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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

RESOURCES AND ECONOMIC
DEVELOPMENT DIVISION

FEB 2 1973



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Dear Mr. Hyde:

The General Accounting Office has examined into certain aspects of the Neighborhood Development Program (NDP) administered by the Department of Housing and Urban Development (HUD). Our review was primarily directed at ascertaining whether the designated NDP areas would be renewed more rapidly than under conventional urban renewal--an important objective of NDP. Our review included NDPs in nine cities located in two HUD regions.

According to HUD, the elimination of the problems experienced with planner's blight in the regular urban renewal program was one significant advantage to be gained under NDP. In this connection, during the 1972 HUD Appropriation Hearings, Part II, House of Representatives, the HUD Under Secretary said that one of the significant objectives of NDP is to avoid planner's blight. He said:

"That is a significant objective. It is to avoid what has come to be known as 'planner's blight', where a very large project area is identified with the expectation that it will receive renewal treatment over a period of 7 or 8 years. As a consequence of its having been identified for renewal treatment, the existing businesses and homeowners and apartment owners simply give up on maintenance and repairs and let the property run down, with the result that frequently more renewal is required than would have been required if you proceeded in bite-sized chunks that could be accomplished within a shorter period."

Planner's blight, which was described by HUD as the "dead hand of urban renewal", may result in the need for substantially increased renewal assistance in an area which at the outset was considered to need only minimal assistance. Buildings originally susceptible to rehabilitation may later require clearance.

In our opinion, the prospect for early renewal of designated NDP areas in six of the nine cities included in our review is doubtful, primarily because (1) the designated NDP areas were too large and the activities too complex to afford rapid renewal, and (2) shortages of local

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resources may make it impossible for some communities to provide their shares of the costs of renewing the designated NDP areas. Additionally, the decision to convert two regular urban renewal projects to NDP appeared to be based primarily or solely on financial benefits to be derived by the cities rather than on more rapid renewal of the areas through NDP.

The details of our findings are discussed in the enclosure.

We are recommending that HUD

- establish procedures to obtain general estimates of the costs and time required to renew areas before approving requests for NDP funds to insure that areas designated for NDP can be renewed within a reasonable time with available local and Federal resources,
- obtain estimates of the additional costs and time that will be required to complete ongoing NDPs and take action to reduce the size of the NDPs as appropriate to insure completion of the NDPs in a reasonable time,
- approve large and complex areas under the regular urban renewal program rather than under NDP, and
- establish procedures to prevent the conversion of regular urban renewal projects to NDP where the sole, or primary, purpose for the conversion is to provide a financial benefit to the city rather than to enable more effective renewal of the areas.

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

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

Sincerely yours,

B. E. Birkle

B. E. Birkle
Associate Director

Enclosure

The Honorable Floyd H. Hyde
Assistant Secretary for
Community Development
Department of Housing and
Urban Development

GENERAL ACCOUNTING OFFICE
EXAMINATION INTO SELECTED ASPECTS OF
THE NEIGHBORHOOD DEVELOPMENT PROGRAM

Section 131 of title I of the Housing Act of 1949, as amended by the Housing and Urban Development Act of 1968, authorizes HUD to provide financial assistance to local public agencies (LPAs) to carry out the Neighborhood Development Program (NDP). NDP is basically a new approach to accomplish the goals of the regular urban renewal program (1) to assist in the elimination and prevention of the spread of slums and blighted or deteriorating areas and (2) to provide maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas.

NDP APPROACH TO URBAN RENEWAL

The NDP approach is intended to facilitate more rapid renewal and to encourage more efficient and flexible utilization of public and private development opportunities than is accomplished by the conventional urban renewal process mainly by

- permitting early rehabilitation and development activities to be undertaken on an effective scale in large deteriorated and impoverished areas of our cities,
- accelerating development and visible improvement of such areas by permitting planning concurrent with rehabilitation activities, while continuing to strive for high quality urban design,
- permitting more effective management of renewal activities and more rapid and flexible response to public and private development opportunities and to citizens' needs within urban areas of critical need,
- facilitating more effective programming and budgeting of renewal activities by converting program financing to an annual cash need basis, and
- stimulating and accelerating the early provision of public and private facilities, and social services (e.g., neighborhood centers and services, new or modernized schools, parks and playgrounds) and low- and moderate-income housing.

Some of the conceptual differences between the NDP and conventional Urban Renewal Program approaches to urban renewal were discussed in various reports prior to congressional authorization of NDP. For example, the reports of the House and the Senate Committees on Banking and Currency state that:

"Under this [NDP] system, there need be no real lag between the decision that an area is in serious physical condition and the beginning of actual activities to correct these conditions. It will permit more rapid and effective rehabilitation and development

activities to take place on the basis of a broad plan specifying major land uses, density of development, and the public facilities proposed for the area.

"Plans governing the physical activities would be flexible, and changed circumstances or needs would not require the scrapping of prematurely prepared detailed plans [as under conventional urban renewal]. Under this approach, * * * detailed planning and scheduling of subsequent activities would proceed simultaneously with actual development in the area."

In this connection, after the program was authorized, a HUD Central Office official commented on HUD's commitment to NDP applicants in a December 1969 memorandum to HUD Regional Administrators, as follows:

"The Neighborhood Development Program does not differ in basic goals and objectives from the conventional [urban renewal] program. It is distinguished from the conventional program by the techniques for carrying out renewal and by the extent of Federal financial commitment, in terms of both time and grant dollars.

"In a conventional urban renewal project, the grant reservation or allocation represents a long-term Federal commitment to support a complete renewal program which is planned and carried out in a designated area over an extended period. In an NDP, the Federal commitment for renewal grants does not extend beyond each annual contract."

However, in testimony concerning the 1970 HUD appropriation, the same official had indicated that HUD has a moral commitment to continue annual funding of NDPs. In this connection, the official stated in April 1969 that:

"* * * [HUD] could not cut many of them off without damage at the end of the first year. They are typical urban renewal undertakings and it is a rare one that can be started and finished within a year. I think the Congress in developing the legislation seemed to recognize that communities undertaking this program would be expected to continue it on an annual basis."

This indication was reinforced in testimony concerning HUD's fiscal year 1972 appropriation request by the HUD Under Secretary who said:

"* * * we know when we make a commitment that we will be able to fund it not only for the current year but for whatever additional increments are reasonably necessary to bring it through * * *."

With HUD's approval, a city or municipality can enter the program either by converting any of its conventional urban renewal project areas to the NDP approach or by initiating NDP activities in areas not presently in the Urban Renewal Program. Under the NDP, HUD provides financial assistance, in the form of loans and grants, to LPAs to assist in carrying out urban renewal activities in one or more contiguous or non-contiguous urban renewal

areas. The Federal program capital grant for an NDP is computed at two-thirds of net project costs except that the share may be three-fourths, if

--the project is in a municipality with a population of 50,000 or less according to the most recent decennial census, or

--the project is in a municipality with a population of more than 50,000 and is located in a redevelopment area designated by the Department of Commerce.

The local share of NDP costs is contributed in the form of (1) cash and (2) noncash contributions such as land donations, and credits for non-Federal expenditures for supporting and communitywide facilities and public improvements.

The program was implemented with HUD's approval of 35 NDPs in fiscal year 1969. An additional 194 NDPs were approved through April 30, 1972, for a total of 229 approvals. Federal grants awarded for NDPs through April 30, 1972, total about \$1.5 billion.

In an effort to ascertain the effectiveness of HUD's administration of the program in achieving timely renewal of designated NDP areas, we selected for review NDP areas in nine cities--including two large cities in the eastern United States, and seven smaller communities in the Southwest. Federal grants for the NDPs included in our review amounted to about \$331 million through June 30, 1971. During our review, we examined applicable Federal statutes; HUD regulations, policies, and practices; and 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 Ft. Worth, Texas; and Philadelphia, Pennsylvania; at HUD Area Offices in Dallas, Texas; Little Rock, Arkansas; Philadelphia, Pennsylvania; Baltimore, Maryland; and San Antonio, Texas; and in nine selected cities--Philadelphia, Pennsylvania; Baltimore, Maryland; Austin, Texas; Brenham, Texas; Mercedes, Texas; Blytheville, Arkansas; Little Rock, Arkansas; West Memphis, Arkansas; and Albuquerque, New Mexico--within the administrative jurisdiction of these HUD offices.

DESIGNATED NDP AREAS WILL NOT
BE RENEWED IN A REASONABLE TIME

A principal objective of NDP is to facilitate more rapid renewal of deteriorated and deteriorating areas by permitting communities to proceed with certain development activities while, simultaneously, planning and scheduling subsequent activities.

Of the nine NDPs included in our review, the prospect for timely renewal of designated areas in six--Philadelphia, Brenham, Blytheville, Mercedes, Little Rock, and West Memphis--is doubtful, primarily because of the following factors:

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--The designated NDP areas approved by HUD are simply too large and the activities too complex to afford the opportunity for the intensive renewal treatment envisioned under the NDP concept, particularly in view of the constraints imposed by limited annual funding of individual NDPs.

--Shortages of local resources may make it impossible for some communities to provide their shares of the costs of renewing the designated NDP areas.

In view of these constraints to project completions, we believe that HUD needs to revise its procedures for reviewing and approving applications for NDP funds to provide greater assurance that renewal of approved NDP areas will be completed in a reasonable time.

HUD approved all nine NDPs without obtaining information as to the time or money required to renew the designated NDP areas. Concern over the lack of knowledge by HUD of the cost and time for renewal of designated NDP areas was discussed in the 1970 HUD appropriation hearings before the Subcommittee on Appropriations, House of Representatives. Upon being questioned by a Subcommittee member as to how much it would cost to complete the approved NDPs, the then HUD Assistant Secretary for Renewal and Housing Management stated that:

"I do not know how to arrive at it. We could say we would supply it, but I do not want to misrepresent it to you."

The Subcommittee member said that it seemed appropriate to him that HUD would wish to know the ultimate cost of the NDPs in order to advise the Congress of plans for the future. Also, in the fiscal year 1970 appropriation hearings, the HUD Assistant Secretary was questioned about the time required to complete the NDPs.

He replied:

"Most of them have indicated a 5-year period. Some of them may make it. Some cannot."

Of the six cities where we believe completion of the NDPs is doubtful, only two--Little Rock, and West Memphis, Arkansas--had estimated the costs or time to complete the NDPs, and these two cities did not inform HUD of their estimates. We estimated that even if local and Federal funds were available as needed, completion of the six NDPs would require from 10 to 46 years. Information on the extended periods of time required for completion of the NDPs and the indicated shortage of local funds to renew the designated NDP areas is presented below for four of the six NDPs.

Philadelphia, Pennsylvania

The Philadelphia NDP comprises about 8,300 acres and includes 24 conventional urban renewal projects that were converted to NDP and nine new areas. The Philadelphia NDP includes non-contiguous areas that have distinctive characteristics and urban problems.

We examined into three areas of the Philadelphia NDP and concluded that one--the Model Cities area--is too large for renewal activities to be completed within the foreseeable future with the financial and personnel resources being committed to the area. Another area--Market Street East--probably should have been approved as a conventional urban renewal project. The third area--Haddington--will not be renewed within a reasonable time.

Model Cities area

This area of the Philadelphia NDP consists of about 2,400 acres of predominantly high-density residential structures with some commercial and industrial sites. The area contains about 50,000 dwelling units and houses nearly 250,000 people.

In two areas--designated as intensive rehabilitation treatment areas--the Philadelphia building inspectors found building code violations in about 82 percent of the buildings inspected. The assistant project manager told us that the conditions in the two areas were as good as any in the Model Cities area. If the 82 percent deficiency rate in the two areas is indicative of the housing in the Model Cities area, about 40,000 of the 50,000 dwelling units in the Model Cities area may have housing code violations and, therefore, require rehabilitation.

Through the first two action years, the LPA incurred costs of \$16,897,000 for renewal activities in the Model Cities area. Property acquisition and demolition cost totaled \$10,275,000 for 1,647 parcels of property; \$380,000 was committed for rehabilitating 138 structures; \$1,795,000 was committed for public works and project area improvements; and the balance of \$4,445,000 was devoted to other functions, such as administration, interest, and planning. The major physical accomplishments indicating the percent of program area completion appeared to be land acquisition and structure rehabilitation and we used these as indicators of the costs and time required to renew the Model Cities area.

Provided that the work performed in the Model Cities area during the first two program years is indicative of potential performance in the future, renewal of the entire area may cost about \$366 million and require about 46 years to complete if the past level of funding is maintained.

Market Street East area

The Market Street East area is a new NDP project area which has had no previous federally assisted urban renewal activity. The project, consisting of 129 acres, is located in the central city business district.

The essential feature of this project is land acquisition and clearance to provide for rejuvenation of central city mass transportation and retail shopping. It consists of reconstructing five city blocks coordinated with the underground connection of two major commuter railroads and the providing of an underground shopping mall for commuter railway users.

Comparing the NDP renewal concept--providing for incremental funding, durable annual accomplishments, and no long-term commitments--with the features of the Market Street East Project, we are of the opinion that this project should have been approved as a conventional urban renewal project wherein adequate funds could be provided to accomplish integrated work features within a predictable and orderly time frame.

The Market Street East area underwent project planning for 10 years as a General Neighborhood Renewal Plan (GNRP) to be completed in 11 annual increments. Project planners predicted that the project would cost \$528 million. Of this amount, \$121,900,000 was to be provided by HUD, \$115,000,000 was to be provided by the Department of Transportation, and \$291,100,000 was to be financed from private sources.

The development plan for the Market Street East area indicated complex time phasing of funding needs to complete the project within the 11-year time frame. In contrast to the orderly planning of funding needs, the Market Street East project, as a part of NDP, experienced disorderly funding and progress through 3 action years. The funding levels indicate a serious stretch-out of project completion with several potentially adverse results.

The \$11.8 million Federal funds allocated to the project in the first action year was \$7.5 million less than the \$19.3 million requested. The first year shortage was partially made up in the second program year when \$1.8 million was allocated to satisfy projected needs of \$.5 million. However, funding shortages again developed in the third action year when only \$1.8 million was budgeted compared to \$14 million project needs. For the three years, a total of \$15.4 million was provided to satisfy needs of \$34 million if the project was to proceed toward the desired 11-year completion. Assuming that the average funding provided through the first three action years is representative of the resources likely to be allotted in the future, we estimate that at least 24 years will be required to complete the Market Street East area. The project director estimated that under these conditions overall costs will be increased.

Also, the Market Street East renewal project does not appear to be conducive to application of the NDP renewal concept because it could not be discontinued after completion of any program year without damage. Unlike the NDP characteristics described by HUD, the Market Street East Project was described in the program applications as an integrated project built around one central and costly feature--the transportation mall--which would have to be completed in order to realize the value of the renewal undertaking. Commenting upon the transportation mall feature, the application stated in part:

"Despite the need to be built in stages the Transportation-Mall Center must have the effect of being one integrated design entity. The character of the mall, its surfaces, materials, spaces, direction and light quality should be a unity, in spite of its successive phasing increments."

The project director confirmed that the Market Street East project was an integrated project not conducive to application of the NDP annual funding arrangement. The LPA Executive Director stated that the City of Philadelphia had agreed to include Market Street East in the NDP only because it would not have been approved for Federal funding as a conventional urban renewal project.

We were told by the project director that under NDP the city could not predict the project's completion date since the availability of funding was contingent upon annual allocations by HUD. He pointed to two potentially adverse reactions to this problem:

--Private capital sources are reluctant to commit funds without a guarantee that the project will be completed as planned.

--If funding is not provided as needed for an integrated project, completion is delayed and funds are used for other purposes.

The project director also stated that, in his judgment, overall cost of the Market Street East project would be greater under NDP than if it had been approved as a conventional urban renewal project. The director had not estimated the amount of additional cost, but he stated that it would result from (1) increased administrative and engineering costs, and (2) general inflationary trends producing increased cost due to project stretchout.

The LPA Executive Director, in characterizing the NDP approach as an unsatisfactory method of accomplishing urban renewal in the Market Street East area, stated that NDP has no long term guarantee feature available which could be used to insure completion of large-scale projects such as the transportation mall complex. He pointed out that lack of long term guarantee financing and unpredictability of funding under NDP inhibits development and retards completion of renewal objectives.

In commenting on the difference between conventional urban renewal projects and NDP, the HUD Under Secretary told a Subcommittee of the Committee on Appropriations, House of Representatives, in the 1971 HUD appropriation hearings that:

"The fact is that some areas and types of projects lend themselves particularly to the NDP accelerated processing. Others, because of their size and scope, lend themselves more appropriately to the conventional urban renewal treatment; * * *."

He also advised the subcommittee that the larger projects usually lend themselves to conventional urban renewal rather than NDP.

Considering the type of project HUD has described as being conducive to the NDP renewal application together with the views of Philadelphia program managers, we believe that the Market Street East area should not have been included in the Philadelphia NDP.

Haddington area

The Haddington area, located west of the city's central business district, consists of 461 acres--165 converted to NDP from conventional urban renewal and 296 acres not previously designated for urban renewal.

The basic goal in this area is conservation through rehabilitation of existing structures. The area contains 4,523 substandard homes, and about 75 percent of the area was identified for intensive rehabilitation. During the first two action years, 527 of the substandard homes--about 12 percent--were approved for rehabilitation.

An official of the Redevelopment Authority of Philadelphia stated that the intensive rehabilitation area is much too large resulting in scattered rehabilitation efforts throughout the area. Another official of the Authority stated that rehabilitation of the area would take about 15 years.

Blytheville, Arkansas

The Blytheville, Arkansas, NDP comprises two conventional urban renewal projects totaling 377 acres that were converted to NDP and newly-designated NDP areas of 831 acres. The 1,208 acre NDP contains 4,280 structures of which 3,291 were considered by the LPA to be substandard and therefore requiring rehabilitation or acquisition and demolition. HUD awarded a grant of \$4,012,340 for the first year activities--the city's share was \$1,282,761.

The LPA had not estimated the cost nor time required to complete all renewal work in the designated NDP area and thus had not identified a source for local funds to match Federal funds. On the basis of accomplishments to date and discussions with LPA officials regarding plans for future accomplishments, we estimated that renewal of the NDP area would require about 17 years and would cost about \$58 million of which about \$14 million would have to be provided by the city. In our opinion, the designation of an area that will require 17 years to renew is unreasonable and is not in keeping with the concept of NDP to enable rapid renewal of designated areas. Additionally, it is doubtful that the city will have sufficient local resources to renew the designated area. HUD officials advised us that they could only identify sources for \$2.2 million in local funds. The LPA Director stated that the city would seek additional funds to match Federal funds, but that he did not know how the city could provide its share of the cost.

Brenham, Texas

The Brenham, Texas, NDP was the outgrowth of planning done by the city under the survey and planning phase of a conventional urban renewal grant. The original project, approved August 4, 1967, was expected to cost about \$614,000 and was to encompass about 119 acres. Survey and planning under the conventional project cost about \$119,000. An NDP application was approved by HUD on February 28, 1969. Federal funding for NDP amounted to \$1,327,000 for the first action year and \$831,000 was estimated for the second action year.

The NDP area approved by HUD contains 1,066 acres and includes about 5,100 of Brenham's estimated 9,000 residents and the entire downtown business district.

The NDP area contains 2,055 structures. HUD and the Brenham urban renewal agency estimated that 1,575 of the structures are substandard. Of the substandard structures, 845 are slated for rehabilitation and the remaining 730 are believed to be beyond rehabilitation, therefore, requiring acquisition and demolition.

Neither the Brenham urban renewal agency nor HUD estimated the length of time or the Federal and local resources which will be required to perform the work. Based upon the performance of the urban renewal agency to the time of our review and the agency's estimate of future performance, and assuming that both Federal and local matching funds would become available as needed, we estimated that it would require about 10 years and \$14 million to renew the designated NDP area--about \$10.8 million of Federal funds and about \$3.2 million in local resources.

To meet its share of local resources, the city provided \$1.7 million through expenditures for schools and a local college. However, there was no evidence that the city had a source for the additional \$1.5 million matching resources required to complete renewal of the designated NDP areas.

Little Rock, Arkansas

The Little Rock, Arkansas, NDP consists of about 2,200 acres of predominantly residential property of which 1,980 acres are within a Model Cities area.

A 216 acre area had been selected for renewal under the regular urban renewal program. However, detailed planning for this project subsequently disclosed that the city did not have sufficient resources to accomplish the proposed renewal activities. The LPA Director concluded that " * * * [the project] would not fly by itself" and the proposed project was converted to NDP.

At the request of the city, the LPA estimated the cost and time to complete renewal of the designated area to be about \$91 million and 16 years. After adjusting the city's estimate for inflation and additional cost to be incurred under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, we estimated total costs of \$143,990,000--Federal cost of \$99,440,000 and city cost of \$44,550,000--to renew the designated area.

The LPA estimate showed that the Model Cities Program is to contribute \$1,000,000 annually for a period of 3 years. However, the records did not show how the city could provide its total share of the costs. The LPA Director said that he did not know whether the city could provide the needed resources.

The designation of large or unmanageable areas for renewal creates problems associated with "planner's blight" which attends the lapse of time between the designation of an area for renewal and actual renewal work.

Planner's blight is the progressive neighborhood deterioration which results when property owners discontinue maintaining and repairing their properties following designation of an area for renewal.

According to HUD, the elimination of the problems experienced with planner's blight in the regular urban renewal program was one significant advantage to be gained under NDP. In this connection, during the 1972 Appropriation Hearings, Part II, House of Representatives, the HUD Under Secretary said that one of the significant objectives of NDP is to avoid planner's blight. He said:

"That is a significant objective. It is to avoid what has come to be known as 'planner's blight,' where a very large project area is identified with the expectation that it will receive renewal treatment over a period of 7 or 8 years. As a consequence of its having been identified for renewal treatment, the existing businesses and homeowners and apartment owners simply give up on maintenance and repairs and let the property run down with the result that frequently more renewal is required than would have been required if you proceeded in bite-sized chunks that could be accomplished within a shorter period."

Planner's blight, which was described by HUD as the "dead hand of urban renewal", may result in the need for substantially increased renewal assistance in an area which at the outset was considered to need only minimal assistance. Buildings originally susceptible to rehabilitation may later require clearance.

According to a study by the Citizens Advocate Center, Washington, D. C., the effects of planner's blight are:

- Storeowners and residents vacate the area creating vacancies which encourage vandalism, physical dilapidation, poorer services, and increased crime.
- Sales prices drop because of immediate deterioration.
- Local governments incur added costs in attempts to prevent vandalism and maintain the depleting area despite a decreasing tax base.
- Access to various parts of the area are more difficult, services are suspended, and deterioration often spills over into adjacent areas.

CONVERSION OF URBAN RENEWAL
PROJECTS TO NDP

Seven of the nine NDPs that we reviewed included urban renewal projects that were converted in part or in total to NDP. For two of the seven NDPs, the decision to convert to NDP appeared to be based primarily or solely on financial benefits to be derived by the cities rather than on more rapid renewal of the areas through NDP. For the two NDPs, the conversions enabled the cities to avoid liability for part of their shares of costs for activities completed under the regular urban renewal program before conversion.

Information on the conversions to NDP in these two cities is provided below.

Blytheville, Arkansas

A regular urban renewal project in Blytheville was converted to form part of the NDP. At the time of conversion, all urban renewal activities in the regular project had been completed. The city had a deficit of \$295,000 in local matching funds and this amount was to be paid to HUD. However, through conversion to NDP, the regular project lost its identity and the city avoided paying the \$295,000 to HUD.

The HUD Region V Assistant Regional Administrator for Renewal Assistance stated in a February 18, 1970, letter to HUD's Chief, Program Control and Statistics Branch:

"The approval of this NDP is necessary in order to clear a delinquency of \$295,000 of credits which now exist in Project Ark R-39. It is impossible for the City of Blytheville to make up this shortage in any manner. Should this NDP not be approved, the City would face an embarrassing financing difficulty, and Urban Renewal will undoubtedly receive adverse publicity."

Austin, Texas

The Austin NDP consists of three regular urban renewal projects that were converted to NDP. At the time of conversion, urban renewal activities in one of the projects had been practically completed. For this project, the city had a deficit of about \$150,000 in local matching funds and this amount was to be paid to HUD. However, through conversion to NDP, the regular project lost its identity and the city avoided paying the \$150,000 to HUD.

The LPA Director told us that the city's inability to provide matching funds for this project was the only reason for converting the project to NDP.

RECOMMENDATIONS

We recommend that HUD

- establish procedures to obtain general estimates of the costs and time required to renew areas before approving requests for NDP funds to insure that areas designated for NDP can be renewed within a reasonable time with available local and Federal resources,
- obtain estimates of the additional costs and time that will be required to complete ongoing NDPs and take action to reduce the size of the NDPs as appropriate to insure completion of the NDPs in a reasonable time,
- approve large and complex areas under the regular urban renewal program rather than under NDP, and
- establish procedures to prevent the conversion of regular urban renewal projects to NDP where the sole or primary purpose for the conversion is to provide a financial benefit to the city rather than enable more effective renewal of the areas.