



093052

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

OCT 19 1970



LM093052

Dear Mr. Jackson:

The General Accounting Office has examined into the administration of the Workable Program for Community Improvement (workable program) by the Department of Housing and Urban Development (HUD). Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Housing Act of 1954 (42 U.S.C. 1435).

This review was performed concurrently with our review and report to the Congress on Opportunity to Improve Allocation of Program Funds to Better Meet the National Housing Goal (B-118754, dated October 2, 1970). The matters discussed in this letter report are primarily administrative in nature and were not included in our report to the Congress.

The objective of our review was to determine the extent to which HUD used the workable program requirement to encourage cities to identify and attempt to alleviate their problems of blight and deterioration on a continuing basis. Our review included workable programs of five cities located in three HUD regions. Four cities--Detroit, Michigan; Atlanta, Georgia; Wichita, Kansas; Tulsa, Oklahoma--were selected on the basis of having significant amounts of HUD financial assistance. The fifth city--Omaha, Nebraska--was selected on the basis of very limited HUD financial assistance to determine the consistency of HUD's administration of workable programs.

During our review, we examined applicable Federal statutes, HUD regulations, HUD and city policies and practices, pertinent files, and interviewed local, regional, and departmental personnel. Our work was performed at the HUD Central Office in Washington, D.C.; at HUD Regional Offices in Atlanta, Georgia; Chicago, Illinois; and Fort Worth, Texas; and at the five selected cities within the administrative jurisdiction of these three offices.

The need for assurance that HUD's administration of workable programs provide meaningful analyses of cities' self-help programs was the subject of a previous report to the Congress on Review of Selected Phases of Workable Programs for Community Improvement Under the Administration of the Fort Worth Regional Office, Housing and Home Finance Agency (B-118754, dated December 17, 1962). In that report we suggested

~~744-2911~~

093052

that the Administrator require that regional personnel visit cities to discuss, guide, and stimulate progress by cities in their self-help activities under workable programs. The Administrator, in replying to the report, endorsed our suggestion.

This same need was the subject of a subsequent report to the Congress on Weaknesses in Administration of Requirement for the Workable Program for Community Improvement for the City of Cincinnati, Ohio, Housing and Home Finance Agency (B-118754, dated May 18, 1964). The Administrator, in replying to this later report, indicated that criteria for adoption of codes had been revised to assure that cities adopt sound codes as a condition for certification.

NEED TO STRENGTHEN ADMINISTRATION OF
WORKABLE PROGRAM REQUIREMENTS

HUD is responsible for encouraging cities to undertake self-help programs and for assuring that these programs effectively respond to local needs. This responsibility is met through workable programs which reflect city self-help efforts and which, when found acceptable to HUD, make cities eligible for Federal financial assistance under a number of HUD programs to further and expand city self-help efforts. Consequently, we believe that HUD needs to assure that certifications are issued only to cities sufficiently interested in overcoming blight as shown by being engaged in effective self-help programs, thereby encouraging the less interested cities to meet workable program requirements.

To attain such assurance, HUD must measure city progress against requirements which HUD has issued to cities. Although these requirements, which are based on workable program legislative and HUD administrative determinations, are explicit, HUD accepted workable program submissions and issued certifications without first assuring that these requirements were being met by cities. In our opinion, HUD's actions in certifying workable programs, thus making cities eligible for participation in financial assistance programs for which they would not otherwise have qualified, were contrary to the intent of workable program legislation and have worked to eliminate some of the incentives for cities to undertake effective self-help programs inherent in workable programs.

We believe that the primary problem of workable programs lies within HUD's administration. Organizationally, far less effort has been directed to workable program responsibilities than to other programs involving financial participation by HUD. Also, in program management, HUD has not withheld or at least restricted certifications so as to assure that financial assistance is provided to cities which have undertaken sound self-help programs and in a way which will assure a furtherance and expansion of the city's efforts.

Until HUD improves the quality of its reviews to assure that accurate and reliable information is reported by cities, and is willing to withhold or at least restrict certifications to assure that cities meet workable program requirements, HUD's administration of workable programs, in our opinion, will continue to be somewhat less than adequate.

The details of our examination are discussed in the enclosure.


RECOMMENDATIONS

We recommend that the priority of HUD's workable programs be raised to assure that administrative review efforts are commensurate with the significance of the program. We recommend also that HUD's workable program evaluation system be revised to incorporate procedures for assuring reliability of information in workable program submissions and to require city implementation of acceptable and needed actions before certifying workable programs.

We appreciate the cooperation and courtesies extended to our representatives during this review. A copy of this report is being sent to the Assistant Secretary for Administration, Department of Housing and Urban Development.

We would appreciate your comments and advice as to any action taken or planned on the matters discussed in this report.

Sincerely yours,


for V. L. Lowe
Associate Director

Enclosure

The Honorable Samuel C. Jackson
Assistant Secretary for
Metropolitan Planning and Development
Department of Housing and Urban Development

GENERAL ACCOUNTING OFFICE
EXAMINATION INTO THE ADMINISTRATION OF
THE WORKABLE PROGRAM FOR COMMUNITY IMPROVEMENT

Under the Housing Act of 1954 and subsequent legislation the Department of Housing and Urban Development (HUD) has the responsibility for encouraging cities to undertake self-help programs, and for assuring that these programs are responsive to local needs and help to attain the national goal of a decent home and a suitable living environment for every American family. As an incentive to cities to undertake such programs, Congress required that certain HUD-assisted programs would be made available to only those cities who submit to HUD a workable program which the Secretary deems adequate for certification purposes.

WORKABLE PROGRAM REQUIREMENTS

Although Congress has prescribed some of the requirements which workable programs must meet, actual definition of workable program submissions is prescribed by HUD. At the time of our field work, workable programs were composed of seven elements of activity which the community had accomplished or was working toward--adoption of adequate codes and ordinances and their enforcement; development of a comprehensive community plan; neighborhood analyses; administrative organization; financing; housing for displaced families; and citizen participation.

To fulfill its responsibilities for certifying workable programs, HUD issued directives defining each of the seven elements and the report form to be used by cities in making annual reports on their workable program activities. In addition, HUD regional personnel visited cities to discuss workable program requirements and the self-help activities of the program, and subjected the cities' annual submissions to desk reviews to determine whether there were clear indications of progress in their self-help programs for combating blight.

Of the seven elements making up a workable program, five elements were concerned with planning and administration, while the other two elements--codes and enforcement, and housing for displaced families--required continuous action programs and in our opinion constituted the primary self-help activities required of a city. At the time of our review, HUD directives contained a number of specific requirements which could be used in evaluating a city's self-help efforts.

Codes and enforcement

This self-help element involves the adoption of modern building, plumbing, electrical, fire prevention, and housing codes containing the best generally accepted standards; and of effective enforcement of the codes following adoption, including a planned systematic housing code compliance program. In describing the requirements for each code, HUD directives acknowledged that housing code compliance was not readily accepted by cities. However, the directives called for a housing code inspection program adequate to inspect housing conditions throughout the city and bring substandard housing disclosed by this program into compliance within a 5 to 10 year period. The directives suggested an enforcement staff of one inspector for each 1,000 substandard units identified in the 1960 census.

Housing for displaced families

This self-help element involves the development and implementation of an effective program which assures families displaced by urban renewal or other public construction the opportunity to relocate in decent, safe, and sanitary dwellings at a price they can afford. HUD directives required a city to plan, organize, and initiate projects and activities that assure the availability of the required rehousing resources when needed.

NEED TO STRENGTHEN ADMINISTRATION OF WORKABLE PROGRAM

Our review of workable program data for five selected cities showed that HUD had certified successive workable program submissions even though (1) the cities had not demonstrated effective progress toward achieving housing code compliance or in establishing an effective relocation program, (2) the submissions were incomplete, inaccurate and misleading, and (3) deficiencies in previous submissions brought to the attention of the cities remained uncorrected. Although HUD had administratively defined workable program requirements and had informed cities of the information to be contained in workable program, HUD did not adhere to these requirements for certification purposes.

Following certification in 1967 and 1968 of the workable programs of the five cities included in our review, HUD approved, through December 31, 1968, urban renewal, low-rent public housing, and mortgage insurance projects involving millions in Federal funds. In our opinion, certification of workable programs which did not accurately describe city activities and clearly demonstrate adequate progress

was not only unwarranted, but was a disservice to the cities. In our opinion, such action on the part of HUD permitted the cities to obtain HUD assistance projects without having met the intent of workable program legislation, and thereby eliminated the incentive, which workable programs were to provide, for the cities to take appropriate self-help action to overcome their own problems.

Inadequate workable program progress

In reviewing successive workable program submissions of the five cities, we noted that HUD, in its letters notifying cities of certifications, specified corrective actions to be taken by each city as conditions for succeeding certifications. Although the required actions involved various workable program elements, we concentrated our review in the areas of codes and code enforcement and relocation of families displaced by governmental actions. Although HUD specifically stated in its letters to the cities that certain requirements were to be accomplished in order for the cities to be eligible for certifications for the next year, we found that HUD certified subsequent workable programs which showed that the requirements had not been accomplished. Further, in a number of instances, HUD merely repeated the need for accomplishing the same requirements in subsequent years.

Our review of housing codes and compliance programs of the five cities showed that four of the five cities had adopted codes that met HUD requirements and that code enforcement had been in effect for a number of years in all of the cities. We found that HUD's review of one city's codes in 1967 showed that the city's codes had not been updated for a number of years and that the city should be strongly urged to bring all of its codes up to date as soon as possible. The city's workable program was certified on September 18, 1967.

HUD's review of this city's succeeding submission noted that the city did not have a current and comprehensive system of codes and ordinances meeting workable program requirements. The housing code alone contained 20 or more items which had to be corrected in order for the code to be acceptable. HUD's reviewer concluded that the city's codes did not meet the criteria established for acceptance and that the city had failed to meet the statutory requirement for adoption of an acceptable minimum standards housing code. HUD certified the workable program on December 17, 1968, without requiring corrective action by the city.

We noted also, that although housing code inspection staffs generally had increased in size over the years, none of the cities had a staff which met HUD's criteria of one inspector for each 1,000 substandard units identified in the 1960 census. Successive workable program submissions of the five cities from 1964 through 1968 showed that neither the proposed staffing promised for succeeding years, nor the actual staffing reported by the cities, had reached HUD's criteria level.

City	Number of inspectors required under HUD's criteria	Number of inspectors shown in successive submissions							
		1965		1966		1967		1968	
		Actual	Proposed	Actual	Proposed	Actual	Proposed	Actual	Proposed
A	93	39	39	39	53	35	35	35	35
B	41	17	20	20	20	32	32	29	29
C	17	4	8	6	10	8	10	10	10
D	15	2	3	3	4	3	5	4	4
E	20	4	8	8	4	4	4	4	4

Although the above information was given in the cities' workable programs, HUD did not withhold certification. Rather HUD repetitively informed the cities that they must increase staffing the next year. For example, HUD certified the workable program of city A in 1965, 1966, and again in 1967, and each year stated as a requirement for the succeeding year that the city must increase the size of its housing code inspection staff.

When certifying the 1965 submission, HUD informed the city that based on a comparison of the number of housing code inspectors employed by city A and three other cities of various sizes, it was apparent that city A's housing inspection staff was well below the size regarded as essential by these other communities. HUD requested city A, in its next submission, to indicate what action was or would be taken to increase the size of the housing code inspection staff to a satisfactory level. When certifying the 1966 submission, HUD informed the city that it had previously called attention to city A's relatively low ratio of housing code inspectors and pointed out that the city's 1966 submission reported no change in the number of such inspectors employed during the past 12 months. HUD advised the city that unless the number of inspectors assigned to housing code enforcement was increased during the coming year, recertification might be delayed until this was accomplished.

HUD's review of city A's 1967 workable program submission noted that on the basis of the highest rate of inspection and compliance reported since 1960, approximately 25 years would be required to inspect each dwelling in the city and approximately 21 years would be required to bring the substandard units into compliance. The review noted that the city had experienced riots during the year which affected the city's code compliance activities and concluded that certification would be warranted in light of these and other difficulties in the city. HUD advised the city that its housing code enforcement record could not be considered acceptable and that before the next workable program could be accepted for processing a realistic schedule for completion of a planned, systematic, community-wide housing code compliance program should be developed and underway.

HUD's review of city A's 1968 workable program noted that the submission did not indicate any appreciable change in either staff or budget for completion of a planned, systematic, community-wide housing code compliance program, and concluded that the city apparently did not intend to make any effort toward meeting such requirements until sometime prior to the next fiscal year.

The situations found in the other four cities differed somewhat from city A; however, HUD's actions in approving their workable programs remained generally the same. For example, when certifying the 1964 workable program of city D, HUD informed the city that its housing code inspection staff and budget should be increased to provide at least a total of four full-time inspectors. When certifying the city's 1965 submission, HUD required that the city promptly increase the housing code inspection staff to four inspectors.

HUD's review of the city's succeeding workable program, certified in 1967, concluded that annexation of large areas into the city makes more urgent the need for additional staff to enforce the housing code and that it was difficult to accept the premise that present staffing was adequate. When notifying the city that its workable program was certified, HUD did not require the city to increase its staff. Rather, HUD specified that an effective enforcement organization and program for code enforcement must be maintained.

When HUD received the city's 1968 workable program, it informed the city that its submission was unacceptable. HUD also informed the city that it should take certain actions before it would be acceptable, among which were (1) adjusting for additional staff to enforce the housing code, and (2) considering revision of the systematic housing code compliance program based on an evaluation of all urban renewal progress to that time. HUD subsequently certified the workable program

on the premise that the city would add three additional housing code inspectors to its staff during the succeeding year.

In addition to the understaffing as shown in the workable program submissions, we found that the actual staffing level did not necessarily reflect the level of self-help effort being made by cities. We found that staffing at city A consisted of 28 housing code inspectors rather than the 35 shown in its 1967 workable program submission, and that two other cities had either transferred inspectors to code enforcement projects funded by HUD, without replacement, or had otherwise overstated their staffs.

During our review, we noted that between 1963 and 1967 HUD had financed, for urban renewal purposes, city-wide analyses of housing problems in the five cities. These analyses contained information on areas of blight and types of remedial action needed in each city, and showed that the five cities were in need for code enforcement. This information, which was subsequent to the 1960 census, showed that the need for sound, progressive code enforcement programs had increased. For example, in one city the 1960 census reported that 16.9 percent of all dwelling units were substandard. The subsequent HUD financed analysis, made in 1965, reported that over 40 percent of all residential structures in the city were in less than sound condition. Although not available at the HUD regional office, we found, when we visited this city, that the Department of Health, Education and Welfare financed a housing study in 1968 which showed that dilapidated structures in previously sound areas of this city had increased by 250 percent since 1965.

Our review of the relocation programs of the five cities showed that for one city, successive recertification of its workable program submissions were made by HUD even though adequate information was not available in the submissions for HUD to make an evaluation of the full impact of relocation in the city. Although HUD, on several occasions, requested information on all aspects of relocation in the city, the information was not furnished and recertification was not withheld pending receipt of such information.

Eventually, HUD questioned the accuracy of the available housing resources in the city and required the city to furnish additional information on housing resources before it would approve the funding of further urban renewal projects for the city. The information obtained as a result of this action showed that the city had overestimated the housing resources available in the city in its workable program submission by about 35,000 dwelling units.

The information revealed also that the city had a critical shortage of housing for low-and moderate-income families. We believe that had

HUD taken action on early workable program submissions from the city it would have been aware of the shortage at an earlier date and might have been able to avert or at least curtail the shortage of housing for low- and moderate-income families in the city by requiring increased emphasis on the provision of such housing in HUD financially assisted projects obtained by the city--particularly urban renewal projects.

Our review also showed that the relocation assistance actually offered to many families by this city was not adequate or consistent with HUD requirements. We found that:

1. Relocation referral assistance offered by the city to displaced families was limited to families occupying the structure at the time the property was acquired. Displaced families who have vacated prior to acquisition were not offered assistance unless the displaced family requested the assistance. Consequently, in our opinion, the city's relocation program did not assure that all displaced families obtained decent and sanitary housing within their financial means.
2. Assistance to families evicted as a result of code enforcement was only provided if requested and no effort was made to trace the whereabouts of such families after their eviction. We found that several families displaced by code enforcement were merely relocated from one substandard unit to another.
3. Relocation assistance offered by the city to families displaced as a result of school construction was not adequate to assure that all displaced families obtained standard housing. The assistance was limited to only those families that requested it and no effort was made to inspect the units into which the families relocated.

As discussed starting on page 10, we found in this city, as well as in the other four cities covered in our review, that a significant proportion of the relocations examined by us had resulted in the displaced families being relocated into substandard housing.

Regarding the five cities reviewed, we believe that HUD had sufficient information to determine that inadequate code enforcement progress was being made, and that by not enforcing these code requirements, HUD has contributed towards the lack of effective self-help programs on the part of cities. In our opinion, HUD's certification of workable programs when specifically imposed requirements have not been met by cities or when appropriate information is not available for an adequate determination to be made by HUD that the city is meeting program requirements is (1) a disservice to the cities in that it undermines the incentive for self-help which workable programs should give to cities, (2) a clear indication to the cities that eligibility to

participate in the assistance programs for which the cities would not otherwise have been eligible can be obtained by nominal self-help efforts, and (3) contrary to the intent of workable program legislation.

Inaccurate and misleading information

Our review at five cities showed that some of the information in workable program reports was not supported by records in the cities and was misleading as to the self-help activities of the cities. In this regard our review of codes and enforcement showed that sound code enforcement programs had not been established. The code enforcement programs of four of the cities did not comply with HUD directives, which state that a sound housing code enforcement program includes scheduled area by area concentrated housing inspections, general surveillance in areas not being worked, and complaint inspections throughout the city. Their code enforcement efforts were generally centered in known areas of slum and blight, and inspections in other areas of the cities were made only when someone submitted a complaint.

We found that cities did not have a common definition of compliances and that compliances shown in workable programs were generally not supported by city records. Through examining those records which were available and through discussion with city officials, we established that compliances shown in workable program submissions included actions which did not restore deteriorated units to minimum standards or eliminate blighted structures which are beyond economic repair. For example, in addition to units actually upgraded to minimum housing code standards, we found that such actions as inspection visits, provision of adequate garbage receptacles, boarding-up of dilapidated structures, and demolition of non-dwelling accessory structures were improperly reported as housing code compliances.

Housing code compliance records of four of the five cities did not support information in their workable program submissions. Records in these cities supported only 8,513 of the 38,860 dwelling units reported in workable programs certified in 1967 as having been brought into compliance. For the most part, either city officials could not explain the differences, or non-housing code activities, such as general sanitation and rat control were reported as housing code compliances. In addition, the number of minimum housing code dwelling unit inspections reported by two of these cities could not be substantiated, and were overstated by the other two cities.

In view of the lack of supporting records in four of the five cities, and of the apparent inconsistencies in reporting of compliance activities, we obtained from each city a list of dwelling units brought into compliance

for a recent period. In the company of city housing code inspectors, we reinspected 71 structures selected from these lists. The structures that we inspected were, for the most part, reported by the inspectors as brought into compliance in March or April 1968, and our inspections were generally made within 2 weeks thereafter. Although these structures had not been reported as compliances in workable program submissions at the time of our review, under the procedures followed by the cities they would have been reported as compliances in the cities' 1968 submissions. The reinspections showed that 32 structures did not meet housing code requirements and that 19 of the structures, containing 52 dwelling units, were clearly substandard. Conditions in each city were as follows:

<u>City</u>	<u>Total structures examined</u>	<u>Structures in compliance</u>	<u>Structures not in compliance</u>		<u>Total</u>
			<u>Substantially repaired</u>	<u>Clearly in substandard condition</u>	
A	9	1	(a)	8	8
B	30	18	10	2	12
C	7	4	0	3	3
D	10	7	1	2	3
E	15	9	2	4	6
Total	<u>71</u>	<u>39</u>	<u>13</u>	<u>19</u>	<u>32</u>

^a Not available from the city

HUD's workable program reviewers were not aware of the inaccurate and misleading code enforcement information disclosed by our review. The reviewers relied primarily on the code enforcement information contained in the workable program submissions of the cities. Based on our review, we believe HUD's review procedures fail to assure that cities are engaged in effective code enforcement programs.

Our review of relocation of displaced families showed that only one of the five cities had complied with HUD requirements and had determined the availability of needed rehousing resources and attempted to obtain low- and moderate-income housing which was in short supply. Relocation data regarding the adequacy of condition and price of dwelling units in which families relocated, shown in workable program submissions of the five cities, could not be reviewed since records on families displaced by governmental actions were minimal, if kept at all by cities, except for those actions financed in part by the Federal Government.

We found, through discussion with city officials and review of those records available at organizations displacing people within the five cities, that the cities had significantly understated in their

workable program submissions the number of households displaced and to be displaced in the subsequent 2 years. For example, the workable programs certified in 1967 showed that 3,208 households were displaced in the five cities. On the basis of our review, we believe that about 4,280 households were actually displaced. Subsequent 2-year displacements were in our opinion, similarly understated by about 1,060 households.

To obtain information on the quality of relocations, we obtained a listing of families relocated during the fourth quarter of calendar year 1967 from each city for use in sampling the results of relocation activities. Results of these relocations would have been reported in the cities' 1968 workable program submissions. Because relocation records were generally not available for families displaced by non-federally assisted activities, most of the relocation data available for our consideration involved families displaced by HUD assistance projects. In the five cities, we obtained information on 845 displaced families, 532 of whom relocated within the cities in private housing which the responsible relocation agencies had not rated as substandard. Review of these 532 relocation cases showed that a significant number of families were paying more rent than they could afford after relocation and in some instances were still living in substandard housing as discussed below.

For workable program review purposes, HUD regional offices use 25 percent of gross family income as the maximum gross rent (rent plus utilities) that relocated families can pay if they are to be considered as satisfactorily relocated. Of the 532 displaced families discussed above, relocation records contained family income information on 223 families and showed that 99 relocated into housing where gross rent was more than 25 percent of family income. The records on these 223 families, broken down by each city in our review, were as follows:

<u>City</u>	<u>Families relocated</u>	<u>Excessive rental</u>
A	70	11
B	60	30
C	1	1
D	59	38
E	<u>33</u>	<u>19</u>
Total	<u>223</u>	<u>99</u>

We randomly selected 150 of the 532 families and visually inspected, during April 1968, the exterior of the dwelling in which each displaced family relocated. From our inspections, the exterior of 54 dwellings appeared to us to be below the standards of the cities' minimum housing codes. To establish the actual condition of these 54 dwellings we requested that each dwelling be inspected by an inspector from the cities

housing code enforcement staff. The overall results of the inspectors' evaluations in each city, showing the number of families occupying substandard units and the number who were paying excessive rent, were as follows:

<u>City</u>	<u>Dwellings inspected by code inspectors</u>	<u>Substandard per code inspector</u>	<u>Number of substandard involving excessive rental</u>
A	41	18	5
B	1	0	0
C	4	4	1
D	5	5	4
E	<u>3</u>	<u>3</u>	<u>0</u>
Total	<u>54</u>	<u>30</u>	<u>10</u>

HUD's workable program reviewers were not aware of the inaccurate and misleading information on relocation of displaced families disclosed by our review, and the desk type review--which they make of workable program submissions--will not disclose these deficiencies. Although field representatives of the Urban Renewal Division of the HUD regional offices have done some spot checking of relocation housing of people displaced by urban renewal projects, the results of this activity were not known to workable program reviewers. The reviewers relied primarily on the information in the workable program submissions of the cities. Based on our review, we believe that HUD's review procedures fail to assure that families displaced by governmental action are relocated in decent, safe, and sanitary dwellings at a price they can afford.

The need for assurance that HUD's reviews of workable programs are meaningful was previously brought to the attention of the Administrator Housing and Home Finance Agency, (now Secretary, HUD) in 1962 and 1964. In replying to these reports, the Administrator concurred that regional personnel should visit cities to discuss, guide, and stimulate progress in self-help activities. Field representatives of the Urban Renewal Division subsequently were assigned workable program responsibilities and assisted workable program personnel in making these visits.

In September 1966, HUD reorganized its regional offices and transferred all workable program responsibilities, including the workable program work of the field representatives, to a new Program Coordination and Services Division. Since the reorganization, visits to cities have been short in duration and oriented toward helping a city prepare its workable program submission. Visits are not made to verify information in cities' workable program submissions. In

addition, as discussed in our report to the Congress on Opportunity to Improve Allocation of HUD Program Funds to Better Meet the National Housing Goal (B-118754, dated October 2, 1970), HUD's primary emphasis, before and after the reorganization, has been directed to individual financial assistance projects rather than to overall city needs.

In our opinion, the inaccurate and misleading code enforcement and relocation information discussed above, is attributable to the fact that HUD has not included procedures for establishing the reliability of information stated in workable program submissions as part of its review of the submissions. We believe that until such procedures are instituted, HUD will be unable to fulfill its administrative responsibilities of assuring that those cities made eligible to participate in the otherwise restricted HUD programs through certification of their workable programs, have effective self-help programs.

WORKABLE PROGRAM CHANGES

During our review, HUD conducted studies of the workable program which resulted in the first major revision of this program since its enactment in 1954. The revision, for the first time, consolidated all of HUD's administrative and regulative issuances into a workable program handbook. Further, the revision, which was effective on April 1, 1969, modified reporting and documentation requirements, provided new criteria for HUD's evaluation of community performance, extended the certification period from 1 to 2 years, and provided for a midpoint review at cities which have difficulty in making progress, to assess the cities' progress in carrying out local programs and to provide technical assistance and advice to the cities.

According to the workable program handbook, HUD's evaluation of community performance under the new criteria is to be directed toward an assessment of (1) problem analysis--adequacy of the community's analysis of the problems and needs, (2) long-range goals--adequacy and reasonableness of the long-range goals and targets for accomplishment proposed by the community for overcoming such problems, (3) action programs--adequacy of the specifications and timetables proposed to be taken by the community during the next period of certification to deal with the problems identified, in light of available resources and the magnitude of the problems, and (4) progress--demonstration of reasonable continuing progress toward meeting goals and objectives specified by the community. In addition, the manual states that if reasonable efforts to achieve compliance with workable program policies and requirements prove unsuccessful, the workable programs should be disapproved.

This revision eliminated definitive requirements with regard to size of code enforcement staff and the time allowed for covering sub-standard housing, and retained a general requirement for an effective

and continuing code enforcement program adequate to deal with areas and units having a priority need for enforcement. Further, the revision requires each city to identify the gap between its low-and moderate-income housing needs and the resources available to meet these needs, and to develop and implement a meaningful action program to help overcome the gap. However, the revision does not contain provisions for assuring that information reported in workable program submissions reliably depicts self-help programs of cities.

Because the revision had been in effect for such a short time, our review of workable programs submitted under the revised requirements was necessarily limited to submissions of three of the five cities included in our review. Although HUD had certified the three submissions, review data upon which these certifications were based could not be located for two of the cities. HUD's analysis of the third city concluded that the city apparently did not take the workable program very seriously. The analysis stated that with eight certifications and all the studies made in conjunction with urban renewal and code enforcement activities, the city should have a better idea of its housing needs and anticipated displacements. Further, in spite of the discrepancy in estimates of anticipated displacement and the poor preparation of this section of the submission, certification was recommended on the basis of the city's concrete accomplishments.

HUD regional officials acknowledged that they are unable to establish the reliability of information in workable program submissions in their desk reviews. Further, they stated that they are unable to visit cities to make such determinations because they do not have workable program staffs of sufficient size to perform such visits. In addition, they indicated that even though data in the workable program was known to be unreliable, HUD would probably not withhold certification since HUD believes withholding of the certification would tend to adversely affect a city's desire to participate in the other HUD administered programs.

We concur with HUD's use of workable program certification as a motivator to encourage a city to participate in other HUD programs. We believe, however, that the object of the motivation should be, as set out in workable program legislation, attainment of effective self-help programs. We believe also that the significance of workable programs in relation to other HUD administered programs, especially those involving financial assistance to cities, has not been recognized either within HUD's organizational structure or in its dealings with cities. Although financial assistance is not directly provided to cities through workable programs, its significance, in terms of Federal funds available to cities having a certified workable program, is far greater than any other single HUD program. Accordingly, we believe that the significance of workable programs in relation to other HUD programs

OUT FOR SCANNING

is such that HUD should reconsider its priorities and raise the workable program to a level which will assure fulfillment of the intent of workable program legislation.