes, courthouses, police stations, and other municipal office buildings;

(2) Stadiums, sports arenas, auditoriums, concert halls, cultural and art centers, convention centers, museums, libraries, and similar facilities which are used by the general public primarily as spectators or observers, except cultural, art, museum, library, and similar facilities undertaken as part of a neighborhood facilities project;

(3) Schools generally, including elementary, secondary, college and university facilities, but excluding a neighborhood facility or senior center in which classes in practical and vocational activities (such as first aid, homemaking, crafts, etc.) may be taught;

(4) Airports, subways, trolley lines, bus or other transit terminals, or stations, and other transportation facilities; and

(5) Hospitals, nursing homes, and other medical facilities, but excluding a neighborhood facility or senior center in which health services are but part of the services offered.

(b) *Operating and maintenance expenses.* Except for the public services described in § 570.200(a)(8), and the interim assistance authorized under § 570.200(a)(4), operating and maintenance expenses in connection with community services and facilities are not eligible. Examples include maintenance and repairs of water and sewer and parking facilities, and salaries of staff operating such facilities.

(c) *General government expenses.* Except for the provisions of § 570.200(c), expenses required to carry out the regular responsibilities of the unit of general local government are not eligible. Examples include all ordinary general government expenditures not related to the community development program described pursuant to § 570.303(b) and not related to activities eligible under § 570.200.

(d) *Political activities.* No expenditure may be made for the use of equipment or premises for political purposes, sponsoring or conducting candidates' meetings, engaging in voter registration activity or voter transportation (except where part of the communitywide registration drive sponsored by the unit of general local government), or other partisan political activities.

(e) *New housing construction.* Construction of new permanent residential structures, or any program to subsidize or finance such construction, is not a per-

missible use of funds provided under this Part, except as provided under the last resort housing provisions of 24 CFR Part 43.

(f) *Income payments.* Except as authorized under § 570.200, funds may not be expended for direct income payments for housing or for any other purpose, except as provided under the last resort housing provisions of 24 CFR Part 43. Examples include payments for income maintenance and housing allowances.

#### Subpart D—Applications for Entitlement Grants

##### § 570.300 Pre-submissions.

(a) *Timing of submission of applications.* The Secretary will establish from time to time the earliest and latest dates for submission of an application for each fiscal year. Applications, or draft materials relating to applications, received before the earliest date will be returned to the applicant without review. For fiscal year 1975, the earliest date for submission of an application shall be December 1, 1974; the latest date shall be April 15, 1975. Prior to the earliest date for submission of an application for each fiscal year, HUD will provide all applicants with forms and instructions, including the actual or estimated entitlement amount. Entitlement applicants wishing to apply for discretionary grants shall follow the procedures described in Subpart E Applications and Criteria for Discretionary Grants.

(b) Upon receiving advice from HUD that the application has been received for processing, the applicant shall make reasonable efforts to inform citizens involved in the local citizen participation process that the application has been submitted to HUD and is available to interested parties upon request. This requirement may be satisfied by publication of a notice to that effect in a periodical or general circulation in the jurisdiction of the applicant.

(c) *Meeting the requirement of OMB Circular No. A-95.* Applicants must comply with the procedures set forth in OMB Circular No. A-95 which require the submission of the application to the State and areawide clearinghouses for review and comment prior to submission to HUD. For Fiscal Year 1975 submissions only, the Office of Management and Budget has granted an exception to the length of review time for block grant applications to permit clearinghouses a single 45-day period for review. In addition, clearinghouses should divide their comments into two sections. The first will cover comments relating to facts and data relevant to HUD's making its statutory determination on the application in accordance with § 570.306(b). The second section will include all other comments and recommendations which clearinghouses desire to submit to the applicant.

##### § 570.301 Program year.

(a) *First program year.* The first program year shall start on the date of HUD approval of the application and shall run

for twelve consecutive months, except when modified under the provision of paragraph (b) of this section.

(b) *Subsequent program years.* The second program year shall normally begin twelve months after the beginning date of the first program year. However, an applicant may request to shorten the first program year by no more than three calendar months in order to meet urgent local needs and objectives, to reflect activity funded with Fiscal Year 1975 appropriations for the urban renewal and model cities programs, or to conform the program year to State or local budgeting requirements. The applicant shall not submit an application for a program year beginning prior to the end of the preceding twelve-month program year without the prior concurrence of the HUD Area Office.

##### § 570.302 Advances and authorization to incur costs.

(a) *Request for advance.* For the first program year beginning after January 1, 1975, an applicant may request an advance of funds in an amount not to exceed ten percent of its entitlement amount. A request for advance may be submitted to the appropriate HUD Area Office no earlier than December 1, 1974. An advance of funds may not be approved prior to January 1, 1975, and the applicant's program year does not begin until approval of a full application for a grant. The request for advance shall be in a form and manner prescribed by HUD and shall identify and estimate the cost of the activities to be carried out with the advance.

(b) *Eligible uses of advance funds.* Advance funds will be made available for the following purposes:

(1) To plan and prepare for the implementation of activities to be assisted under this part; and

(2) To continue previously approved urban renewal (including Neighborhood Development Program) activities being carried out under Title I of the Housing Act of 1949 and/or previously approved model cities activities being carried out under Title I of the Demonstration Cities and Metropolitan Development Act of 1966. The phrase "previously approved" in the preceding sentence shall mean those urban renewal and model cities activities that were approved and funded by HUD on or before June 30, 1974.

(c) *Authorization to incur costs.* Upon the effective date of these regulations, applicants, by appropriate resolution of the local governing body and as of the date of such resolution, may begin to incur costs for the planning and preparation of an application for funds available under this part. The resolution shall recognize that reimbursement for such costs will be dependent upon the availability of funds to implement this part, and submission of a timely application in accordance with § 570.303. Costs incurred with local funds pursuant to this paragraph may be reimbursed from an advance of funds. The total of

all costs incurred pursuant to this section may not exceed ten percent of the applicants' entitlement amount and must be fully documented in the applicants' files.

#### § 570.303 Application requirements.

An application for a grant shall conform to and be limited to the prescribed HUD forms and shall include the following items:

(a) *Community development plan summary.* The application shall include a summary of a three-year community development plan which identifies community development needs, demonstrates a comprehensive strategy for meeting those needs, and specifies both short- and long-term community development objectives which have been developed in accordance with areawide development planning and national urban growth policies. The plan shall be written in a manner to encompass the needs, strategy and objectives, and to describe a program, which is designed to eliminate or prevent slums, blight, and deterioration where such conditions or needs exist, and to provide improved community development facilities and public improvements, including the provision of supporting health, social and similar services where necessary and appropriate. In identifying the needs, the applicant shall take into consideration any special needs found to exist in any identifiable segment of the total group of lower income persons in the community. With respect to areawide planning, the applicant must give careful consideration to applicable areawide plans but need not conform rigidly to such plans or secure approval of areawide planning agencies. Where areawide activities are determined in the A-95 comments transmitted by the area wide planning agency to be inconsistent with applicable areawide plans, then the applicant shall provide in the application to HUD an explanation of the reasons for the inconsistencies.

(b) *Community development program.* (1) The application shall include a summary of a community development program which:

(i) Includes the activities to be undertaken with the funds provided under this part for the program year to meet the community development needs and objectives together with the estimated costs and general location of such activities;

(ii) Indicates resources other than those provided under this Part which are expected to be made available during the program year toward meeting the identified needs and objectives; and

(iii) Takes into account appropriate environmental factors.

(2) The applicant shall submit maps of the geographic jurisdiction of the applicant. Such maps shall indicate the general location of proposed activities to be undertaken with funds provided under this Part and indicate, by each census tract, the concentrations of minority groups and lower-income persons.

(3) An applicant may provide in the community development program for the

planned expenditure of program year funds in the subsequent program year.

(c) *Housing assistance plan.* The application shall contain a housing assistance plan which:

(1) Accurately surveys the condition of the housing stock in the community. The applicant shall present in summary form a description of housing conditions by number of units in standard condition and in substandard condition, and to the extent such information is generally available, the units suitable for rehabilitation, and in each case distinguishing the numbers which are occupied and which are vacant.

(2) Estimates the housing assistance needs of lower income persons (including lower-income persons who are elderly and handicapped persons, large families, and persons displaced or to be displaced) either already residing in the community, or planning or expected to reside in the community as a result of planned or existing employment facilities. The assessment of housing assistance needs of lower income persons should take into consideration and summarize any special needs found to exist in any identifiable segment of the total group of lower-income persons in the community.

(3) Specifies a realistic annual goal for the number of dwelling units or persons to be assisted including the relative proportion 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. This statement of the annual goal for dwelling units to be assisted shall take into consideration the housing conditions and needs summarized pursuant to the two preceding paragraphs of this section. The goals for new, rehabilitated, and existing units should be consistent with the findings pursuant to § 570.303(c)(1) with respect to the availability of existing units of standard quality and units suitable for rehabilitation. HUD field offices will advise applicants, upon request, of housing assistance resources available to field office jurisdictions pursuant to section 213 of the Housing and Community Development Act of 1974 prior to submission of the housing assistance plan by the locality.

(4) Indicates the general location by census tract or groups of census tracts of proposed new housing construction projects and substantial rehabilitation projects for lower income persons on maps as called for in § 570.303(b)(2), (and for those projects proposed for HUD assistance, considering the site and neighborhood standards established by HUD for the housing assistance payments program), with the objectives of:

(i) Furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible.

(ii) Promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons.

(iii) Assuring the availability of public facilities and services adequate to serve proposed housing projects.

(d) *Community development budget.* The applicant shall submit a community development budget on forms prescribed by HUD. Sufficient amounts shall be included in each year's budget to fully fund relocation payments and assistance for all persons expected to be displaced by that year's community development program activities even if such displacement will not occur until a later program year.

(e) *Certifications.* The applicant shall submit certifications, in such forms as HUD may prescribe, providing assurances that:

(1) The program will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352); Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284); section 109 of the Housing and Community Development Act of 1974; section 3 of the Housing and Urban Development Act of 1968; Executive Order 11246; Executive Order 11063, and any HUD regulations issued to implement these authorities.

(2) Prior to submission of its application, the applicant has:

(i) 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;

(ii) Held at least two public hearings to obtain the views of citizens on community development and housing needs; and

(iii) Provided citizens an adequate opportunity to participate in the development of the application and in the development of any revisions, changes, or amendments.

The Act provides that no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of its community development program. Accordingly, the citizen participation requirements of this paragraph do not include concurrence by any person or group involved in the citizen participation process in making final determinations concerning the findings and contents of the application. The sole responsibility and authority to make such final determinations rests exclusively with the applicant.

(3) The applicant will comply with the relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and implementing regulations in 24 CFR Part 42.

(4) The applicant's certifying officer (i) consents to assume the status of a responsible Federal official under the National Environmental Policy Act of 1969 insofar as the provisions of such act apply pursuant to this Part, and (ii) is authorized and consents on behalf of the

applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

(5) The applicant will comply with the requirements of Federal Management Circular 74-4, "Cost Principles Applicable to Grants and Contracts with State and Local Government," and with the applicable requirements of Federal Management Circular 74-7 "Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments," as specified in these regulations.

(6) The applicant has met the requirements of OMB Circular No. A-95 and any comments or recommendations made by or through the clearinghouses are attached and were considered prior to submission of the application, or, no clearinghouse comments or recommendations have been received.

(7) The Community Development program has been developed so as to give maximum feasible priority to activities which will benefit low- or moderate-income families or aid in the prevention or elimination of slums or blight. Where all or part of the community development program activities are designed to meet other community development needs having a particular urgency, the applicant may request a determination by the Secretary that the program activities are so designed to meet such needs as specifically described in the application.

(8) The applicant will administer and enforce the labor standards requirements set forth in § 570.605 and HUD regulations issued to implement such requirements.

(f) *Performance report.* Beginning with the application submitted in fiscal year 1976, and each fiscal year thereafter, the applicant shall submit an annual performance report as described in § 570.906.

#### § 570.304 Waiver of application requirements.

(a) *Eligible applicants for waiver.* The Secretary may waive all or part of the application requirements contained in § 570.303 (a) and (b) if the applicant meets the following criteria:

(1) The applicant has a population of less than 25,000 according to the most recent data compiled by the Bureau of Census and is located:

(i) Outside a standard metropolitan statistical area, or

(ii) Inside such an area but not outside an "urbanized area," as defined by the Bureau of Census;

(2) The application relates to the first community development activity to be carried out by such locality with assistance under this part; and

(3) The assistance requested is for a single development activity under this Part of a type eligible for assistance under § 570.200(a)(1)(iii); or neighborhood facilities, water and sewer facilities, historic properties, and parks, playgrounds, and similar recreational facilities

authorized pursuant to § 570.200 (a)(2).

(b) *Secretarial determination.* In determining that, having regard to the nature of the activities to be carried out, a waiver is not inconsistent with the purpose of this part, the Secretary will approve a waiver: Provided, That the funds applied for do not exceed \$1,000,000.

#### § 570.305 Program amendments.

(a) *Mid-program year amendments.* An applicant shall submit an amended application to the HUD Area Office if the applicant's community development program is being revised so that more than ten percent of the community development budget, excluding unspecified local option activities, is to be used for new or different activities not included in the approved community development program. An amendment shall also be submitted whenever the cumulative effect of a number of smaller changes add up to an amount that exceeds ten percent of the budget, excluding unspecified local option activities. The amendment submitted to HUD shall include only those elements of the application that are changed, except that the amendment shall always include the certifications and assurances described in § 570.303(e).

(b) *Other program amendments.* Program amendments not requiring prior HUD approval pursuant to the preceding paragraph may be undertaken by the applicant, provided all other requirements of this part are satisfied. Such amendments shall be reported to HUD as part of the annual performance report, as described in § 570.906, required with the subsequent annual application.

(c) *Reprogramming unobligated funds.* Funds that will be unobligated at the end of a program year may be reprogrammed as a part of a subsequent year's annual application for a grant so as to avoid subsequent program amendment. Such a reprogramming is not a requirement inasmuch as an applicant may continue to carry out activities included in a prior year's application.

#### § 570.306 HUD review and approval of application.

(a) *Acceptance of application.* (1) Upon receipt of an application, the HUD Area Office will accept it for review, provided that:

(i) It has been received before the close of business on the final date established by HUD for submission of applications for each fiscal year;

(ii) The application requirements specified in § 570.303 are complete, unless specifically waived pursuant to § 570.304;

(iii) The funds requested do not exceed the entitlement amount;

(iv) The required certifications have been properly executed; and

(v) The applicant has attached or enclosed any comments or recommendations made by or through State and areawide clearinghouses or has stated that no comments or recommendations have been received within the 45-day review period.

(2) If the application is accepted in accordance with the preceding paragraph, the date of acceptance of the application will be the date of receipt of the application in the HUD field office, and the applicant will be so notified in writing. If the application is not accepted for review, the applicant will be so notified in writing, and will be advised of the specific reasons for nonacceptance.

(b) *Scope of review.* (1) The Secretary will normally base his review upon the applicant's certifications, statements of facts and data and other programmatic decisions. The Secretary reserves the right, however, to consider substantial evidence which contradicts or challenges the certifications, or significant facts and data, in accordance with the review criteria in this section and to require additional information or assurances from the applicant as warranted by such evidence.

(2) Based on that review, the Secretary will approve the application unless:

(i) On the basis of significant facts and data, generally available (whether published data accessible to both the applicant and the Secretary, such as census data, or other data available to both the applicant and the Secretary, such as recent local, areawide or State comprehensive planning data) and pertaining to community and housing needs and objectives, the Secretary determines that the applicant's description of such needs and objectives is plainly inconsistent with such facts or data, or

(ii) On the basis of the application, the Secretary determines that the activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the applicant, or

(iii) The Secretary determines that the application does not comply with the requirements of this part or other applicable Federal laws, or proposes activities which are ineligible under this part.

(c) *Approval or disapproval of application.* Within seventy-five days of the date of receipt of the application, or at such earlier time as review is completed, the Secretary will notify the applicant in writing that the application has been approved, partially approved, or disapproved. In the event the Secretary has not mailed a notification to the applicant within seventy-five days from the date of acceptance of the application that it has been disapproved, the application shall be deemed to be approved. If the application is disapproved, the applicant shall be informed of the specific reasons for disapproval.

(d) *Approval of less than full entitlement.* The Secretary may adjust the entitlement amount to the extent identified in an application submitted under this part designated for an activity or activities that are not eligible under § 570.200, and the deficiency has not been corrected prior to the expiration of the 75-day review period for the application. Funds not approved under the preceding sentence will be reallocated pursuant to § 570.107.