

WHAT THE HOUSING AND COMMUNITY DEVELOPMENT ACT MEANS TO LOCAL GOVERNMENT*

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The Housing and Community Development Act of 1974 represents landmark legislation and the efforts of four years of hard work by hundreds of local officials throughout the country.

It represents a program whereby communities plan and implement their own innovative programs to solve local problems rather than planning and implementing programs which the Federal government believe will solve local problems.

The approach taken by the legislation, and what we fought for, suggests a number of the implications for local governments. These implications are what I wish to discuss.

1. CATEGORICAL TO BLOCK GRANTS

The legislation consolidates five previously categorical programs into one program (with emphasis on lower income persons and prevention of slums and blight). Programs consolidated are urban renewal, neighborhood facilities, open space land, basic water and sewer and Model Cities. The public rehabilitation loan program is terminated and the Section 312 Rehabilitation loan program will be consolidated next year.

By consolidating these programs communities now will plan programs for which they have a need rather than planning programs for which there is available funding. The block grant approach will provide a more orderly and efficient use of our resources and above all a more rationally planned community development program locally.

2. FREE-FOR-ALL TO FORMULA FOR OVER 50,000 AND NOTHING TO FREE-FOR-ALL FOR UNDER 50,000

During the first year of the program, Connecticut will receive \$67 million of which a) \$65 million will be allocated to 32 formula/hold harmless communities and b) \$2 million to the remaining 137 discretionary communities.

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a. *Free-For-All to Formula for over 50,000*

The “first come-first serve” grantsmanship game which we all know and love — when we get funded — is gone for communities over 50,000.

An allocation for communities with populations over 50,000 (there are 17 in Connecticut) is based on a three part formula — a communities population, poverty (counted twice) and housing overcrowding. Those communities with a past history of community development programming (there are 32 in Connecticut) will initially receive a larger allocation in excess of their formula allocation. This larger funding is intended to hold the community harmless from a sharp, drastic reduction in funding which a straight formula allocation would indicate. Over a period of six years these communities will move to their formula level which means that: 17 communities will receive reduced funding by year six; 3 communities will receive increased funding by year six; and 12 communities will receive nothing by formula by year six — but will be eligible for discretionary funding.

b. *Nothing to Frcc-For-All for under 50,000*

Communities under 50,000 have generally not taken part in community development programs in the past. Now, however, these communities will be eligible for (discretionary) funding — provided they want to compete for the funding with other communities under 50,000. This means 137 communities in Connecticut are immediately eligible to compete for discretionary funding.

3. LEASING ROLE FOR THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

HUD's role of a constant reviewer and approver for its categorical programs no longer exists. HUD will approve the program a community submits unless it is plainly inconsistent with a community's known problems and needs. Communities now have the burden of planning and implementing their community development programs which they never truly had previously and will be responsible for their success or failure.

4. NEW ROLE FOR MUNICIPAL CHIEF EXECUTIVES

The responsibility of planning and implementing programs rests squarely on the shoulders of the municipal chief executive — they are the responsible agents and success or failure rides with them. No longer are Redevelopment Agencies and other quasi-public agencies the direct recipi-

ents of funds. However, the chief executive may delegate his authority to them, but he can not delegate his responsibility.

5. EASY FUNDING BUT WATCH THE POST AUDIT

Getting community development funds is easy — submit the program summary, plan, budget, and certifications to HUD; wait for approval; and the funds will follow.

What will cause problems if communities are not careful is in the post audit of the program, e.g. has the community done what it stated it would do; have funds been spent here in accordance with the budget; has the community lived up to its certifications.

The key is to make sure that all phases of the community development activities undertaken are well documented — do not over promise results and be realistic on what can be accomplished.

6. CERTIFICATION A MAIN METHOD

Part of the application requires a community to certify that it has taken certain actions and complied with several independent Federal statutes:

- a. equal employment opportunity [affirmative action];
- b. citizen participation;
- c. environmental reviews [National Environmental Policy Act of 1969];
- d. relocation [Uniform Relocation and Real Property Acquisition Act of 1970];
- e. the national objectives under Act [giving “maximum feasible priority” to activities benefiting low or moderate income families];
and
- f. comply with Section 3 of the Housing Act of 1968 [providing to the greatest extent feasible training and employment opportunities for lower income residents in areas where community development funds are spent].

It is easy for the communities' chief executives to certify that a community has met these requirements, but it is another thing for the community to actually accomplish what it is certifying to. The key is planning carefully at the beginning and establishing obtainable goals.

7. HOUSING ASSISTANCE PLAN TIED TO COMMUNITY DEVELOPMENT FUNDING

For the first time a housing plan is tied directly to funding general community development programs. This has never been the case under the previous categorical community development programs.

The Housing Assistance Plan is perhaps the most significant part of the Act and in some communities it may well prove to be the stumbling block. In developing the plan a municipality must assess the needs of lower income persons residing in the community or who are expected to reside in the community. It should be kept in mind that even though each community seeking funding will have to develop a Housing Assistance Plan, a community can decide that there is no need to implement the Plan.

The key to the Housing Assistance Plan is that the initial decisions which are made will directly affect and most probably determine subsequent decisions by public and private developers.

8. RETREAT FROM SOCIAL SERVICES BUT MATCHING POSSIBLE

The Act has no requirements or provisions for funding of social service programs for lower income persons living in community development areas. (Model Cities programs previously provided these services.)

The Act, however, does provide a funding precedent which will assist communities with respect to funding social services: a) funding does not require local match — it represents a 100% grant — and b) funding can be used to match other Federal categorical programs (e.g. social service programs of various Federal agencies such as the Department of Health, Education and Welfare).

The Housing and Community Development Act of 1974 provides the community with the opportunity to develop an innovative program to meet the needs of their community. The burden of planning and the implementation of planned programs rest squarely with the community and is limited only by the communities' imagination.

Communities have been charged to meet the challenge of the Housing and Community Development Act of 1974 and they will prove equal to the charge.