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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548
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COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

JUN 4 1979

CED9-98

The Honorable J. William Stanton
House of Representatives

Dear Mr. Stanton:

In accordance with your January 2, 1979, request and subsequent discussions with your office, we have reviewed 6 of the 21 technical assistance contracts awarded to neighborhood organizations by the Department of Housing and Urban Development under section 107 of the Housing and Community Development Act of 1974, as amended in 1977. Specifically, you asked whether the contracts awarded on October 20, 1978, were to be utilized within the generally accepted definition of technical assistance. Additionally, your office requested that we (1) review the applicable regulations to determine whether they were generally consistent with the concept of technical assistance and with the request for proposal upon which the contract awards were based, and (2) ascertain the amount of funds drawn down against the contracts to date.

HUD
4/2/79

Our review was made at Department headquarters in Washington, D.C., and, as requested, was directed to contracts awarded to the following six recipient organizations:

DLG-57-51

- Bedford Stuyvesant Restoration Corporation
Brooklyn, New York
- Center for Economic Development and
Business Assistance
Tucson, Arizona
- Interfaith Adopt-A-Building
New York, New York
- Project for Pride in Living
Minneapolis, Minnesota
- Southeast Development, Inc.
Baltimore, Maryland
- Inquilinois Boricuas En Accion
Boston, Massachusetts

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Letter

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[Contracts awarded to Neighborhood Organizations by HUD]

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In briefing your office on the results of our review, we said we believed that the awarded contracts met the generally accepted definition of technical assistance. We said that both the regulations and the request for proposal generally met common definitions of technical assistance and that the six contracts we reviewed were in conformity with the guidelines in the Department's request for proposal. As of March 1979, the six recipient neighborhood organizations had drawn down between 37 and 48 percent of the contract funds.

As requested, the following summarizes the further information we presented at the briefing.

BACKGROUND

The Housing and Community Development Act of 1974, as amended in 1977, authorizes the use of the Secretary of Housing and Urban Development's discretionary fund to provide technical assistance to States, units of general local government, Indian tribes, and areawide planning organizations for planning, developing, and administering assistance, either directly or through contracts.

On April 26, 1978, the Department issued a request for proposal (H-4301) for technical assistance services by advanced neighborhood organizations, or "recipients" of the contracts, to render technical assistance to "beneficiary" neighborhood organizations in connection with community development. The request for proposal required the applicants to submit plans in accordance with proposal guidelines. Each applicant was required to submit a plan which covered three phases of work or "tasks" outlined in the request for proposal. Task I is the development of a neighborhood strategy which may include information gathering, marketing plans, and, among other activities, financial feasibility studies; Task II involves the giving of technical assistance to the beneficiary organization by the recipient of the contract via such mechanisms as seminars, workshops and on-site visits; and the reporting of accomplishments constitutes Task III.

As of March 1979, only Task I had been undertaken. The transference of technical assistance had not yet taken place because the Department was still pairing "recipient" and "beneficiary" organizations. Additionally, the Department has required that each unit of government receiving a contract confirm by letter that the proposal was consistent with their community development plans.

UTILIZATION OF FUNDS APPEARS CONSISTENT
WITH DEFINITION OF TECHNICAL ASSISTANCE

We believe that the contracts awarded to the six organizations reviewed met the generally accepted definition of technical assistance. Both the proposed regulations and the request for proposal were, given the nature of the CDBG technical assistance program, reasonable, and generally met common definitions of technical assistance. Further, the six proposals followed the guidelines in the Department's request for proposal.

DRAW DOWNS AGAINST
CONTRACTS AWARDED

As of March 1979, between 37 percent and 48 percent of the funds awarded had been drawn down by the recipient organizations to carry out Task I.

The following table summarizes the activity of the six organizations we reviewed.

<u>Organization</u>	<u>Contract Amount</u>	<u>Amount Drawn down</u>	<u>Percentage Drawn down</u>
Bedford Stuyvesant Restoration Corp.	\$107,000	\$39,590	37
Center for Economic Development and Business Assistance	120,000	57,600	48
Interfaith Adopt-A- Building	123,682	50,911	41
Project for Pride in Living	126,300	49,277	39
Southeast Development Inc.	125,000	55,000	44
Inquilinois Boricuas En Accion	114,400	51,480	45

We trust that the above information satisfactorily resolves your inquiry.

Sincerely yours,

Henry Eschwege
Henry Eschwege
Director