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Annual Arrangements:
Improving Coordination
of Community
Development Programs



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AND URBAN DEVELOPMENT

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CONTENTS

	Page
PREFACE	v
SUMMARY	vii
1. INTRODUCTION	1
2. A DESCRIPTION OF THE ANNUAL ARRANGEMENT PROCESS	7
3. FINDINGS	13
Developing a City-Wide Strategy	14
Improving the Management Capabilities of the Local Chief Executive/General Purpose Government	19
Local Chief Executive Involvement	23
Chief Executive Review and Comment	26
Tentative Fund Assurance	28
Local Priority-Setting	31
Local and National Interests	33
Citizen Participation	36
Metropolitan Coordination	40
Arrangements with States, Counties and Councils of Governments	44
4. METHODOLOGY	47
APPENDICES:	
A. Annual Arrangement Evaluation Report Guide	51
B. September 1, 1972, Memorandum of Under Secretary	67
C. Cities Involved in Annual Arrangements as of March 31, 1973	73
D. Sample Memorandum of Understanding	81

LIST OF TABLES

	Page
1. Elements of City Strategy Statements	15
2. Participation of Agencies in Local Strategy Preparation	16
3. Methods of Preparing Local Priorities	18
4. Number of Local Chief Executives Involved in Arrangement Negotiations	24
5. Citizen Involvement in Arrangement Process in Different - Sized Cities	38
6. List of Cities Studied for Evaluation Report	49

PREFACE

In March 1972, the Evaluation Division, Office of Community Development, Department of Housing and Urban Development (HUD) published report No. 6 in its Evaluation Series, Annual Arrangements: Phase I. This report described Annual Arrangements as an innovative mechanism for delivering Federal funds to units of general purpose local government in a way that emphasizes comprehensive planning and program coordination under the direction of the local chief executive. The findings of the report were considered preliminary because none of the Annual Arrangements had been in effect long enough to assess fully the effect of the arrangement process on the communities. Furthermore, only 19 cities were available for study, and few local government officials were interviewed.

This more extensive report is based on data from 84 cities with completed Annual Arrangement agreements. In 20 of the cities, extensive interviews have been conducted with local government officials. The focus of the report is on the impact the arrangement process has had on local governmental processes and the extent to which it has assisted cities in preparing for special revenue sharing in lieu of categorical grant programs for community development.

SUMMARY

INTRODUCTION

The Annual Arrangements process, initiated by former HUD Secretary Romney on May 18, 1971, was designed to apply and test the special revenue sharing concept of community development assistance. Its main objectives are to enable cities to improve their coordination of Federally-funded and local programs, to increase their ability to set local priorities, and to improve the management capabilities of the local chief executive and local general purpose government. Since the demonstration has operated within the limitations of existing legislation, it has not been a perfect simulation of special revenue sharing. It has, nonetheless, provided indications of its potential effectiveness.

The first arrangement was signed with Gary, Indiana on December 22, 1970 -- five months prior to the formal initiation of the demonstration by Secretary Romney. Currently, there are more than 200 cities, counties and States involved in arrangement agreements or negotiations. As of March 31, 1973, arrangements had been signed with 82 cities, and one county and one State.

DATA SOURCES

The findings of this report are based on:

- A. Analyses of 84 Memoranda of Understanding completed between December 22, 1970 and March 31, 1973;
- B. Short profiles of the arrangement process in 52 cities, and
- C. In-depth studies, based on interviews with city officials in 20 cities.

FINDINGS

The findings are as follows:

1. The arrangement demonstration has encouraged cities to establish a process for developing the kind of city-wide strategies that would be needed under a program of special revenue sharing assistance.
 - a. Almost all cities prepared strategy statements in preparation for arrangement negotiations. The statements varied slightly in content, but generally included the sorts of items a city might include in a strategy for allocating its special revenue sharing funds. (See Appendix D)
 - b. The key actors in most cities have assisted in the preparation of the strategy statements. The local chief executive, Planning Department, and major users of HUD funds were involved in almost all cases. Agencies which have a coordinating function, e.g., the Model Cities Agency and the Budget Office, also were usually involved.
2. One out of every two Annual Arrangement cities will be better able to manage and coordinate HUD programs as a result of formal mechanisms set up through Annual Arrangements.

Three types of coordinating mechanisms are referred to in the arrangement agreements:

- a. a Coordinating Committee, composed of the chief executive and directors of HUD client agencies or departments;
 - b. a city Department or Office of Community Development, merging such programs as urban renewal and public housing with staff functions such as city-wide planning, and
 - c. a Community Development Coordinator's office, serving as a staff arm of the chief executive to increase coordination of all development programs in the city.
3. The arrangement process has been an effective means of encouraging local chief executive involvement in community development affairs and has made city departments and independent agencies more responsive to the broader needs of the community.
- a. In seventy (70) percent of the cities the local chief executive acted as the chief negotiator in the arrangement negotiations, and in an additional fifteen (15) percent the chief negotiator was an aide directly responsible to him.
 - b. Local agencies have become more responsive to the local chief executive in fifty-five (55) percent of the cities studied.
4. A major tool for increasing the local chief executive's ability to coordinate local programs in about one quarter of the Annual Arrangement cities has been the Chief Executive Review and Comment (CERC) procedure. It works in basically the same way as in the Planned Variations demonstration by giving the local chief executive, representing the local general purpose government, the right to review and comment on all applications for HUD assistance affecting the community.

5. HUD's tentative assurance that funds will be provided for projects specified in arrangement agreements has substantially improved the ability of local governments to plan and manage effectively. Seventy-five percent of the cities studied in-depth reported improvements in their decision-making in the areas of budgeting and financing due to the increased ability to predetermine local Federal resources.
6. Because of the categorical funding structure, HUD's field offices have had difficulty in negotiating arrangement agreements that are fully in accord with local priorities. Seventy-five percent of the cities indicated that their locally-developed funding requests were negated, in part, by the limited availability of HUD funds within specific program categories.
7. Considerable progress was made toward meeting the Annual Arrangement objective of promoting local responsibility for national interests identified in such legislation as the Civil Rights Acts of 1964 and 1968. Two-thirds of the arrangement agreements make reference to activities to be undertaken in the localities to further objectives related to equal opportunity in housing and equal opportunity in employment. A number of agreements also refer to activities related to relocation and environmental preservation and improvement.
8. An analysis of 84 Memoranda of Understanding indicates that sixty (60) percent of the arrangement cities are taking action to involve citizen groups in the arrangement process. Although the nature of this action varies greatly from city to city, citizen involvement usually centers on the preparation of the community development strategy statement. Citizen groups are either represented among those making input to the strategy statement or have had the opportunity to vote on (but not to veto) the completed statement. In some of the cities, citizen representatives have participated in negotiating sessions with HUD officials.
9. The arrangement process has encouraged about sixty (60) percent of the cities to consult with other units of government in their metropolitan areas on such overlapping program responsibilities as program planning,

dispersing low-and moderate-income housing throughout the metropolitan area, and establishing an areawide process for reviewing locally-generated applications for Federal funds.

10. Arrangements have been negotiated with a few governmental bodies other than cities — the State of Wisconsin, the County of Hawaii, Hawaii, and eight areawide planning organizations in Ohio.

1. Introduction

Annual Arrangements as a Forerunner of Special Revenue Sharing

A major emphasis of the Federal Government over the past few years has been the consolidation, simplification, and decentralization of Federal grant-in-aid programs.^{1/} This emphasis has meant, among other things, the submission to Congress of legislative proposals that would eliminate large numbers of narrowly-focused categorical programs and replace them with broader, more flexible programs of special revenue sharing. In the area of Community Development this change would mean replacing seven separate programs with a single revenue sharing assistance program.

Special revenue sharing would bring important changes in the way grant funds are delivered to cities. Among the most important changes would be the following:

1. Funds would go to units of general local government rather than to separate quasi-autonomous agencies or independent authorities;
2. Funds would be controlled by elected officials responsible to voters, rather than by appointed agency heads;
3. Funds could be spent according to the priorities established by the localities rather than those set by Federal officials;
4. Funds would be distributed on the basis of a formula, taking into consideration objective need factors rather than subjective judgments by Federal officials; and
5. Metropolitan cities and urban counties would receive funds as a stable, annual entitlement rather than on the basis of competition against other applicants.

^{1/}

An example of this emphasis is the Federal Assistance Review (FAR) program, announced by the President in March 1969. The three main objectives of the FAR program are aimed at improving the delivery of Federal assistance to recipients: 1) greater reliance on State and local governments by recipients, 2) increased interdepartmental coordination, and 3) intradepartmental improvements (e.g., cutting red tape and speeding services and benefits.

In preparation for this new form of revenue sharing assistance, HUD has undertaken two demonstrations (Planned Variations and Annual Arrangements) designed to apply and test the concepts of the approach. Since these demonstrations have operated within the limitations of existing legislation, they have not been perfect simulations of special revenue sharing. Nonetheless, they do provide indications of its potential effectiveness.

Planned Variations

The Planned Variations demonstration, announced by the President on July 29, 1971, involved an expansion of the Model Cities program in twenty (20) cities across the country. Local chief executives in these cities were given the right to review and comment on all applications for Federal assistance which might affect their communities and were given funds to develop a capability to make such comments meaningfully. In addition, sixteen (16) of these cities were given funds to expand their existing Model Cities program to all their deteriorated areas. Finally, Federal agencies were to attempt to minimize administrative requirements connected with grant-in-aid applications from these cities.

The Evaluation Division of the Office of Community Development, in its report, Planned Variations: First Year Survey^{2/} made the following major points:

1. The most successful aspect of the limited review variation has been the policy adopted by HUD's Regional and Area Offices of not intervening in local affairs;
2. Planned Variations has had some success in placing resource allocation responsibility in the hands of the local chief executive and in providing cities with greater flexibility in the use of Federal funds;
3. Planned Variations, and especially the Chief Executive Review and Comment (CERC) variation, is stimulating cities to develop a central policy and program coordinating mechanism; and

^{2/} Planned Variations: First Year Survey was published in October 1972 as No. 7 in the Community Development Evaluation Series, United States Government Printing Office, Office of the Superintendent of Documents (Stock No. 2300-00205).

4. The Planned Variations program has substantially altered the nature of the Model Cities program in the sixteen (16) full variation cities. The programs are geographically larger now, covering about one-half of the territory within the Planned Variations cities' limits; there are more city-wide programs; and the local chief executive exercises more influence over Planned Variations than he exercised over the Model Cities Program.

Annual Arrangements

The Annual Arrangements demonstration is similar in some respects to the Planned Variations demonstration and shares some of the same objectives. It is designed to deal more specifically with HUD's subsidized housing assistance and categorical programs (e.g.; Urban Renewal, Model Cities, Neighborhood Facilities) by enabling the cities to convert these programs into city-wide community development packages. The arrangement demonstration also provides HUD and the cities with a forum for discussing the cities' goals and objectives, their strategies for attaining them, and the resources which HUD can make available to assist them.

The first arrangement was signed with Gary, Indiana, on December 22, 1970.^{3/} Currently, there are more than 200 localities, counties and States involved in arrangement agreements or negotiations, more than ten (10) times as many as are involved in the Planned Variations demonstration. As of March 31, 1973, arrangements had been signed with eighty-two (82) cities, one county and one State.^{4/}

^{3/}

See Appendix D for an example of a signed agreement, a "Memorandum of Understanding," between the HUD Area Office and local officials.

^{4/}

See Appendix C for a list of the units of government with which arrangements had been signed.

The Evaluation Division of the Office of Community Development, in its first report on the arrangements, Annual Arrangements: Phase I, made the following major findings:

1. By including plans for both housing assistance and Community Development programs in the vast majority of the completed agreements, the arrangement process provided the opportunity for the coordination of these two important HUD program elements;
2. City-wide strategy statements were being prepared by all Annual Arrangement cities, although there was a considerable range in the content of the strategies;
3. All Annual Arrangement agreements included some actions the city agreed to take to further National Goals^{5/}; and
4. Better program coordination was being realized in a majority of the Annual Arrangement cities through structural changes in local governmental organization or HUD management assistance grants.

Following, and to certain extent because of the Phase I report, former HUD Under Secretary Richard Van Dusen issued a memorandum, dated September 1, 1972, commending the field offices for their initial work with the arrangement process and encouraging them to continue arrangement negotiations. (See Appendix B.) He recommended

5/

National Goals were defined by former Under Secretary Van Dusen in a memorandum to the field dated December 6, 1971. The Under Secretary indicated that Annual Arrangement cities "should be permitted considerable flexibility in the development of (their strategies). However, to the extent that they are related to local needs, certain key National Goals should receive special consideration." In summary form, the goals are: 1) local actions to improve the living environment as reflected in the Workable Program for Community Improvement; 2) ensuring proper relocation resources and practices for those displaced by government action; 3) ensuring coordinated and planned areawide development; 4) provision of low-and moderate-income housing; 5) equal availability of housing to all citizens; 6) equal employment opportunity; and 7) environmental preservation.

that the arrangement process be expanded, at least on a demonstration basis, to include negotiations with States, counties and councils of governments. (See Finding Ten for an analysis of efforts in this area.) He also emphasized the importance of local chief executive involvement in the arrangements, and reminded field staff that, where appropriate, weaknesses in local performance with respect to statutorily-defined national goals should be discussed as part of the arrangement process. He concluded by noting that "The Annual Arrangement process gives every indication of being a helpful step in building the capacity of local government to make effective use of the more flexible funding which will become available under revenue sharing."

Transition to Special Revenue Sharing

Based in part on the results achieved in the Planned Variations and Annual Arrangements demonstrations, the Administration has introduced a bill designed to "help States and units of general local government to deal more effectively with the broad range of community development concerns by replacing inflexible and fragmented categorical programs of Federal assistance with a simpler, more certain, and more expeditious system of Federal revenue sharing assistance..."^{6/} HUD is currently in the process of preparing for an orderly transition from the categorical programs to the revenue sharing assistance program contemplated by this bill.

HUD field offices are restructuring the nature of the Annual Arrangement process to make it a tool the cities can use to prepare themselves better for the kinds of capacity building activities that will enhance their use of revenue sharing assistance funds.

In the Fort Worth Region, for example, HUD Area Offices are attempting to negotiate Annual Arrangements with eighty-nine (89) cities, in addition to the forty (40) previously negotiated. If this goal is met, all 129 cities in the region eligible for funds under the proposed revenue sharing assistance program will have been involved. Regional Administrator Richard Morgan has explained these actions in the following way:

"What we are doing here now is completely different from what we have done in the past two years We're going ahead and telling the mayors that Annual Arrangements should never have been viewed as a discussion of how the resources will be delivered by HUD but rather as a means to help build local capacity to decide on priorities".^{7/}

^{6/} "Better Communities Act", H.R. 7277, 93rd Congress, 1st Session, Section 2 (b)

^{7/} National Journal, Volume 5, Number 9, March 3, 1973, "New Federalism IV/Annual Arrangements," page 304.

Fort Worth Regional Office personnel have prepared a draft outline of a Community Development statement, which each city must submit before Annual Arrangement negotiations are completed. Among other items, the statement is to include: 1) a summary overview of the city's problems and needs as determined by the city itself and ranked and discussed in terms of scope, seriousness, availability of resources, interrelationships and lead time requirements, and 2) a summarized overall action plan prepared by the city to solve its problems and meet its needs, taking into consideration priorities, constraints, interrelationships, and other relevant factors. In order to help cities determine how they will allocate shared revenues, HUD field offices in this Region have suggested that some localities apply for Section 701 comprehensive planning and management assistance funds to hire an assistant to the chief executive to manage and coordinate planning activities.

2. A Description of the Annual Arrangement Process

An Annual Arrangement is a tool designed to "achieve coordination among grant programs" and to increase the cities' ability to set their own priorities.^{8/} The extent to which the Annual Arrangements demonstration is achieving these objectives is addressed in the following chapter. A description of the mechanics of the Annual Arrangement process itself -- the steps involved and how it works -- is presented below.

It should be noted that this chapter presents only one type of arrangement process. It neither catalogues the full range of arrangement processes that have been developed nor presents a "model" arrangement. Further, it omits many of the details of the arrangement process -- particularly those related to the arrangement negotiations and the interplay that occurs between local interest and citizen groups, the local chief executive and the local governing body. This chapter's sole purpose is to provide a brief overview of one way the arrangement process can work.

Step 1: Initial HUD-City Meeting

Formal city involvement in the Annual Arrangement process begins once a city has agreed to participate in arrangement negotiations (See Chapter 2, Annual Arrangements: Phase I, for a description of HUD's city selection techniques), and a HUD Area Office representative has

^{8/}

May 18, 1971, memorandum from former HUD Secretary Romney to the Regional Administrators. See Appendix B, Annual Arrangements: Phase I Community Development Evaluation Series No. 6.

briefed city officials on the arrangement process and the key role the local chief executive (or his designee) must play in the negotiations. At the initial briefing, the HUD representative sometimes provides a target figure of funds that could be made available to the city through the arrangement, although this practice varies from Region to Region.^{9/} Where provided, such target figures are intended to aid the city in planning a realistic strategy.

Step 2: Organizing the City Agencies

The chief executive's first step after meeting with HUD is to assign responsibility for the development of a community development strategy. This task may be assigned to the city's Planning Department or other operational/planning agency, but in a number of cases where the city's chief executive felt the existing organizational structure was inappropriate for developing a comprehensive city-wide strategy,^{10/} he has formed an Urban Cabinet or Community Development Committee. The composition of this cabinet/committee has varied, depending on city size and organizational structure, but has included representatives from such agencies as the City Demonstration Agency (Model Cities), Redevelopment Agency, Housing Authority, Parks and Recreation Department, and Water and Sewer Department. It also has included representatives of organizations that do not receive HUD funding, but whose plans impact on community development, e.g., the School Board, Community Action Agency and State Highway Department.

The chief executive's role on the committee varies. HUD policy statements on the subject ^{11/} stress the need for his involvement in the arrangement, but not necessarily in the work of a Community Development Committee. In a large number of cases he has acted as chairman of the committee. In those situations where he has not done so, he often has appointed a high level Community Development Coordinator to act for him.

9/ Reference: Finding Five on Tentative Fund Assurance.

10/ Reference: Finding One on City-Wide Strategies.

11/ Reference: The Under Secretary's memorandum in Appendix C.

Step 3: The City Strategy Statement

The committee's main function is to develop a community development strategy statement. The format for this statement usually is outlined by the HUD Area Office and includes such elements as: the city's community development goals and objectives, the problems it faces in reaching these goals, the local actions contemplated in the next one or two year period arranged in the order of their priority,^{12/} and the resources which HUD will be asked to make available during the next year. The techniques the committee uses to develop the strategy statements vary from city to city, but frequently it assigns lead responsibility for the work to the planning agency or Model Cities Agency planners who utilize the city's existing policies, general plan and Workable Program for Community Improvement as a starting point for the strategy.

Citizen input to the draft strategy statement can be developed in a number of ways.^{13/} Citizen groups may be represented on the Community Development Committee or may be given the opportunity to comment on the strategy statement once it has been drafted. In several Annual Arrangement localities, neighborhood groups have commented on the probable impact of the proposed strategy on their neighborhoods.

Formal local governing body action on the draft strategy statement does not usually occur at this stage (prior to negotiations with HUD), but in a number of cases the strategy statement has been submitted to the governing body for comment. In some cities, the governing body has set the goals and priorities of the strategy statement, but left the details of the statement to be worked out by the chief executive in negotiations with HUD.

Step 4: City-HUD Negotiation

The city presents its draft strategy to the HUD negotiating team for discussion. The HUD team's comments usually center around four elements: 1) the amount of funds HUD has available, 2) the priorities listed by the city, 3) the relationship between the priorities and the city's problem analysis, and 4) the extent to which the city's strategy recognizes responsibility for furthering interests identified in such legislation as the Civil Rights Acts of 1964 and 1968.^{14/} These four points form the basis for discussion in the negotiating sessions.

^{12/} Reference: Finding Six on Local Priority-Setting.

^{13/} Reference: Finding Eight on Citizen Participation.

^{14/} Reference: Finding Seven on Local and National Interests.

The outcome of the negotiations varies widely among cities. Usually, HUD commits itself to provide subsidized housing units and Community Development funds to the community, and the locality commits itself to improve its management capability and, frequently, to take responsibility for furthering the objectives of equal opportunity legislation.

Step 5: Memorandum of Understanding

The results of the negotiations are documented in a Memorandum of Understanding, which defines the relationship between HUD and the city for a one to two-year period. It is frequently submitted to the local governing body for approval, and is signed by the local chief executive and HUD Area Office Director.

Step 6: Implementation

The implementation phase of the arrangement is one of the keys to its success. In some communities, the local chief executive has retained the Community Development Committee and given it the responsibility for implementing the arrangement agreement.

The implementation phase may consist of a number of elements, but usually includes the following four:

1. Submission of Applications. A high priority item for the members of the committee is the preparation of the project applications mentioned in the agreement. Each member usually prepares the applications for which that person's agency is the grant recipient, but the committee reviews each application to ensure its conformity to the overall strategy and to coordinate the activities of all agencies with the project.
2. Housing. The committee also implements the housing strategy portion of the agreement. This implementation involves not only the preparation of applications by the Local Housing Authority and actions to improve housing codes, but also the necessary steps to encourage private developers to build housing for families of all income levels in the locality. In some cases, the city and HUD agree to establish a Chief Executive Review and Comment procedure^{15/} which allows the

14/ Reference: Finding Seven on Local and National Interest.

15/ Reference: Finding Four on the CERC Procedure.

local chief executive to comment on all public and private applications for subsidized housing before they are approved by HUD. The local chief executive's comments are not binding on HUD, but are considered when project applications are weighed. In this way, the local chief executive may share his information with HUD and have a role in housing development and the associated physical and social services that go with it.

3. Budget. The city's budgetary operations are another area in which the Community Development Committee can have some impact. Since it knows which applications HUD will and will not fund, it can assist in the preparation of city and local agency budgets based on fairly accurate knowledge of the funds which HUD will make available in the course of the next year. The city can make plans to provide the money needed for matching funds from general revenues, from new taxation, or from a bond issue. If there are city projects which have high priority, but are not included in the arrangement, a search can be made for alternative funding sources.

4. Equal Opportunity and Other National Interests. Each agency develops plans and schedules for implementing the community actions outlined in the agreement, e.g., developing and/or implementing an affirmative action plan for equal employment opportunity, or designating an equal opportunity officer, or establishing a Central Relocation Agency.

3. Findings

This chapter presents the results of the evaluation of the Annual Arrangements demonstration carried out by field office staff and the Evaluation Division, Office of Community Development. Data was collected from three main sources: 1) analyses of 84 Memoranda of Understanding completed between December 22, 1970 and March 31, 1973; 2) profiles of the arrangement process in fifty-two (52) cities, and 3) in-depth studies, based on interviews with city officials in twenty (20) cities. The profiles and in-depth studies were completed during September and October, 1972. Central Office maintained contact with field evaluators throughout the preparation of this report to clarify and update information obtained in the reports submitted. (Appendix C contains a list of all cities involved in the Annual Arrangements demonstration. Table 6 indicates those cities for which profiles and in-depth studies were completed.)

FINDING ONE: City-Wide Strategy Statements.

The arrangement process has encouraged cities to establish a process for developing the kind of comprehensive city-wide strategies that would be needed under a program of special revenue sharing assistance.

- a. A frequent criticism of local governments has been the lack of a process by which their elected officials can set overall goals and establish priorities among competing requests for funds. The normal practice has been for a locality's chief executive or local governing body to review each agency's funding request in terms of how it differs from the amount of funds the agency received last year. Little regard is given to the agency's effectiveness or to the priority of its activities when weighed against other needs in the city. Lacking an overall strategy-setting process, elected officials usually have no yardstick to use when measuring agency funding requests. The Federal categorical program structure contributed to this situation, since its narrowly-focused funds often are directed to semi-autonomous agencies (e.g., urban renewal authorities and park and recreation districts) and increase their independence from the elected community leadership.
- b. The arrangement process has sought to change the present system by requiring that cities develop a city-wide strategy statement as a basis for selecting the projects to be included in the arrangement agreement. Ninety percent of the cities for which information was available had prepared strategy statements in preparation for arrangement negotiations. The statements varied slightly in content, but by and large they included (as Table 1 indicates) the sorts of items which a city might include in a strategy for allocating its special revenue sharing funds.

TABLE 1
ELEMENTS OF CITY STRATEGY STATEMENTS

<u>ELEMENT</u>	<u>PERCENT OF STATEMENTS HAVING EACH ELEMENT*</u>
Goals and Objectives	93.1%
Problem Analysis	70.4
Strategy	88.6
List of Projects	90.9

*This table is based on an analysis of 44 written city strategy statements.

- c. An indication of how successful the arrangement process has been in encouraging the development of a true city-wide strategy-setting procedure is shown in Table 2 by the number and type of city agencies which have been involved in the preparation of the strategy statements.

Clearly, key actors in most cities have been involved in the preparation of their strategy statements. The participation of the local chief executive (whether mayor or city manager or both) and the Planning Department in the strategy-setting process is essential if the strategy is to have validity, and they were involved in almost all cases. Agencies which have a coordinating function -- the Model Cities Agency and the Budget Office -- were also usually involved. The major users of HUD funds -- the Local Housing Authority, the Local Redevelopment Agency, and the Park Department -- were involved almost as often as the local chief executive. The interaction of these groups can be expected to produce a comprehensive strategy for dealing with the city's community development problems.

TABLE 2
PARTICIPATION OF AGENCIES IN
LOCAL STRATEGY PREPARATION

<u>AGENCY</u>	<u>PERCENT OF CITIES IN WHICH OFFICIAL/DEPARTMENT PARTICIPATED*</u>
City Manager's Office	100%**
Mayor's Office	95
Planning Department	95
Local Housing Authority	90
Local Redevelopment Agency	85
City Demonstration Agency	85***
Park Department	63
Citizen Group	63
Budget Office	58
Public Works Department	26
Building Department	16
County Government	16
Council of Governments	16

*This table is based on data from nineteen of the 20 cities in which in-depth studies were conducted.

**This figure indicates that the City Manager participated in all cities in the sample that had a city manager form of government.

***This figure indicates that the City Demonstration Agency participated in 85 percent of the Model Cities included in the sample.

d. The actual products of this interaction of local officials and agencies vary from city to city. A good example is the strategy statement format developed by the Fort Worth Regional Office to assist its arrangement cities in preparing strategy statements.

1. The first part of the strategy statement is a community profile which includes basic data on the problems facing the city and the resources it has available to deal with them. This profile makes it possible for the city to begin a problem analysis. Budgetary

information indicates where the city's priorities had been in the past so that strategy-makers can decide whether a shift is in order.

2. The strategy format then calls for a statement of the city's priority needs "as determined by the city itself and ranked and discussed in terms of scope, seriousness, availability of resources, interrelationships, lead time requirements, etc." At this point the local officials work out a picture of what problems must be dealt with in their city and in what order of priority.
 3. The definition of problems and the assignment of priorities leads logically to the development of a strategy for solving these problems. This strategy is in the form of an action plan that considers priorities, constraints, interrelationships, and other relevant factors.
 4. The overall strategy is then applied to five major program categories: municipal facilities and services, social and health services, public protection services, housing, and economic development — each of which is divided into a number of subcategories. For each subcategory, the city is asked to identify needs and problems, program objectives, a three-year action program, and first year activities. From this information, first year funding needs may be developed.
 5. The concluding portions of the strategy statement deal with coordination aspects such as areawide and local planning, environmental protection, relocation, equal opportunity, intergovernmental involvement, public information and citizen involvement, as well as information about the location of the proposed projects. Such data makes it possible to coordinate the overall city strategy with other activities in the area.
- e. The evidence collected from the 20 cities studied comprehensively indicates that the categorical

program structure inhibits the development of overall city strategies. This result is shown by the fact that about 50 percent of the cities did not utilize a general strategy-setting process to establish priorities, but chose instead to have individual agencies set their own project priorities, or to continue existing projects, or to have no strategy at all. (See Table 3).

TABLE 3
METHODS OF PREPARING LOCAL PRIORITIES*

<u>METHOD</u>	<u>PERCENT OF CITIES USING METHOD**</u>
Individual Agencies Choose Projects	60%
Existing Projects Continued	55
Strategy-Setting Process	55
No Strategy	10

*This table is based on data from the twenty cities in which in-depth studies were conducted.

**Some cities used more than one method.

the Local Housing Authority, the City Planning Department and the Department of Public Works. This committee plans to conduct an in-depth study of the feasibility of organizing a Community Development Department, which would eventually bring all local agencies under the city's jurisdiction.

2. Use of the coordinating committee device was encouraged by the Boston Area Office in each of its five arrangement cities. In these cities, the coordinating committee consists of the Executive Directors and/or Department heads of local community development agencies. It is chaired by the Mayor and meets at least once a month to review and comment on all applications for HUD's financial assistance before they are submitted to the Department. The committees' principal function is "to insure inter-program coordination in connection with HUD-assisted programs".
3. The Standing Rock Indian Reservation created and operated its coordinating committee in the form of a Tribal Advisory Board. According to the Memorandum of Understanding, the primary functions of the Board are "identification, collection, coordination, and evaluation of various community needs and goals both short and long range ... The Board will be responsible for identification of intergovernmental program relationships at all levels on the reservation."
- d. Eighteen of the 39 arrangement cities that established a coordinating mechanism did so by creating a new position in the office of the chief executive. All eighteen cities received Section 701^{16/} funds to staff and operate an office of Community Development Coordinator,

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Section 701 of the Housing Act of 1954 authorizes HUD to award grants to: a) States, b) cities over 50,000 population, c) State, metropolitan, and regional planning agencies, etc. to help upgrade the planning and management capability of State and local governments or to develop this capability if it does not exist already.

whose title varies from city to city but whose function remains essentially the same throughout.

1. Milwaukee, for example, hired a Development Coordinator, whose main responsibility is to plan and coordinate how the city will utilize its shared revenues under special revenue sharing.
 2. The Dallas Area Office provided Section 701 funds to five of its seven Annual Arrangement cities to "establish and adequately staff an office responsible for the coordination of all development projects and/or applications" for the city. The Oklahoma Area Office acted in a similar fashion, providing funds to its four arrangement cities to "strengthen the role of the government to plan, coordinate and manage its resources on a city-wide basis."
 3. In Oakland, California the San Francisco Area Office provided Section 701 funds to analyze the role and responsibilities of the Assistant to the City Manager for Community Development, a new position. The analysis was to examine how the Assistant City Manager would relate to other City agencies and departments, staffing needs, and budgeting requirements.
- e. Fourteen Annual Arrangement cities undertook studies and/or reorganized their governments to establish new city Departments of Community Development (or similar title) to coordinate such activities as Model Cities, urban renewal, and housing. Half of these received Section 701 funds to aid them in these efforts. In most cases, city-wide planning functions were also consolidated into the centralized unit.
1. The city of Bridgeport, Connecticut, for example, lacked a strong department of planning and development for a number of years. For that reason, the city received, under its Annual Arrangement agreement, a Section 701 grant to create a Development Administrator's Department. The Department Administrator reports

directly to the Mayor and is responsible for the coordination of the city's housing, urban renewal, planning, relocation services and families programs.

2. The Annual Arrangement city of Carbondale, Illinois already had a Department of Community Development, but its Divisions of Urban Renewal, Planning, Code Enforcement, Model Cities, and Industrial Development were separate and distinct entities within the Department. In order to develop a coordinated planning program for shared revenues, and to enhance the program management capability of the Mayor, the city plans to restructure the Department of Community Development by merging the Model Cities and Urban Renewal Divisions.
3. Richmond, California agreed in its Annual Arrangement to create a functionally organized Community Development Department during the arrangement period. A comprehensive planning grant was used to hire a consulting firm to develop the proposed reorganization structure. The firm's recommendations, adopted by the city, include hiring an Assistant City Manager for Community Development to head a Community Development Division. This Division will be composed of four line operating departments -- Economic Development, Manpower and Social Services, Redevelopment and Housing -- one staff group (Community Relations), and the existing Model Cities program (the City Demonstration Agency).

FINDING THREE: Local Chief Executive Involvement.

The arrangement process has involved local chief executives in community development matters and has made city departments and independent agencies more responsive to the broader needs of the community.

- a. A major obstacle for cities in attempting to deal with local problems has been the proliferation of departments and independent agencies, each of which is concerned with a particular functional area and each of which is funded through a particular Federal categorical program. Findings One and Two, respectively, discuss the way in which the arrangement process attempts to coordinate the activities of these agencies through the preparation of a city-wide strategy statement and through various management mechanisms. Another important aspect of the arrangement demonstration is the way in which it focuses on the local chief executive as the person best suited to coordinate all the various agencies involved in community development activities. This coordination is especially important because HUD funds in the past have generally been directed to independent agencies rather than to the local general purpose government headed by elected officials who are responsible to the citizenry. By giving the local chief executive a central role in the process by which HUD funds are allocated to the community, it is expected that city departments and agencies will become more responsive to the direction of the elected officials and to the coordinated strategy which they are attempting to implement.
- b. The in-depth study of 20 of the arrangement cities indicates that the local chief executives were heavily involved in the arrangement process.

TABLE 4
NUMBER OF LOCAL CHIEF EXECUTIVES
INVOLVED IN
ARRANGEMENT NEGOTIATIONS

<u>ACTIVITY</u>	<u>PERCENT OF CHIEF EXECUTIVES ENGAGED IN EACH ACTIVITY*</u>
Coordinated Preparations	40%
Acted as Chief Negotiator	70
Chaired Opening Negotiating Session	60
Signed Final Agreement	95

*This table is based on data from the twenty cities in which in-depth studies were conducted.

One of the key roles of the local chief executive is acting as chief negotiator. In this capacity he has the greatest opportunity to influence the city negotiating team and indicate who is in charge of the flow of funds. In 70 percent of the cities the local chief executive was the city's chief negotiator, and in an additional 15 percent the chief negotiator was an aide directly responsible to him.

- c. The two principal variables in determining the level of chief executive involvement appear to be the city's form of government and its size. The local chief executive was the chief negotiator in 90 percent of the cities with a city manager form of government. In the cities with a mayoral or commission form of government, only 58 percent of the local chief executives played this role. Perhaps more importantly, the average population of cities in which the local chief executive was chief negotiator is 125,000, while the population of cities in which someone else was chief negotiator averages around 352,000. Clearly, as cities increase in size it becomes necessary for a local chief executive to delegate the negotiating responsibility to assistants.
- d. On balance, the arrangement process has been an effective means of encouraging local chief

executive involvement in community development affairs. This involvement has countered the past trend of funds going directly to independent agencies which have had little incentive to be responsive to the elected leadership. The arrangement process has increased the responsiveness of local agencies to the local chief executive in 11 of 20 cities studied. In four of the other nine cities, the local chief executive had already succeeded in increasing the responsiveness of these agencies and the arrangement process served merely to confirm and consolidate this responsiveness.

1. The advantages to the city of this increased responsiveness on the part of HUD-funded agencies are numerous. In Grand Prairie, Texas, for example, the urban renewal agency was encouraged to become involved in total city development in addition to the activity that takes place within renewal project boundaries. In Ottumwa, Iowa, which has a commission form of government, the arrangement process persuaded the commissioners of the need for a more centralized coordinative mechanism. Consequently, all commissioners began to coordinate the activities of their departments with those of the mayor. In Youngstown, Ohio, the arrangement process led the Health Department to respond positively to the mayor's desire that its Housing and Building Inspection units be consolidated.
2. By confirming the leadership role of the head of the local general purpose government, the arrangement process can also have an impact on agencies which receive no HUD funding. In the arrangement city of Pasadena, California, for example, the arrangement process bridged a gap between the city and the school district and led officials in the Community Action Program to work more closely with the city.

FINDING FOUR: Chief Executive Review and Comment (CERC).

The CERC process was developed in the Planned Variations demonstration to give the local chief executive, representing the local general purpose government, the right to review and comment on all applications for Federal assistance affecting the community. Concurrent with the Planned Variations demonstration, or in some cases because of it, a number of Annual Arrangement cities have adopted the same mechanism.

- a. A major tool for increasing the local chief executive's ability to coordinate local programs in some Annual Arrangement cities has been the Chief Executive Review and Comment (CERC) procedure. It works in basically the same way as in the Planned Variations demonstration: the local chief executive and HUD agree on which local applications for HUD funds will require chief executive review and comment; applications for Federal funds are sent to the local chief executive for his comment before submission to HUD; HUD considers the chief executive's comments in arriving at a funding decision and returns any applications that do not have chief executive comments attached. (For a discussion of CERC in the Planned Variations demonstration, see Planned Variations: First Year Survey, pages 19-25).
- b. Ten of the 84 arrangement cities had provisions for CERC before Annual Arrangements because they were also Planned Variations cities. Nineteen of the others were given some form of a CERC through the arrangement process. The form varied according to the needs of the locality. In Richmond, California, for example, the city's major problem is its inability to influence private housing development. As a partial remedy, the arrangement agreement provided that the city would review and comment on all applications for HUD subsidized or unsubsidized mortgage insurance. In that way, the Area Office would have an opportunity to consider any objections the city might have to residential development that could adversely affect the city.

- c. In Boston, Massachusetts, the arrangement provided for a Coordinating Committee, chaired by the Mayor, that would review and comment on all applications for HUD assistance to be funded under the arrangement. This provision has given the Mayor the opportunity to deal with often very independent agencies and persuade them to make their applications more responsive to the overall city strategy. In Biloxi, Mississippi, the Mayor alone exercises the review and comment authority, in accordance with the arrangement agreement.
- d. As the report on the use of CERC in the Planned Variations demonstration indicates, CERC is by no means the final solution to the problem of independent agencies that are unresponsive to the local general purpose government. It appears that this problem will remain at least as long as there are categorical programs which encourage autonomy and allegiance to vested interests. The Annual Arrangement mechanism, however, is encouraging local chief executives to become involved to an unprecedented extent in community development and is providing needed experience for local officials who will have to make decisions about allocating funds under special revenue sharing. Furthermore, the arrangement demonstration indicates that such local chief executive involvement — even under the adverse conditions in which the arrangement process presently operates — can increase the responsiveness of city departments and independent agencies to the elected leadership.

FINDING FIVE: Tentative Fund Assurance.

The arrangement process, by providing cities with tentative assurance that HUD funds will be provided for specific projects, has substantially improved the ability of local governments to plan and manage effectively.

- a. A major defect of the categorical program structure, with its emphasis on individual project applications, has been that cities are never sure what funds they will receive from HUD and when. A prudent local government is forced to submit a mass of applications for many different types of projects, then wait months or sometimes years before receiving any response. The uncertainty which this process involves necessarily produces poor local planning and management, since the local government has no way of coordinating its other activities with anticipated HUD funds.
- b. Special revenue sharing would deal with this problem by providing each city assured funding, based on a set formula and delivered on a regular basis without any delays. The city would be able to plan and budget with assurance that a particular level of HUD funds will be available. The arrangement process has provided some indication of the advantages which would accrue to cities because of this assurance.
 1. Eighteen of the 20 cities which were studied intensively reported that they had received some form of tentative fund assurance through the arrangement process. The technique the Area Office used to establish this assurance, in almost all cases, was an informal set-aside of funds.
 2. Each city was required to submit acceptable applications that would score well under applicable Project Selection Criteria. In 70 percent of the 20 cities, the arrangement agreement provided deadlines by which the applications had to be submitted for favorable consideration. Frequently, the agreement also indicated that certain statutorily-required actions had to be performed before the applications would be approved.

3. The net result of the fund assurance procedure has been that a majority (61 percent)^{17/} of the applications mentioned in the agreements have actually been approved. In most cases, the reason an application has not been approved is that it has not yet been submitted. Seventy-seven percent of those applications submitted have been approved.^{18/}
- c. Fifteen of the 20 cities reported that tentative fund assurance improved their operational decision-making. Many of these decisions involved budgeting and financing. For example, Athens, Georgia, because it had tentative fund assurance for a project, could prepare and hold a successful bond referendum to provide the local share for it, even though the project itself had not yet been approved. Similarly, Boston, Massachusetts, proceeded with its Capital Improvements Program with security because it knew HUD funds would be available from specific categorical grant programs.
- d. In terms of financial decision-making, a negative response by HUD can be almost as useful as a positive one. Fall River, Massachusetts, reprogrammed its Model Cities funds for park use when it was told that no Open Space grant would be included in its arrangement. Charleston, Missouri, applied to the Bureau of Outdoor Recreation when it was given a similar decision. When Pasadena, California learned that HUD funds for downtown renewal were not available, local officials proceeded with the development of an alternate plan for renewal.

Cities also benefit from early notification of negative decisions because they do not have to prepare applications that will not be funded.

^{17/}

This figure is based on short-form profiles from 52 cities.

^{18/}

The percentage of submitted applications that have been approved varies by program category. One hundred percent of the Section 701 Planning and Management Assistance applications have been approved; 80 percent of the Community Development applications; and 71 percent of the housing applications.

Grand Prairie, Texas estimated it saved two months, \$20,000, and the work of ten people because the city did not prepare a Code Enforcement application for a project that was not included in the arrangement. Corpus Christi, Texas estimated it saved 1,000 hours of staff time by not preparing five Open Space and one Water and Sewer applications. Fifty-five percent of the cities surveyed reported savings of resources because of applications not prepared.

- e. Early fund assurance also makes it possible for cities to coordinate other actions with the HUD projects in question. Corpus Christi, Texas was able to proceed with three sewer projects at the same time, to the benefit of the city. Based on funding assurances for a low-income housing project, Charleston, Missouri extended utilities to the proposed housing site. Ottumwa, Iowa initiated construction of parking lots in its urban renewal areas in order to provide supporting facilities for the anticipated redevelopment.

- f. The arrangement process is not, however, a perfect simulation of special revenue sharing. Several cities reported, for example, that the arrangement process did not help their operational decision-making because it was not tied in with the city's budgetary cycle. This problem is virtually inevitable because of the complicated structure involved in HUD's administration of the existing categorical programs. The fact (as noted earlier) that a certain number of project applications have not yet been submitted and a portion of those submitted have not yet been approved indicates some of the obstacles facing cities under the arrangement process. Special revenue sharing, by eliminating this complex project application structure and instituting a delivery system based on an entitlement allocation, would provide better fund assurance to all cities and would multiply and expand on the examples provided here of how cities can be helped to improve their planning and management of HUD funds.

FINDING SIX: Local Priority-Setting.

Annual Arrangements have provided many communities with the opportunity to establish priorities among their competing needs for HUD programs. (See Finding One). Because of the categorical funding structure, however, HUD has had difficulty in funding city applications in accordance with city priorities.

- a. The thrust of Federal Government policies over the past several years has been to place greater reliance on local governments to set their own priorities in dealing with local problems, with a minimum of Federal red tape and regulations. Efforts to carry this principle into the Annual Arrangements negotiations have met with mixed success.
- b. Seventeen of 20 cities responded to interview questions concerning the forming of their own community development priorities. Seventy-five percent of these cities stated they were able to request projects from HUD according to their own priorities, but that their requests were negated in part by the limited availability of HUD funds within specific program categories. For example, although officials in Butte, Montana developed a set of priorities for the community, they reported that the mix of programs they actually received was more influenced by HUD's funding ability than by their statement of local needs and priorities. They indicated they would have given a higher priority to a water and sewer project than a neighborhood facility under a revenue sharing system, but the neighborhood facility fared better in the Annual Arrangement because funds were available for it, while water and sewer funds were scarce. In this case, the limitations on the use of categorical grant funds definitely skewed local priorities.
- c. At least 65 percent of the cities developed a statement of local priorities as part of the Annual Arrangement, but usually within the

framework of program categories and fund availability. In some cases, there was an informal understanding between the Area Office and the city concerning the amount of funds available within each program category so that the city knew which program area to emphasize in preparing its priority lists. In other cases, the Area Office gave targets of available funding within each program category during arrangement negotiations, and the city used these targets as a guide in developing its project requests.

1. The arrangement process brought a few cities to the point of developing a statement of local priorities for the first time. One city received additional Section 701 money because of the arrangement and used it to revamp the budget system to make it more responsive to city priorities.
2. Four cities said there was definite pressure from HUD to accept certain projects which did not relate to local priorities or which moved the city more quickly in the direction of priorities it was beginning to develop. These projects were concerned mainly with the fulfillment of National Goals^{19/} such as dispersion of low-and moderate-income housing and equal opportunity.

^{19/} See Footnote 5 for a list of the National Goals.

FINDING SEVEN: Local and National Interests.

One of the objectives of the Annual Arrangement process is to promote local responsibility for furthering national interests identified in such legislation as the Civil Rights Acts of 1964 and 1968. Considerable progress was made toward meeting this objective: about two-thirds of the arrangement agreements make reference to activities to be undertaken in the localities to further objectives related to such legislation.

- a. Though the Federal Government has overall responsibility for the protection of the rights of individuals, local governments are in a position to assure the individual a more immediate protection. In many cases, however, procedures for encouraging equal employment opportunity, fair housing and adequate relocation standards and procedures are lacking on the local level.
- b. The Annual Arrangements process was designed to promote awareness of local responsibility for preserving national interests by including recognition of certain National Goals^{20/} in negotiations. This recognition sometimes took the form of a simple statement of commitment on the part of the city, but often, specific actions to implement this commitment were included. Seventy (70) Memoranda of Understanding were analyzed to determine the extent of consideration given to national interests.
 1. Equal Opportunity in Housing. Forty-six (46) localities made some reference to a commitment to fair housing opportunities in the community. Fourteen (14) were in the form of a general statement of goals that includes equal availability of housing. Twenty (20) localities promised enactment of a Fair Housing Ordinance or other actions. For instance, New Orleans, Louisiana plans to establish a metropolitan organization to promote fair housing opportunities. Seattle, Washington intends to establish a referral program to ensure housing

^{20/} See Footnote five (5) for a list of the National Goals.

choice for minority and low-income residents. Other cities indicated plans to advertise their commitment to fair housing and establish complaint mechanisms to handle violations of fair housing ordinances.

The remainder of the forty-six cities did not offer a statement of commitment to fair housing but indicated plans to submit applications for housing assistance programs, including housing for the elderly and scattered site low-rent public housing. Arrangement agreements for these cities usually mentioned the need to provide housing choices for low-income families and individuals.

2. Equal Employment Opportunity. Forty-five localities indicated a commitment to equal employment opportunity. Twenty of these were in the form of a general statement of goals. Sixteen promised either to develop an affirmative action plan or to implement one already in existence. Nine localities planned other actions such as a city-wide study of equal employment opportunities, designating an equal opportunity officer for the city, and hiring extra staff to help assure equal employment opportunity. Among other actions, New Orleans plans to assure compliance with the New Orleans Plan (a voluntary minority hiring plan for building trades unions) and to set aside 50 percent of all city construction and personal services contracts for minority vendors.
3. Relocation. Thirty-two localities mentioned relocation services in their Memoranda of Understanding. Twenty-two indicated plans to establish a Central Relocation Agency (or other centralized service) or to increase staff and improve the functioning of already existing Centralized Relocation Agencies. Three cities mentioned a general relocation plan without stressing centralization. Seven localities are planning other actions in support of relocation, such as Relocation Grievance Procedures, counselling

services, and coordination of relocation activities with all concerned city agencies.

4. Environmental Preservation and Improvement. Twenty localities indicated in their Memoranda of Understanding a commitment to preservation of the environment. Nine of these commitments consisted of general statements of intention to consider the effect on the environment when planning city improvement projects and selecting housing sites. Two cities plan to develop environmental impact procedures. Nine others indicated specific actions to preserve and improve the environment. For instance, Camden, Arkansas plans to adopt the following: a policy encouraging underground utilities in new subdivisions, a rat control plan, a building permit surcharge to be earmarked for open space, and a plan for preservation of historic structures. Newport, Arkansas plans to adopt a rat control plan, flood zoning ordinances, noise ordinances, and open space requirements in subdivision provisions. New Orleans included provision for the establishment of a Division of Environmental Health Services and an Ecological Inventory and Ecological Plan for the city.

- c. Efforts of arrangement localities in these areas provide evidence that the arrangement process affords an opportunity to increase local awareness of significant national interests. In many cases, this awareness went beyond a statement of good intentions. A number of cities already have begun to establish mechanisms to assure equal opportunity in housing and employment, adequate relocation procedures, and preservation of the environment.

FINDING EIGHT: Citizen Participation.

The arrangement process has provided cities with the opportunity to test ways of obtaining meaningful citizen involvement in city-wide decision-making.

- a. Urban policy-makers in recent years have been searching for means of satisfying the legitimate demand of citizens for some input into the community development decision-making process without infringing on the legal authority of governments which must take responsibility for these decisions. Most categorical programs have developed their own procedures for citizen participation, but, in many cases, these procedures have frustrated citizen involvement. Average citizens have often found that involvement in categorical program decision-making returns very little in terms of concrete impact on community problems, because each categorical program deals with only one small part of the total community development picture.
- b. Annual Arrangements have provided cities with the opportunity to test methods of obtaining citizen involvement in an overall community development strategy-setting process. Nineteen (19) of the twenty (20) cities studied in-depth engaged in a strategy-setting process, and seventy (70) percent of these cities involved citizens in some fashion. This involvement usually centered on the preparation of the community development strategy statement. Citizen groups were either represented among those making inputs to the strategy statement or had the opportunity to vote on (but not to veto) the completed statement. In twenty (20) percent of the cities citizen representatives participated in negotiating sessions with HUD officials.

Since Annual Arrangements primarily involve HUD funds, the groups involved in the process tend to be those connected with the HUD categorical programs, especially the more complex ones. Thus,

City Demonstration Agency Boards are involved in forty (40) percent of the cities and urban renewal Project Area Committees in twenty (20) percent.

- c. It appears that the citizen participants did not have a major impact on the arrangement process, although data on this point is limited. There are two probable reasons for this:
 1. In the first place, the entire arrangement process operated on a very indefinite schedule, at least as far as the city participants were concerned. In most cases, the city was told on relatively short notice that it could be involved in an Annual Arrangement and was allowed a few months, at best, to prepare a strategy statement. Under these circumstances, local officials had a full schedule obtaining adequate input from the agencies involved without attempting the time-consuming task of obtaining citizen input. One indicator of this problem is the extent to which the length of time available for preparing strategy statements influenced the level of citizen participation. Eighty-three (83) percent of cities which had two months or more to prepare their strategy statements were able to involve citizen representatives, while only fifty-eight (58) percent of cities with less than two (2) months were able to do so. Under special revenue sharing the preparation of a strategy statement would be a continuing process with deadlines for completion known long in advance so that cities which wish to do so could easily arrange for citizen participation.
 2. In the second place, many cities had to confront the problem of how to deal with the large number of frequently competing citizen groups which the categorical program structure had spawned. Clearly, when more groups were involved, it was more difficult to obtain their input in

a limited period of time. A good indication of how this problem affected citizen participation is Table 5, which shows the level of citizen involvement varying with the size of the city.

Table 5
Citizen Involvement in Arrangement Process in Different-Sized Cities*

<u>Size of City</u>	<u>Percent with Citizen Involvement</u>
0-24,999	100%
25,000-99,999	71
100,000-499,999	62
500,000 and over	50

*This table is based on data from the twenty (20) cities in which in-depth studies were conducted.

The larger the city, the less likely it is that citizens are involved in the arrangement process. Cities are, however, aware of this problem and are seeking to use the experience gained in the arrangement process to prepare for citizen involvement in the community development process under revenue sharing.

- d. An analysis of eighty-four (84) Memoranda of Understanding indicates that fifty-one (51) of the cities involved are taking action with respect to citizen involvement. The nature of this action varies greatly from city to city. Camden, Arkansas, for example, intends to guarantee membership by minority groups on all boards and commissions and plans to hold occasional City Council meetings in neighborhoods. Peoria, Illinois will try to provide direct public access to the governmental process for all programs or activities that have a bearing on the physical or social structure of the community.

Most cities are attempting, in one way or another, to develop a unified city-wide citizen participation structure to replace the mass of narrowly-focussed citizen groups set up to deal with the categorical programs. Portland,

Oregon, for example, proposes to establish a city-wide citizens' board to advise on community policy planning. Such a board would have representatives of all the city's neighborhoods as well as mayoral appointees.

The representation would be weighted slightly in favor of areas of the city that are in economic and social need, such as Model Neighborhood Areas and the poverty target areas of the Community Action Agency. Initially, the board members would come from existing community groups, but eventually District Planning Organizations would be set up and would designate their own representatives. These citizen organizations would have opportunities to review and comment on all applications for Federal assistance affecting their areas prior to their submission. The board members could suggest projects, carry out project activities, and process grievances caused by community development activities. The over-all Community Policy Planning Board would be able to represent citizens in drawing up a community development strategy for the use of funds to be allocated under special revenue sharing.

FINDING NINE: Metropolitan Coordination.

The Annual Arrangement process is encouraging local governments with overlapping program responsibilities to consult each other in such activities as program planning, dispersing low-and moderate-income housing throughout the metropolitan area, and establishing an areawide process for reviewing locally-generated applications for Federal funds.

- a. Urban problems are not limited by corporate city limits. Adjacent cities and surrounding counties typically are faced with parts of the same transportation problem, or low-income housing shortage, or slum development. Yet, as has been documented in numerous studies, these governments often deal only with that portion of the problem within their corporate jurisdiction. The Annual Arrangement process encourages an overview and awareness of the problems of the metropolitan area by requiring arrangement cities to develop a local strategy and encouraging local agencies with overlapping responsibilities to consult each other in planning projects.
- b. Information was collected on the extent of metropolitan coordination in the arrangement cities surveyed. Questionnaires returned from 50 cities indicated metropolitan coordination in 60 percent of the localities.

Examples of such coordination include:

1. Organization of a multi-county planning body that will be the basis of an areawide planning commission;
2. Agreement to make a City/County Planning Commission the coordinator and representative of all metropolitan interests;
3. Formulation of plans for inter-local cooperative agreements between a city, county and school district in an effort to coordinate agencies toward meeting mutual objectives;
4. Agreement calling for a city to work with the County Planning Commission to disperse low-and moderate-income housing throughout the county; and

5. Agreement by the Southern California Association of Governments (SCAG) to a single review process for the entire set of applications included under the Annual Arrangement.

The cities of Corpus Christi (Texas), Pasadena (California) and Rockford (Illinois) specifically credit Annual Arrangements with having improved their coordination of HUD programs in the metropolitan area.

- c. The City of Rockford, Illinois is unique in that it was well into its second arrangement at the time of this study. It provides a good example of the way the arrangement process encouraged comprehensive areawide planning and an awareness that Rockford and the surrounding county of Winnebago "were in the same business" with regard to several community programs.
 1. Rockford's first arrangement, concluded in July 1971, was negotiated with the City, the Rockford Housing Authority and the Rockford Park District. Although Winnebago County has its own housing authority and the County Health Department is responsible for enforcing building codes, they were not approached concerning the arrangement, simply because no one thought to include them.
 2. The city's second attempt at developing a community strategy brought about an awareness that the city and county had comparable authority in some problem areas and that coordination would be profitable. By thinking in terms of overall goals and attempting to relate projects that would accomplish these goals (one of which was a low-income housing plan), local planners, in their own words, "uncovered the obvious" -- the Rockford Housing Authority and the Winnebago County Housing Authority were in the same business. More to the point, this situation also became obvious to the two housing authorities. In the space of a few months, they had developed informal ties

and were consulting each other on plans and submissions. In addition, both authorities were using the Planning Commission as a coordinating body.

This process led to the negotiation of a second arrangement in April 1972, which included the County and recognized the City/County Planning Commission as the representative of all metropolitan interests. Several items in the Memorandum of Understanding for the second arrangement recognize and promote this regional coordination:

- a. The City of Rockford is to develop a strategy and timetable to make the City/County Planning Commission representative of all sectors (including minority and varying income groups) of the Rockford-Winnebago County community. Further, it is to develop a comprehensive city-county low-income housing plan, utilizing both the Rockford Housing Authority and Winnebago County Housing Authority resources.
- b. The Rockford Housing Authority and Winnebago County Housing Authority are to execute an agreement in conjunction with the development of the city/county low-income housing plan, whereby the Winnebago Authority will turn its units over to the Rockford Housing Authority when the land on which its units are located is annexed by the City of Rockford. Also, the authorities are to adopt congruent leasing and occupancy policies.
- c. The Winnebago County Board of Supervisors is to develop a comprehensive code enforcement program, geared toward developing the capacity of the County Board of Health to administer a HUD funded code enforcement program. The County Board also is to enforce Rockford Housing Codes in the city of

Rockford until new codes acceptable
to HUD are adopted by the County.

3. Although the ideal might be the creation of a single housing authority to deal with programs for the entire community (and the coordinating process is not always smooth), the attempt by the two authorities to find common ground is a vast improvement from the days when they operated independently. In this case, the Annual Arrangement with HUD provided a framework for the recognition of metropolitan relationships and the development of areawide planning and coordination of agencies and programs.

FINDING TEN: Annual Arrangements with States, Counties and Councils of Governments (COG's).

The arrangement process has been expanded on a demonstration basis to include government bodies other than cities. Arrangements have been negotiated with the State of Wisconsin, the County of Hawaii and eight areawide planning organizations in Ohio.

- a. The precedent-setting arrangement agreement with the State of Wisconsin was developed because of the State's interest in HUD's subsidized housing programs. The first step in the arrangement process occurred when the HUD Area Office negotiated with the Wisconsin State Department of Local Affairs and Development and, for the first time, agreed to provide a state agency (other than a State housing authority) with an allocation of public housing units. This action led to further negotiations and culminated in a written Annual Arrangement, signed by the Governor and the HUD Area Director, in which HUD agreed to "look favorably upon an application for the use of housing subsidy money" (not to exceed 30 percent of the Area Office's allotment of subsidy funds for any given month). The State, for its part, agreed to develop a plan and statement of priorities for the use of the subsidy funds, including elements dealing with environmental concerns, relocation needs, and minority housing needs.

Three other provisions are included in the agreement: 1) the State is to develop a plan, to be funded by Section 701 funds, for providing Community Development Services to small and medium size cities which have neither the need nor the funds for such services on a full time basis; 2) the State and HUD are to establish a system for interchanging various kinds of information, such as housing market studies; and 3) they also are to coordinate field staff activities.

- b. The arrangement agreement with the County of Hawaii is quite similar to the agreements signed by many cities. It contains a Chief Executive

Review and Comment (CERC) provision, a requirement that a county-wide affirmative action plan be developed, and an agreement by the county that a plan for controlling and locating future growth and development throughout the Island of Hawaii will be developed. HUD agreed to fund several projects including Water and Sewer, Open Space, and Low-Rent Public Housing.

- c. HUD's Columbus Area Office negotiated eight "packages" with the eight areawide planning organizations in Ohio. The decision to negotiate these coordinated packages was made in August 1972, and the areawide planning organizations were given one month to submit a list of priority applications. Since this list was on behalf of all their members, the time constraints proved to be unrealistic. In addition, the planning organizations knew only how much HUD money was available for the entire state and not how much was available for each area's "package".
 1. The planning organizations themselves proved to be too organizationally fragmented to develop a strategy quickly. In some cases, members of the planning organizations, dissatisfied with the priorities developed, submitted individual applications. HUD had made it clear, however, that funding preference would be given to the list developed by the areawide planning organizations and that lack of funds made it impossible to meet all the package priorities.
 2. This experience with areawide planning organizations highlights many of the problems a regional approach to coordination might face under special revenue sharing. Satisfying the needs of local communities is difficult because of organizational and jurisdictional fragmentation, combined with inexperience in coordinating priorities and lack of knowledge of Federal funding levels. Assured funding levels under special revenue sharing would alleviate part of the problem, but the

development of local capacity to deal with priority development is essential if the benefits from areawide coordination are to be realized.^{21/}

21/

Several reports in the Community Development Evaluation Series focus on local experiences with supplemental funds and with various coordinating mechanisms. The information contained in these reports should be of value to local governments as they prepare for special revenue sharing. Several of the reports are joint efforts of the Department of Housing and Urban Development and the Department of Health, Education and Welfare. All of these reports were published by the United States Government Printing Office, Office of the Superintendent of Documents.

The reports are:

- a. Coordinating Federal Assistance in the Community/Use of Selected Mechanisms for Planning and Coordinating Federal Programs, CD Evaluation Series No. 8, August 1972, (Stock No. 2300-00206);
- b. Use of the CDA Sign-Off in Model Cities for Planning and Coordinating HEW Programs, CD Evaluation Series No. 9, August 1972, (Stock No. 2300-00207);
- c. The Federal Grant Process - An Analysis of the Use of Supplemental and Categorical Funds in the Model Cities Program, CD Evaluation Series No. 10, August 1972;
- d. Local Government Participation in A-95 Project Notification and Review System, CD Evaluation Series No. 11, March 1973, (Stock No. 2300-00216); and
- e. The Changing Demand for Local Capacity - An Analysis of Functional Programming and Policy Planning, CD Evaluation Series No. 12, August 1972, (Stock No. 2300-00209).

4. Methodology

Information for this report was obtained from three sources:

- a. In-depth studies, based on interviews with city officials in twenty (20) cities;
- b. Short profiles of the arrangement process in fifty-two (52) cities; and
- c. Analyses of Memoranda of Understanding from eighty-four (84) cities.

In-Depth Studies of Twenty (20) Cities.

HUD Central Office staff and Regional and Area Office staff conducted interviews in September and October, 1972 with local officials in twenty (20) cities^{22/} whose Annual Arrangements had, at that time, been in operation for approximately one year. The cities were selected for study by the Regional Offices, in coordination with the Central Office. Selection factors included such elements as the need to include (1) Planned Variations cities, (2) Model Cities, (3) cities that deal with separate Insuring Offices, (4) cities with different types of government structures, (5) cities with different-sized populations and (6) cities in different geographic locations.

The answers to fifteen (15) basic questions^{23/} about each of the twenty (20) cities were developed by Area and Regional Office staff, on the basis of interviews with local officials, city data, and their knowledge of the communities. Interviews were conducted with such local officials as the local chief executive and the Directors of the City Budget Office, the City Planning Department, the Urban Renewal Agency, the Model Cities Agency, the Housing Authority, the Public Works Department, and the Council of Governments.

^{22/} The twenty (20) cities are identified with an asterisk in Table 6.

^{23/} A copy of the fifteen (15) questions is included as part of the Evaluation Report Guide in Appendix A.

Profiles of the Annual Arrangement Process in 52 Cities.

HUD field office staff completed short profiles^{24/} in September and October, 1972 for each of the cities with which an agreement had been reached and some form of document signed as of that time. No profiles were compiled for the thirty-two (32) arrangements completed between September and October 1972 and March 31, 1973.^{25/} The profiles contain the following types of data about each of the fifty-two (52) cities:

1. Community Data. Includes (a) form of city government, (b) population, (c) brief description of character of city, (d) city budget, (e) fiscal year budget of independent agencies receiving HUD funds and not included in city budget, (f) number and kinds of HUD programs presently operating in the city.
2. Arrangement Data. Includes (a) reason for selecting city, (b) date of initial HUD contact with city, (c) form (i.e., written or oral) of strategy statement (if any) prepared by city, (d) items included in strategy statement, (i.e., goals and objectives, problem analysis, strategy, list of projects.) A table was also filled out for each city listing each project for which funding assurance had been provided and data pertinent to the size and status of the project.

Analysis of 84 Memoranda of Understanding.

Copies of every Annual Arrangement agreement signed between December 22, 1970 and March 31, 1973 were analyzed by the Evaluation Division of the Office of Community Development to confirm as well as to supplement information obtained from the other two sources.

24/

A copy of the profile form is included as part of the Evaluation Report Guide in Appendix A.

25/

Table 6 list the cities for which profiles were prepared.

TABLE 6

List of Cities Studied for Evaluation Report

The following list indicates the fifty-two (52) cities for which profiles were prepared as part of this report. An asterisk (*) indicates the twenty (20) cities in which comprehensive, in-depth interviews with city officials were carried out.

Boston, Massachusetts*
Fall River*
New Bedford
Springfield
Pawtucket, Rhode Island
Portland, Maine*
Bridgeport, Connecticut

Syracuse, New York*

Erie, Pennsylvania*
Johnstown

Tampa, Florida
Biloxi, Mississippi
Danville, Kentucky
Morristown, Tennessee
Rock Hill, South Carolina*
Athens, Georgia*
Winston-Salem, North Carolina

Grand Rapids, Michigan
Evansville, Indiana
Fort Wayne
Gary
Youngstown, Ohio*
Milwaukee, Wisconsin*
Peoria, Illinois
Rockford*

Monroe, Louisiana*
New Orleans
Shreveport
Corpus Christi, Texas*
Eagle Pass

Grand Prairie*

Laredo

Port Arthur

San Antonio

Waco

Ottumwa, Iowa*

North Platte, Nebraska

Charleston, Missouri*

Wellston

Butte, Montana*

Sioux Falls, South Dakota

Standing Rock Indian Reservation,

North Dakota-South Dakota

Hawaii County, Hawaii

Oakland, California*

Pasadena*

Richmond

Riverside

San Buenaventura

San Jose*

Stockton

Portland, Oregon*

Seattle, Washington

APPENDIX A

Memorandum

U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

TO : ALL REGIONAL ADMINISTRATORS
ATTENTION: Assistant Regional Administrators
for Community Development

DATE: August 11, 1972

IN REPLY REFER TO:

FROM : Floyd H. Hyde

SUBJECT: Annual Arrangements Evaluation

The Community Development Evaluation Division is preparing to do a Phase II Evaluation Report on Annual Arrangements. This report will concentrate on what has happened in the cities as a result of the arrangement process as well as the extent to which actions agreed to by the parties to the arrangement have actually been performed. As I indicated in my January 28 and April 20 memos, we hope to work closely in this effort with those on your staffs to whom you have assigned responsibility for evaluation of arrangements.

Attached is a copy of the revised Annual Arrangements Evaluation Work Program, which indicates our plans to complete field work during August and early September. In order to prepare a national evaluation report, we must have a completed Evaluation Report (a copy of which is also attached) for each arrangement by October 2. Several of your staff have already commented favorably on the Report's format, and we believe that it may be useful for your evaluation needs. During the next few weeks members of the Evaluation Division will be meeting with your evaluators to discuss the conduct of the evaluation and the extent to which field office personnel will be involved in it.

The Phase I report was well received and has proven quite useful to Departmental policy-makers and field staff. Our combined efforts can make the Phase II Report of equal value. Cooperation with Regional evaluation personnel has been beneficial in the past, and we look forward to working with them on this project. Report Symbol CD-5 has been assigned to this requirement.

(Signed)

Assistant Secretary
for Community Development

Attachments

ANNUAL ARRANGEMENTS EVALUATION
WORK PROGRAM FOR 1972
(Revised)

Purpose

The purpose of the Annual Arrangements evaluation is to measure the effect of a number of the concepts involved in the Annual Arrangements demonstration, especially those that relate to special revenue sharing, block grants and similar efforts to change the terms under which HUD funds are delivered to local governments. It will aim at discovering whether a change in the delivery system can improve the performance of HUD and of the local governments with which it deals.

The revised work program below outlines the activities the Central Office proposes to undertake in 1972. It is anticipated that much of the data and evaluative material needed by the Central Office for its national analysis of the impact of Annual Arrangements will be generated by the Regional Offices in response to Under Secretary Van Dusen's memorandum of December 6, 1971. All evaluation activities of the Central Office and Regional Offices in this area, therefore, will be closely coordinated to prevent any overlap or duplication of effort.

Schedule of Events

<u>PHASE</u>	<u>TIME PERIOD</u>	<u>ACTIVITY</u>
I	Jan. 1-Apr. 16	<u>Annual Arrangements Phase I Report</u> (Community Development Evaluation Series No. 6) prepared and published by Central Office staff. This report was based largely on visits to Regional Offices and analysis of 19 completed Memoranda of Understanding. It will be focussed on the nature of the arrangement process and the different approaches being taken in negotiating arrangements.
	Apr. 17-June 30	<u>Dissemination of Phase I Report.</u> Central Office staff made copies of the report available to HUD staff and interested local

Schedule of Events (cont'd)

<u>PHASE</u>	<u>TIME PERIOD</u>	<u>ACTIVITY</u>
I	Apr. 17-June 30 (cont'd)	officials. Briefings were made to key policy-makers outlining the report's findings, discussing the policy issues raised, and presenting action alternatives.
II	July 1-July 31	<u>Preparation and Selection of Cities.</u> It is not expected that all cities participating in the Annual Arrangements demonstration can be included in the Central Office evaluation due to the workload that will be involved. In selecting a sample of cities to be studied, the Central Office will coordinate with the regions to prevent overlapping and duplication of efforts and will include such factors as the need to include some Planned Variation cities, some cities that deal with separate Insuring Offices, some Model Cities and cities with different type of governmental structures, sizes, geographic locations, etc. The number of sample cities, including the PV cities, which are negotiating arrangements, is expected to number between 40 and 50.
	Aug. 1-Sept. 15	<u>In-City Interviews.</u> Field Office staff, plus Central Office staff, where available and needed, will conduct field work in the arrangement cities themselves. The emphasis will be on determining what changes took place in the city government during the course of negotiation and the first months of implementation. Of special interest will be such subject

Schedule of Events (cont'd)

<u>PHASE</u>	<u>TIME PERIOD</u>	<u>ACTIVITY</u>
II	Aug. 1-Sept. 15 (cont'd)	areas as: changes in planning and organization in the city caused by an arrangement, changes in Area Office processing and decision-making procedures; and Area Office-city relationships. Furthermore, the Memoranda of Understanding will be analyzed to determine what specific actions were agreed to by the parties to the agreements and the extent to which they have carried out these actions. All this information will be recorded on Annual Arrangement Evaluation Reports and submitted to Central Office by September 15.
	Sept. 16-Dec. 8	<u>Preparation of Annual Arrangements Phase II Report.</u> Central Office staff will analyze the Reports submitted and publish a nation-wide report describing the total impact of the arrangement process to date.
	Dec. 9-Jan. 5	<u>Dissemination of Phase II Report.</u> Central Office staff will distribute copies of the report and give briefings to key policy-makers describing the findings and discussing policy issues raised.

Reports Clearance
CD-5 - 8/3/72

ANNUAL ARRANGEMENTS

EVALUATION

REPORT GUIDE

CITY _____

DATE _____

EXPLANATION OF REPORT GUIDE

This Report Guide is intended to provide further assistance to evaluators engaged in the work program contained in the Annual Arrangement Evaluation Field Guide.* It contains more detailed suggestions for the conduct of the interviews required to complete the Evaluation Report including specific questions to be asked and forms to be filled out.

The following attachments are part of the Guide:

1. Evaluation Report. This should be largely filled out in consultation with Area Office staff before beginning interviews with city officials. Any blank spaces can be filled while in the city.
2. Analysis of Memorandum of Understanding. This should also be mostly filled out in the Area Office, with any gaps filled in during the visit to the city. The evaluator should try to get copies of the Memorandum of Understanding, any HUD position paper, and any city strategy statement as soon as possible.
3. Evaluation Questions. The fifteen basic questions should be answered in narrative form on a separate sheet of paper. The additional questions* are intended to assist the evaluator in probing for information. They should be useful when conducting interviews as a means of getting the information needed to answer the basic questions.

*The Annual Arrangement Evaluation Field Guide, and the additional questions it contains, have been omitted.

COMMUNITY DEVELOPMENT
EVALUATION
JANUARY 14, 1972

ANNUAL ARRANGEMENTS
EVALUATION REPORT

COMMUNITY DATA

NAME OF CITY _____ STATE _____ COUNTY _____

POPULATION OF CITY _____ SMSA _____

Briefly describe character of city _____

Form of City Government (Check One)

Strong Mayor

Weak Mayor

City Manager

Commission

Other (Describe) _____

City Budget (present Fiscal Year) \$ _____

Budget of Independent City Agencies receiving HUD Funds and not included
in City Budget (present Fiscal Year) \$ _____

HUD DATA

REGIONAL OFFICE _____ AREA OFFICE _____

INSURING OFFICE (If Applicable) _____

HUD Programs presently operating in city (check applicable programs)

Model Cities

Planned Variations

Urban Renewal

Code Enforcement

Other Title I

Water and Sewer

Legacy of Parks

Neighborhood Facilities

Public Facility Loans

Public Housing

Section 235 or 236 Housing

Rent Supplement

Project Rehab

Public Housing Operating Subsidy

701 Planning Assistance

_____ Total HUD disbursements to city and independent agencies (present FY)

ARRANGEMENT DATA

Reason for Selecting City _____

Date of Initial Contact _____

Did city prepare a strategy statement? (Yes) ___ (No) ___ (Check One)
(Check One) ___ Written
 ___ Oral

What items did it include? (Check applicable items)

- ___ Goals and Objectives
- ___ Problem Analysis
- ___ Strategy
- ___ List of Projects

Did HUD prepare a position paper? (Yes) ___ (No) ___ (Check One)

Terms of the Arrangement. Attach a copy of the final agreement. Describe any "understandings" which both sides agreed to, but which were not included in the written agreement. _____

INTERVIEWEES

NAME

POSITION

DATE OF INTERVIEW

ANALYSIS OF MEMORANDUM OF UNDERSTANDING

PART I

List actions to be taken by the city.

1. Workable Program _____

2. Ensuring proper relocation resources and practices _____

3. Ensuring coordinated and planned areawide development _____

4. Provision of low and moderate income housing _____

5. Equal Availability of housing to all citizens _____

6. Equal Employment Opportunity _____

7. Environmental preservation and improvement _____

8. Other _____

TYPE OF PROGRAM (NDP, 236, Water & Sewer, etc.)	PROJECT NO.	PROJECT NAME (if any)	DU'S OR FUNDS PROGRAMMED (THE NUMBER OF DU'S OR FUNDS MENTIONED IN AGREEMENT.)	PROJECT APPLICATION			DU'S OR FUNDS APPROVED (THE NO. OF DU'S OR FUNDS ACTUALLY APPROVED BY HUD)	NOTES
				DATE RECEIVED BY HUD	DATE APPROVED BY HUD	DATE REJECTED BY HUD		

COMMUNITY DEVELOPMENT
EVALUATION
JANUARY 14, 1972

EVALUATION QUESTIONS

(Answer in narrative form on separate sheet. Note that during Phase II, many cities' experience may still be too limited to make any judgment about some of the questions - especially 5, 6, and 11. In such cases, the interviewer should note anticipated benefits.)

1. Has Area Office coordination in the delivery of funds to the city improved as a result of the arrangement process?
2. Has the city's coordination of HUD programs improved as a result of the arrangement process?
3. (Only if there is a separate Insuring Office) Has coordination between the Area Office and the Insuring Office in the delivery of programs to the city improved as a result of the arrangement process?
4. Did the arrangement process result in tentative fund assurances to the city?
5. Was the city better able to make budgetary and similar operational decisions as a result of the arrangement process?
6. Did the city realize significant savings in time and resources by not preparing applications that had not been included in the arrangement process?
7. Did the chief executive exercise strong leadership in the arrangement process?
8. Did the arrangement process increase city agencies' responsiveness to the chief executive and to his policies?
9. Did the arrangement process increase the city's ability to set its own community development priorities?
10. Were key National Goals addressed in the city strategy and/or in the final agreement?
11. Has the city's performance, with respect to these goals, improved as a result of the arrangement process?
12. Was there significant citizen participation in the arrangement process?

13. Did the final agreement call for any increase in citizen participation in developing over-all city strategies and/or in categorical program decision-making?
14. Was there involvement of any non-city agencies in the arrangement process?
15. Did the final agreement call for any increases in metropolitan coordination of overall (area-wide) planning and/or of the categorical programs?

APPENDIX B



THE UNDER SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

September 1, 1972

MEMORANDUM FOR: All Regional Administrators

SUBJECT : Annual Arrangements

We have had a year of good progress in developing the Annual Arrangement process. As anticipated, there has been a good deal of diversity, which we continue to regard as healthy.

From time to time, I've shared with you materials developed by Regional Offices reflecting their experience with the process. I hope you have found these helpful. With this memorandum I enclose a communication on Annual Arrangements from Elmer Smith to his Area Office Directors. I think you'll find it useful.

I'm sure you have all looked at the report of Floyd Hyde's evaluation staff dealing with the early experience under Annual Arrangements. I found it encouraging.

There are a few points of general guidance and suggestion which I would like to cover with you briefly. There is nothing very new here, but these observations may be helpful.

- (1) Selection of Governmental Units -- To date, with few exceptions, Annual Arrangements have been negotiated only with city governments. Bill Green is working on an Annual Arrangement with the State of New York. Hopefully the concept of an Annual Arrangement with a State may have potential elsewhere. Large metropolitan county governments also offer promising opportunities. A more difficult problem, but one which I would like to have you consider, is the prospect of a "real city" Annual Arrangement, perhaps utilizing a metropolitan council of governments.
- (2) Local Chief Executive Involvement -- Floyd Hyde's evaluation indicates that where there is a city manager form of government the city manager himself has only been involved in Annual Arrangement negotiations 75% of the time. Where there is a strong mayor form of government, the mayor has only been involved 50% of the time. The thrust of Annual Arrangements is to place reliance on general purpose government and its chief executive.

Therefore, involvement of the local chief executive should be a key requirement and the chief executive should understand that he is expected to perform a leadership role in the entire process.

- (3) Use of 701 Assistance -- Regardless of the nature of the governmental entity with which you are working on an Annual Arrangement, 701 Comprehensive Planning Assistance can be a useful tool. 701 funds can be used to help the local chief executive develop management capability, to help him prepare a strategy statement, and otherwise to help in the development of the Annual Arrangement.
- (4) Number of Arrangements per Program Team -- Some program teams are not getting experience in the Arrangement process while others may be undertaking more Annual Arrangements than they can handle effectively. The Area Office Directors should exercise careful supervision to see that the workload is properly distributed.
- (5) Intra-HUD Coordination -- Floyd Hyde's evaluation indicated that there are still instances where important HUD units are not participating in the Annual Arrangement process. Area Office Directors should be sure that all opportunities to use HUD programs are considered and that all relevant field staff participate.
- (6) Strategy Statements -- Some Area Offices have insisted that the participating local government develop a written strategy statement at the beginning of the Arrangement process. I would regard this as an option which you should feel free to require or not, depending on your view of the most productive means of conducting negotiations. Our general observation is that during the negotiation period face-to-face discussions are more productive than exchange of extensive documentation. However, I would remind you that once the agreement is reached it should be reduced to writing and signed by both HUD and the city or other participant. The necessity or desirability of other signatories should be decided in each case.
- (7) National Goals -- The Annual Arrangement process in most Area Offices has included some effort to obtain commitment to greater attention by the community to one or more of the National Goals summarized in my memorandum of December 6, 1971. This is highly desirable and I

would urge you to remind Area Offices to give attention to these goals as a part of the Arrangement process. Where weaknesses are identified the local government should be expected to improve its performance as a part of the Arrangement process.

- (8) Chief Executive Review and Comment -- One obvious advantage of the Annual Arrangement process, if it is properly conducted, is that it gives the local chief executive the opportunity to review and comment on projects in his community involving HUD assistance. This is an important feature of the "planned variations" experiment and, of course, it, to some extent, parallels the A-95 review and comment process. The opportunity for the local chief executive to review and comment and for HUD to take full advantage of these comments is obviously desirable. However, one Area Office entered into an Arrangement which, as written, provided that each housing application had to be "accompanied by the written approval of the city manager or his designee". This wording constituted a veto power in the city. It seems much wiser to use the Chief Executive Review and Comment (CERC) or A-95 approach which provides for "review and comment" rather than "approval".
- (9) Fund Level -- Floyd Hyde's evaluation indicated that 12 of 19 cities studied through March 1, 1972, were scheduled to receive more funds than in previous years. It is entirely possible that this simply reflected the general increase in Departmental activity. However, we do not want to create any impression that Annual Arrangement cities receive extra funding to the detriment of cities not participating in Arrangements. Therefore, I remind you of my admonition of last December, that "cities will not receive extra funding by reason of their participation in the Annual Arrangement process".

The Annual Arrangement process gives every indication of being a helpful step in building the capacity of local government to make effective use of the more flexible funding which will become available under Revenue Sharing. I hope you will continue to give encouragement and sound direction to the use of the Annual Arrangement process in your respective Regions. You may want to share this memorandum with your Area Office Directors.

(Signed)

Richard C. Van Dusen

Enclosure

APPENDIX C

CITIES INVOLVED IN ANNUAL ARRANGEMENTS

March 31, 1973

This list was compiled by the Evaluation Division of Community Development based on reports by the Office of Field Support and informal field contacts. In view of the decentralized nature of the Annual Arrangements demonstration and the different procedures being employed in different field offices, a certain amount of personal judgment was involved in deciding which cities belonged on the list and in which category. To determine the exact status of a particular city at a particular time, contact the Office of Field Support. The following summary indicates the best estimate of total activity at the present time. Cities which appear in both categories have already completed one arrangement and are in negotiation for a second one.

Completed - Those cities with which agreement has been reached and some form of document signed. Symbols indicate year in which the agreement was signed. (84)

@ FY 71 1
 # FY 72 51
 * FY 73 37 (includes 5 cities with 2 completed arrangements)

Negotiation - Those cities with which it has been decided that negotiations of some sort will be carried on. There is no guarantee that all these negotiations will be successful in leading to an agreement. It is expected that these negotiations will be completed by June 30, 1973.

28 Second-Round Cities
128 New Cities
 156 Total

Total number of cities involved 212

		<u>Completed</u>	<u>Negotiation</u>
Region I	Boston RO		
	Boston AO		
		Boston, Mass#	
		Fall River#	
		New Bedford#	
		Springfield#	
		Pawtucket, R.I.#	
	Hartford AO	Bridgeport, Conn.#	

		<u>Completed</u>	<u>Negotiation</u>
	Manchester AO	Portland, Maine#	
Region II	New York RO Newark AO	Paterson, N.J. (PV)* Plainfield, N.J.*	
	New York AO San Juan AO	Syracuse, N.Y.#* Virgin Islands*	
Region III	Philadelphia RO Philadelphia AO Pittsburgh AO	Wilmington, Del. (PV)* Erie, Pa. (PV)# Johnstown*	
	Richmond AO	Hampton, Va.*	Norfolk, Va. (PV)
Region IV	Atlanta RO Atlanta AO Columbia AO Greensboro AO Jackson AO Jacksonville AO Knoxville AO Louisville AO	Athens, Ga.# Rock Hill, S.C.# Winston-Salem, N.C.# Biloxi, Miss.# Tampa, Fla.* Morristown, Tenn.# Danville, Ky.#	
Region V	Chicago RO Chicago AO	Carbondale, Ill.* Peoria* Rockford#*	Bloomington, Ill.
	Columbus AO Detroit AO Indianapolis AO	Youngstown, Ohio# Grand Rapids, Mich.# Evansville, Ind.# Fort Wayne# Gary@	
	Milwaukee AO	Milwaukee, Wisc.# State of Wisconsin*	
Region VI	Ft. Worth RO Dallas AO	Albuquerque, N.M.#	Albuquerque, N.M. Artesia Carlsbad Clovis Gallup Las Cruces Santa Fe Tucumcari Abilene, Texas Amarillo Arlington Beaumont Brenham

Completed

Negotiation

Region VI
(Cont'd)

Little Rock AO

Camden, Ark.*
Ft. Smith#
Newport*
West Memphis*

Byran
Cameron
College Station
Dallas
Dennison
El Paso
Flower Mound
Ft. Worth
Galveston
Garland
Grand Prairie
Hearne
Houston (PV)
Irving
Killeen
Lancaster
Lubbock
Marshall
Mesquite
Nederland
Odessa
Olney
Pasadena
Port Arthur
San Angelo
Sherman
Temple
Texas City
Tyler
Waco (PV)
Whitesboro
Wichita Falls
Woodlands
Arkadelphia, Ark.
Blytheville
Camden
Clarsville
Fayetteville) Combined
Springdale)
Ft. Smith
Harrison
Hope
Hot Springs
Jonesboro
Little Rock
McGehee
Malvern
Marianna
Morrilton

Region VI
(Cont'd)

Completed

Negotiation

New Orleans AO

Baton Rouge, La.*
Lafayette*
Monroe#
New Orleans#
Shreveport#

Newport
N. Little Rock
Osceola
Pine Bluff
Russellville
Searcy
Texarkana
Truman
Van Buren
West Memphis
Texarkana, Tex.
Alexandria, La.
Baton Rouge
Houma
Lafayette
Lake Charles
Monroe
Natchitoches
New Iberia
New Orleans
Shreveport
State of Louisiana

Oklahoma AO

Lawton, Okla.*
Shawnee*
Stillwater*
Tulsa#

Ada, Okla.
Bartlesville
Edmond
Elk City
El Reno
Enid
Henryetta
Hugo
Lawton
McAlester
Miami
Muskogee
Norman
Oklahoma City
Pawhuska
Shawnee
Stillwater
Tulsa

San Antonio AO

Corpus Christi, Tex#
Eagle Pass#
Laredo#
San Antonio#

Alice, Texas
Aronsas Pass
Austin
Bastrop
Beville
Brownsville
Corpus Christi
Crystal City
Del Rio

CompletedNegotiationRegion VI
(Cont'd)Eagle Pass
Edinburg
Floresville
Georgetown
Hallettsville
Harlingen
Kingsville
La Grange
Laredo
Lockhart
McAllen
Mercedes
Mission
Pharr
Port Isabel
Poteet
San Antonio
San Bonito
San Marcos
Schertz
Sinton
Universal City
Victoria
Westaco

Region VII

Kansas City RO
Kansas City AOTopeka, Kansas*
St. Joseph, Mo.*
Springfield*
Council Bluffs, I.*
Davenport*
Des Moines (PV)*
Mason City*
Ottumwa#*
Lincoln, Neb.*
North Platte*Wichita, Kansas
Independence, Mo.
Kansas City
Cedar Rapids, Iowa
Dubuque
Sioux City
Waterloo
Omaha, Nebraska

Omaha AO

St. Louis AO

Charleston, Mo.#
Wellston#Charleston, Mo.
Columbia
Florissant
St. Louis
University City
Wellston

Region VIII

Denver RO

Butte, Mon. (PV)#*
Rapid City, S.D.*
Sioux Falls, S.D.*

Standing Rock Indian
Reservation, ND-SD#Denver, Colo.

Standing Rock Indian
Res., ND-DS

		<u>Completed</u>	<u>Negotiation</u>
Region IX	San Francisco RO Los Angeles AO	Oxnard, Cal.* Pasadena# Riverside# San Buenaventura# San Diego*	Tucson, Arizona (PV)
	San Francisco AO	Hawaii County, Ha.# Oakland, Cal.# Richmond, Cal.# San Jose#* Stockton*	Fresno, Cal. (PV)
Region X	Seattle RO Portland AO Seattle AO	Portland, Ore.# Seattle, Wash. (PV)#	Portland, Ore.

APPENDIX D

MEMORANDUM OF AGREEMENT BETWEEN
THE CITY OF RICHMOND, CALIFORNIA AND
THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This memorandum has the force of a formal contract and its provisions are binding on both parties. It may be amended by a mutual agreement of both parties. It may be cancelled only for cause on thirty days notice and subsequent to good faith negotiations to resolve differences.

This agreement will be in effect from the date of final signature until June 30, 1973. It is understood that if the provisions of this agreement are carried out to the satisfaction of both parties, a similar agreement to cover the period of July 1, 1973, to June 30, 1974, will be negotiated between April and June 1973.

The City has submitted a working draft submission entitled "HUD Annual Arrangements Discussion Working Draft" dated November 15, 1971, containing the substance of this agreement. Various portions of that submission are periodically cited with appropriate references in this memorandum. In those instances, the City understands that HUD considers those portions of the City's submission formal appendices to this memorandum. The Department understands that these appendices indicate only the general direction of the City's policies and commitments and are not to be considered binding in detail. For example, in Section III of the City's working draft submission, certain of the City's policy plans are described. The general objectives that are stated will be considered binding, but HUD agrees that the details of planning and implementation will be worked out during the course of this arrangement. If the City is unable for any reason to reach these objectives or wishes to substantially change those policy statements, HUD must concur in writing and the changes thus effected will be considered as formal amendments to this memorandum.

The City understands that all project applications submitted for funding under this arrangement must adequately meet all appropriate HUD policy and program requirements. Specifically, equal employment and housing opportunity, citizen participation, relocation and affirmative action requirements of Federal statutes or regulations must be satisfied before HUD makes funds available. In addition, HUD regulations covering project and/or site selection, environmental protection assurances, and appropriate State and regional clearinghouse procedures will likewise be required before projects can be approved.

This memorandum is in three parts. The first section deals with issues of immediate concern which the City agrees to address within the confines of the negotiated time schedule. The second reiterates the general policy plans the City agrees to implement on a phased basis throughout the eighteen months of this arrangement, the only mandatory deadline being June 1973. It is understood that the substance and details of these plans will be developed, negotiated, and implemented during the arrangement period, but on the City's initiative and according to local time frame. The third section lists the specific programs with dollars and dates for application as agreed upon during negotiations.

I. Immediate Issues

- A. The City will resolve all Open Space contract problems and the Model Cities relocation issues prior to January 31, 1972, by:
1. Signing and returning to HUD for final execution the Shields and Lucas Parks contracts with all tender conditions met;
 2. Requisitioning enough money under those contracts to repay the Model Cities relocation advances. In addition, the City will provide HUD with detailed cost breakdowns for those two projects' administrative budgets to provide accurate projections for additional relocation grant requirements, if any.
 3. The City will review with HUD staff the status of all contracts and requisitions which are currently outstanding to insure that similar situations do not happen again.
- B. The City will affirmatively address all the findings of the HUD Management Report on the Richmond Housing Authority and resolve all problems to HUD's satisfaction. Progress toward the satisfactory resolution of these issues within the first six months is a condition of the continuation of the arrangement in general, and the terms of the arrangement dealing with low-income housing projects in particular. The Management Report calls for the City's response in the form of detailed plans and implementation schedules for management improvement within 45 days of the date of that Report. This exchange, as agreed upon at the November 22nd meeting, is more appropriately handled independently of the arrangement agreement, but HUD considers it an integral part of this arrangement.
1. In addressing the Management Report findings, the Richmond Housing Authority will pay particular attention to the staffing needed to accomplish the tenant participation and equal employment and housing opportunity findings of that Report.

II. Policy Plans

The City agrees to adopt, and HUD agrees to assist in planning, City-wide policies for relocation, equal employment and housing opportunities, and citizen participation. HUD will informally review progress toward creating and implementing these policies in mid-June 1972.

A. Relocation

The City agrees to develop and adopt a city-wide general relocation plan which will be operated by a centralized relocation agency which the City hereby agrees to organize. The City's relocation policies and procedures will affirmatively comply with the regulations governing the Uniform Relocation Act of 1970 and the Central Relocation Agency will be provided with staff adequate to provide the necessary services. It is agreed that once the plan is adopted and approved by HUD, the City will need to submit with each application a project relocation plan which addresses only relocation workload, budgets, and rehousing resource information. The plan will be implemented by June 30, 1972. We would expect that a preliminary report on the organizational placement of the Central Relocation Agency could be meaningfully discussed at the mid-June progress review.

B. Affirmative Action/Equal Opportunity/Low-Income Resident Employment

The City's working draft submission (pages III-1-3) adequately described the general direction of the City plans and policies for affirmative action, equal opportunity, and low-income resident employment. The affirmative action policies submitted subsequent to the working draft are likewise acceptable, but in their present form they do not constitute a plan. HUD will assist the City in formulating a consolidated City-wide plan for implementing these policies along with those detailed on pages 8-9 of HUD's letter of concerns dated November 2, 1971. The City agrees to accomplish this during the arrangement period with substantial progress by June 1972.

C. Code Enforcement

The City agrees to implement a City-wide Code Enforcement plan along the lines of the policy statement on pages III-3-5 in the arrangement submission. HUD agrees to assist in the detailed planning for Code Enforcement, to give priority to the applicable housing subsidies for which local efforts will generate the need, and to fund a Federally Assisted Code Enforcement Project which will be described later in this memorandum. Additionally, the City agrees to work

toward formulating a pre-sale inspection procedure for FHA and non-FHA insured homes on the market, the main objectives of which would be to protect the interests of buyers by alerting them to work needed to bring the housing up to local code. It is understood that the details of such a policy will be developed during the arrangement period. The Code Enforcement policy will be a part of the Overall Housing Policy the City is currently developing.

D. Citizen Participation

The City agrees to implement a City-wide citizen participation plan similar to the one described on pages III-6-13 in the arrangement submission. Any substantial change in the criteria established in that plan must have HUD concurrence. It is agreed that the Model Neighborhood Citizens Board will be adequately represented on whatever Community Development citizen participation mechanism is established at least for the duration of that program. The preliminary structure will be established within six months and the permanent structure will be in place and operating by the end of this arrangement.

E. Organization

The City agrees that a functionally organized Community Development Department which resembles the narrative and chart descriptions in Section V of the arrangement submission will be created during the arrangement period in general accord with the timetable presented in the submission. The City agrees that the \$50,000 arrangement planning grant will be used for this purpose. The City further agrees that parks and public works planning will be closely coordinated with Community Development planning in order to meet the City's and HUD's goal of coordinated resource allocation. HUD agrees to investigate possible methods of supporting the increased HUD and non-HUD program staff requirements which the reorganization may create both in the City Manager's office and in the new department; but any limitations on HUD's ability to fund staff positions should not adversely affect the City's commitment to adequately staff the new department.

The specific work program items for reorganization will be detailed in Section III D of this memorandum.

F. Requests for Policy Exceptions

1. Automatic Thirty-Day Extensions

For the first five months of this arrangement period, the City will be granted only one seven-day automatic extension to each of the negotiated application submission deadlines. No applications will be accepted after May 24, 1972. All funds reservations will

lapse one calendar week after the submission deadlines agreed to in this memorandum or at HUD-Area Office close of business on May 31, 1972, whichever is earlier. For the ten-month period from July 1, 1972, to April 30, 1973, HUD agrees to automatic thirty-day extensions, provided notice of three working days is given of the need for such. From May 1 through May 24, 1973, the seven-day rule is reinstated and no applications will be accepted after May 31, 1973, for funding from Fiscal Year 1973 funds.

2. Uniform Application

HUD cannot assure the City of uniform application forms and procedures at this time. HUD does agree, however, to use simplified or uniform applications for Richmond projects as soon as possible.

3. Housing Information System

HUD agrees to inform all prospective developers of new FHA subsidized and non-subsidized housing projects in Richmond that their applications must be accompanied by the written approval of the City Manager or his designee. HUD will not otherwise accept the application.

III. Project Reservations and Conditions

All projects noted below which are scheduled for funding out of Fiscal Year 1972 allocations will be reserved for Richmond at the time this memorandum is signed by both parties, but allocation orders will not be executed until applications have been submitted and approved. As noted in the introduction, all general project and policy conditions, as well as the specific terms outlined below, must be met.

Funds for projects in this arrangement which are scheduled for Fiscal Year 1973 cannot be committed in the exact amounts noted at this time. HUD does agree that it will fund the Fiscal Year 1973 projects, but actual dollar figures are subject to change depending on funds allocated to the Area Office.

It is understood by both parties to this memorandum of agreement that if the City presents acceptable applications to HUD for the projects and undertakings listed below, the Area Office agrees to fund such projects and undertakings to the extent that it has funds legally available and may otherwise contract therefore.

A. Urban Renewal Projects

1. Downtown Project - R-56

HUD agrees to make \$7.3 million available for the Downtown Project for Fiscal Years 1972 and 1973. The City will receive \$3.3 million in grant funds to cover the entire costs of Fiscal Year 1972 plus \$500,000 for relocation. The total grant and relocation costs for Fiscal Year 1972 then will be \$3.8 million. The amendatory application for the rest of this Fiscal Year will be submitted by January 31, 1972.

2. Eastshore UR 7-2

The City agrees to close out the project by April 30, 1972. HUD will reserve \$72,000 to fund the close-out amendatory application. That application will be submitted by March 1, 1972.

3. Potrero R-15

The City agrees to inform HUD on or by February 1, 1972, of the feasibility of closing out this project by June 30, 1972. HUD will hold the \$100,000 reservation for the close-out amendatory until March 1, 1972. Should the City opt for early close-out, HUD agrees to seek the funds needed for early close-out in addition to the final amendatory reservation.

4. NDP

Subject to the availability of funds, HUD will guarantee a reservation of up to \$1 million of Fiscal Year 1973 renewal funds for the two NDP projects described in the City's arrangement submission. This figure includes relocation costs based on the new shared cost funding requirements. HUD further agrees to give high priority to providing up to an additional \$1 million if the Area Office allocation of new NDP funding makes the additional grant possible. The City agrees to submit an application for \$1 million for both areas by August 1, 1972. (See pages IV-2-4.)

B. Code Enforcement

HUD agrees to fund a Code Enforcement application for up to \$800,000 in the first quarter of Fiscal Year 1973, subject to submission of an acceptable application by May 30, 1972, for possible early funding, and project boundaries that designate an eligible area. If the City finds it impossible to meet the application deadline for early funding, the City may submit the application by August 30, 1972. (See page IV 4-5.)

C. Open Space

HUD solicits a single application for open space projects and reserves funds up to \$288,700 out of Fiscal Year 1972 funds to include the following projects:

Parchester Park	\$84,000
Shields Park	80,000
Seven Small Development Projects	90,200
La Moine Park	24,500
Relocation Increases Up to	10,000

The application for these projects will be submitted by May 15, 1972.

HUD further agrees to reserve up to \$420,000 for Open Space projects in Fiscal Year 1973. Application deadlines and dollar limits for these projects follow:

Lucas Park	\$203,000
Natatorium	94,000
Boorman Park Acquisition	95,500
Monterey Play Lot	2,300
Nicholl Park Irrigation	18,300
Huntington Play Lot	2,600

The single application for these projects will be submitted by December 31, 1972. (See pages

D. Planning

HUD agrees to fund a \$50,000 grant to assist in the detailed planning of the Community Development Department. The work items to be undertaken with this grant shall include, but are not limited to, the following:

1. Detailed organization study of the Community Development Department and detailed descriptions of new Agency relationships similar to that in the arrangement submission.
2. Plan and begin installation of a consolidated finance and contracts management system making substantial progress by June 30, 1972.
3. Plan and begin consolidation of personnel system.
4. Perform an analysis of the City's financial position with regard to income and expenditures.

5. Description of the staffing pattern and projection of increased administrative costs for adequately staffing the new department.
6. Written position descriptions for all major jobs in the new department.

HUD agrees to fund the application for this grant within thirty days of submission of an adequate application. The City agrees to file the application before January 15, 1972. (See page IX-9 and Section V, pages V-7, -8a.)

E. Neighborhood Facilities

HUD will entertain an application for a \$193,000 grant to build a facility in Parchester Village during this Fiscal Year. The application will be submitted by May 30, 1972. If funds are not available this year, HUD guarantees them for the Fiscal Year 1973. HUD approves the West Nevin Neighborhood Facility in concept. Its dependence upon the NDP makes funding during this arrangement period doubtful, but likely for the next arrangement period.

F. Water and Sewer Grants

HUD agrees to fund the City's North Richmond storm drain project as described on page IV-10 for up to \$75,000. The City agrees to submit the application by January 31, 1972. HUD will fund the Annex storm drain project in Fiscal Year 1973. The City agrees to submit application for up to \$245,000 in this project before January 31, 1973.

G. Low-Rent Public Housing

1. Turnkey Elderly Project

HUD agrees to fund 200 units of Turnkey housing for the elderly subject, as mentioned in I-B above, to satisfactory resolution of all management and program problems.

2. Easter Hill Modernization Phase - II & III

HUD agrees to provide up to \$1 million of Fiscal Year 1973 modernization funds, again subject to resolution of all management problems. A new application for these funds will be submitted by August 1, 1972. An architect should be hired now to prepare the application and to plan in detail the Phase II program. Subject to fund availability HUD agrees to consider approving the application for both phases for an additional \$500,000. (See page IV-11-12.)

3. Replacement of Triangle Court and Nystrom Village

HUD has no objection to the concept of replacing these projects if a maintenance review supports this proposal, if the outstanding bonds problem is resolved, and if temporary relocation housing is provided. HUD agrees to loan the City \$80,000 for detailed planning provided that the above three conditions are positively resolved. If, on the other hand, maintenance review finds that only one of the projects should be replaced, HUD will reduce the loan amount and insist that adequate maintenance and modernization money be allocated to the remaining project. (See page IV-11.)

4. Leasing Program

If all management problems are resolved and better management of the existing units is instituted, HUD agrees to provide an additional 200 units of Section 23 Leased Housing in Fiscal Year 1973. Scattered site policies will be strictly enforced. (See page IV-10-12.) An application will be submitted by July 1, 1972.

5. The possibility of HUD-HEW joint funding of a child care center at Easter Hill will be handled independently of the arrangement.

H. Subsidized Housing - 235

The City will submit to HUD by January 31, 1972, its criteria for site selection and its procedure for choosing developers for all new FHA subsidized projects. HUD will review these proposals after submission and specifically withholds such approval now. In the interim, all new 235 project approvals will be withheld pending receipt and approval of the City's selection criteria. HUD will still reserve 75 units of 235 housing for Fiscal Year 1972 and 125 units for Fiscal Year 1973.

236: HUD agrees to reserve 320 units of 236 housing, plus or minus 10%, for Fiscal Year 1972. The selection criteria, immediately, and the housing policy, eventually, will apply to both 235 and 236 units.

I. Model Cities

The Model Cities planning-funding process will remain unchanged for the remainder of Fiscal Year 1972. HUD agrees to seek a waiver of the twelve-month action year policy for the fourth year plan to allow an eight-month action year. The City understands that no additional supplemental grant would be made available as a result of this waiver. No schedule can be set for resolution of this issue at this time. (See page IV-14.)

J. Urban Systems Engineering

HUD will entertain an application for the computerized housing information system as proposed in the arrangement submission. The City understands that its application will be processed in competition with others and that funds will not be reserved as a part of this agreement. (See page IV-13-14.)

The undersigned agree that the terms and conditions contained in or referred to in this memorandum are binding on both parties;

That this memorandum may be executed in two (2) counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument;

That both the Department and the City have the legal authority to commit themselves to these terms and conditions; and

That this agreement may be amended or cancelled according to the procedures outlined in the introduction.

UNITED STATES OF AMERICA

CITY OF RICHMOND

By _____
James H. Price
Area Director
San Francisco Area Office

By _____
Nathaniel Bates
Mayor
City of Richmond, California

APPROVED AS TO FORM:

James O'Drain
City Attorney
City of Richmond, California