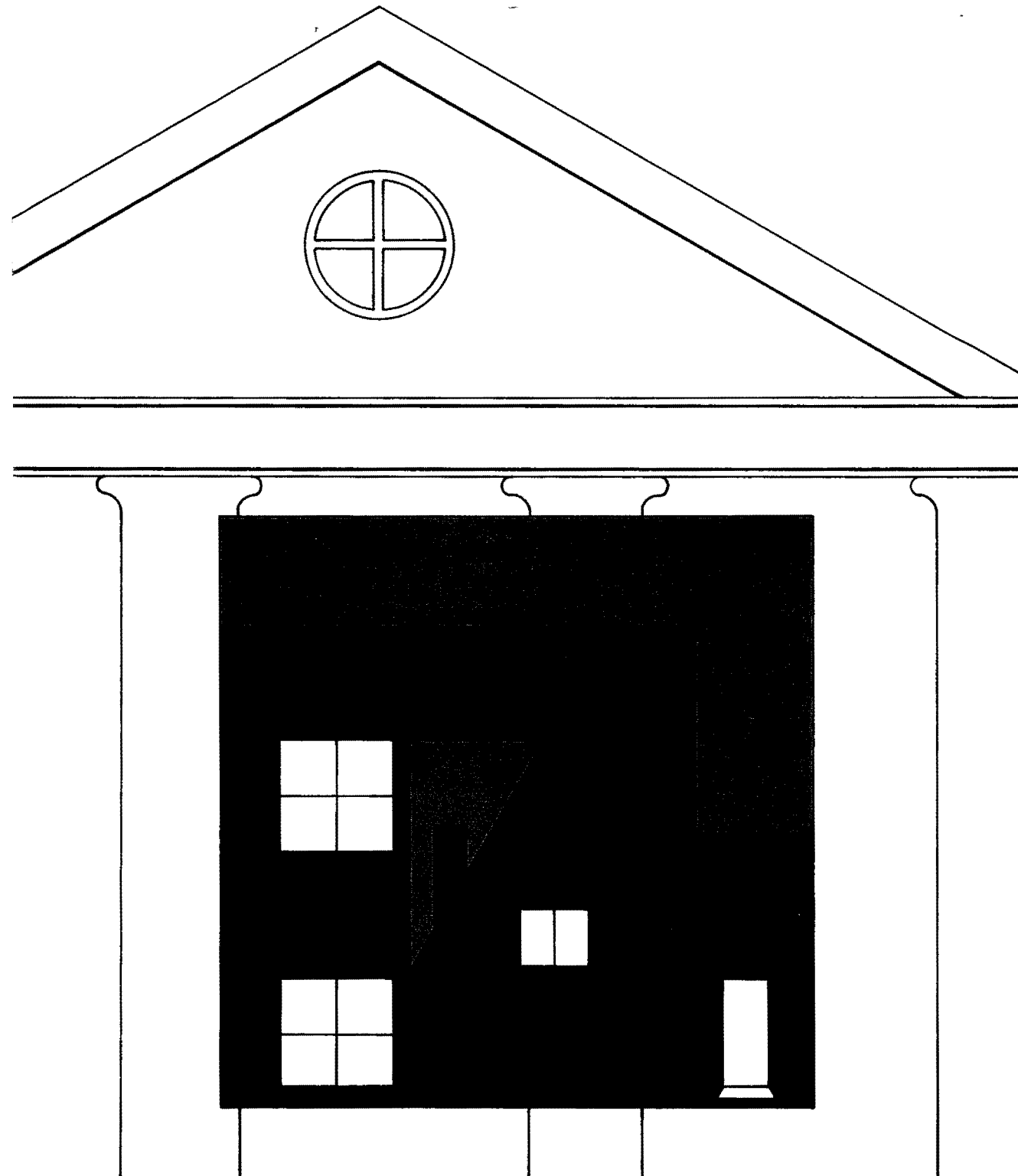


Fair Housing in America:

COMMUNITY DEVELOPMENT IN LOUISIANA

May 1981



—A report of the Louisiana Advisory Committee to the United States Commission on Civil Rights prepared for the information and consideration of the Commission. This report will be considered by the Commission, and the Commission will make public its reaction. In the meantime, the findings and recommendations of this report should not be attributed to the Commission but only to the Louisiana Advisory Committee.

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The United States Commission on Civil Rights, created by the Civil Rights Act of 1957, is an independent, bipartisan agency of the executive branch of the Federal Government. By the terms of the act, as amended, the Commission is charged with the following duties pertaining to discrimination or denials of the equal protection of the laws based on race, color, religion, sex, age, handicap, or national origin, or in the administration of justice: investigation of individual discriminatory denials of the right to vote; study of legal developments with respect to discrimination or denials of the equal protection of the law; appraisal of the laws and policies of the United States with respect to discrimination or denials of equal protection of the law; maintenance of a national clearinghouse for information respecting discrimination or denials of equal protection of the law; and investigation of patterns or practices of fraud or discrimination in the conduct of Federal elections. The Commission is also required to submit reports to the President and the Congress at such times as the Commission, the Congress, or the President shall deem desirable.

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Fair Housing in America:

COMMUNITY DEVELOPMENT IN LOUISIANA

—A report prepared by the Louisiana Advisory
Committee to the United States Commission on
Civil Rights

ATTRIBUTION

The findings and recommendations contained in this report are those of the Louisiana Advisory Committee to the United States Commission on Civil Rights and, as such, are not attributable to the Commission. This report has been prepared by the State Advisory Committee for submission to the Commission, and will be considered by the Commission in formulating its recommendations to the President and the Congress.

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Prior to the publication of a report, the State Advisory Committee affords to all individuals or organizations that may be defamed, degraded, or incriminated by any material contained in the report an opportunity to respond in writing to such material. All responses have been incorporated, appended, or otherwise reflected in the publication.

LETTER OF TRANSMITTAL

Louisiana Advisory Committee to the
U.S. Commission on Civil Rights
May 1981

MEMBERS OF THE COMMISSION

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Louis Nuñez, *Staff Director*

Dear Commissioners:

In this report entitled, *Fair Housing In America: Community Development In Louisiana*, the Louisiana Advisory Committee undertook to review the operation of this massive federally-funded program through the eyes of the intended beneficiaries. The Committee felt that this was one of the better methods to utilize in measuring the adherence of the actual implementation to the intent of the law. The Committee found the following: (1) The recipient municipal government studied in this report (Shreveport) has not yet achieved the goal of an effective citizen participation plan needed to carry out the Community Development Block Grant Program (CDBG). The Housing and Community Development Act provides an unprecedented opportunity for citizen groups to deal with the housing needs of low- and moderate-income persons, with problems of blight of lower income neighborhoods and with the need to provide full and equal opportunity in housing for minority group persons; (2) There is limited utilization of minority contractors within the Shreveport CDBG program; and (3) Many citizens of Shreveport, especially minorities, do not have sufficient information or knowledge regarding the Community Development Block Grant Program.

After considerable study of the Community Development Block Grant Program in the State, the Committee selected Shreveport for a more thorough review at an open meeting. In May of 1979, the Committee convened just such a meeting and heard statements from HUD administrators, State and local officials, citizens and community leaders. A staff report entitled, *The Use of Community Development Block Grant Funds in Louisiana*, was made a part of the record during the open meeting.

Clearly the responsibility for the administration and compliance of the block grant program with current law is placed squarely on the shoulders of the Department of Housing and Urban Development by the Housing and Community Development Act of 1974, as amended in 1977 (42 U.S.C. 95301 et. seq.) Guidelines are provided by HUD in the accompanying regulations found in the *Federal Register*.

In light of the findings, the Louisiana Advisory Committee respectfully requests the Commission to adopt the recommendations below and convey them to the Federal entities to which they are directed.

To Congress

Congress should pass legislation that provides “set-aside” provisions for minority contractors.

To the U.S. Department of Housing and Urban Development (HUD)

1. We recommend that HUD give local civil rights groups and community organizations an opportunity to achieve meaningful citizen participation by strengthening the citizen participation aspects of the program through intensified monitoring to assure that the citizen participation programs are meeting the spirit as well as the letter of the law.
2. HUD should take appropriate measures to ensure that minority contractors are included in the CDBG program. This effort should include aiding in the identification of available contractors in the localities.

While the findings of this study are admittedly not unique to Louisiana, the widespread poverty in this State, the racial divisions, the lack of political advancement by minorities and the continuing lack of opportunity for the majority of citizens mean that the actual impact of Federal programs to improve the welfare of these citizens must be closely monitored to ensure that the maximum benefit possible is obtained. Thus, in this view, we hope the Commission will consider the findings and recommendations of this report.

Respectfully,

Jewel Prestage, *Chairperson*
Louisiana Advisory Committee

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The preparation of this report was directed by Charles Miles, Equal Opportunity Specialist, under the supervision of J. Richard Avena, Director of the Southwestern Regional Office. Sections of this report were written by Gloria Cabrera, Ernest Gerlach and Charles M. Miles, all members of the Southwestern Regional Office. The following staff members also participated in the development of this report: John F. Dulles II, Calvin Hall, Norma Valle and Patty Welch. Photographs were taken by J. Richard Avena, with the assistance of Dr. Louis Pendleton, a member of the Louisiana Advisory Committee.

The staff of the Commission's Publications Support Center, Office of Management, was responsible for final preparation of the report for publication.

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Chapter 1

Introduction

The Housing and Community Development Act of 1974, as amended,¹ is a venture of the United States Congress toward a solution of housing and environmental problems for American cities. It is designed to lead to increased equity in standards of living for all Americans. Although not a complete solution to the complex economic and housing problems that beset many areas, it provides a more comprehensive approach to the goal of a moderate standard of living for the disadvantaged. The changed approach of this legislation and its attention to the elimination of delays in getting funds to communities with special emphasis on local initiation of development is commendable. Open application by any unit of local government and accessibility of monies through entitlement funds or discretionary funds provide extensive support for general and special community needs.²

The law serves to stimulate community rehabilitation through the incorporation of the requirements that attention be given to housing needs of those of low and moderate income, to citizen involvement and to compliance with civil rights laws. The basic requirements for applications reflect the spirit and intent of the law. These include a housing assistance plan, community development program and certifications that include various civil rights assurances.³

The key question about the Community Development Block Grant (CDBG) program in Louisiana is whether the program is being administered in a manner that will achieve the intent of the law.

One measure of the extent to which the law achieves its purpose is through a grass roots look at

its operation. Investigation of the CDBG program in Louisiana by the Louisiana Advisory Committee provides an opportunity to examine at least one local government in the State and its response to the mandate of the Act.

This report is part of a comprehensive national study of housing by the United States Commission on Civil Rights and is based in part on a previous investigation of the block grant program in Louisiana including a staff report to the Louisiana Advisory Committee that examined the distribution, use and impact of the block grant funds in the State during the first three years of the program.⁴ In order to obtain a closer look at the operation of the program as it is viewed by those directly affected by it, the Louisiana Advisory Committee to the U.S. Commission on Civil Rights held an open meeting in Shreveport in May, 1979.

Numerous Federal, State and local officials with an interest in the program were invited to the open meeting. Chapter IV of this report reviews the issues raised by the citizens in Shreveport and makes an effort to evaluate the effectiveness of the program in this municipality. To be sure, those directly involved in the day-to-day operation and the recipients of the services are best qualified to evaluate the program, its effectiveness and impact.

During the course of the two-day open meeting, statements were received from local, State and Federal officials regarding the block grant program. In addition, local community and civil rights leaders gave their evaluation of the block grant program in Shreveport. The Committee felt that the information

¹ 42 U.S.C.A. §5301 et seq. (Supp. 1980), amending 42 U.S.C.A. §5301 et seq. (1974).

² 42 U.S.C.A. §5303(a)(1) (Supp. 1980).

³ 42 U.S.C.A. §5304 (Supp. 1980).

⁴ Louisiana Advisory Committee to the U.S., Commission on Civil Rights, *The Use of CDBG Funds in Louisiana: An Assessment* (May, 1979).



received would present a realistic picture of the positive, as well as the negative aspects of the program as it is currently being carried out. Chapter II of this report gives a simplified analysis of the Act and its implementing regulations, while Chapter III provides facts and figures regarding the operation of the program in Louisiana during the first five years.

Hopefully, the data gathered previously and the impressions and facts obtained at the open meeting will enable the citizens of Louisiana and their public officials to objectively evaluate the programs and make a renewed effort to carry out the program in a manner that will meet the local and national goals intended by Congress upon passage of the Act.



The Housing and Community Development Act of 1974 As Amended and What It Means in Louisiana

*... a decent home and a suitable living environment for every American family.*¹

Making sure that every American family has a decent place to live has been an ideal pursued by the United States Congress for many years. This was demonstrated in the 1960's by the numerous grant programs that were administered by the Department of Housing and Urban Development (HUD). Of all these individual grant programs, probably the ones best known were Urban Renewal and Model Cities. There were problems with these programs and it became evident that the objective was not being met as well as it could be. Congress changed from categorical grants to block grants in 1974, which allowed basically the same type of projects to be undertaken but with more comprehensive planning and with more local control over the activities. With the passage of the Housing and Community Development Act of 1974 and its amendments in 1977,² Congress attempted to simplify getting federal money into the communities for community development projects.

Emphasis was placed on the metropolitan areas by designating that 80 percent of all funds allocated under this Act be for these areas. This provision has serious ramifications for rural States such as Louisiana that do not have the numerous metropolitan areas that other States have.³

This law attempts to develop a comprehensive strategy to meet the community development and

housing needs as identified by the local communities. Instead of HUD designing programs to fit the local communities, local governments and their communities decide what their priorities are and then request the necessary funds. The law is very clear, however, that any community development program funded under this Act has to be developed in such a way as to give priority to "activities which will benefit *low- and moderate-income* families, or aid in the prevention or elimination of slums or blight." (Emphasis added).⁴

There is also a provision in the law that allows the funding of activities when a particular urgency exists.⁵ Under these regulations each HUD area manager is authorized to maintain up to 15 percent of small cities discretionary funds allocated for use in funding projects to alleviate imminent threats to public health or safety.⁶

The emphasis, however, is on assisting low- and moderate-income families and the Act requires local governments to certify in their application that priority in their comprehensive development plan has been given to addressing the needs of persons with low and moderate incomes.

Who can apply for these funds? According to the Act of 1974, any unit of local government, such as a city, county, parish, or town can apply for block grant funds.⁷

Funds available under the block grant program are primarily classified as entitlement and discretion-

¹ Preamble, Housing and Urban Development Act of 1968, Pub. L. No. 90-448, 82 Stat. 476.

² 42 U.S.C.A. §5301 et seq. (Supp. 1980), amending 42 U.S.C.A. §5301 et seq. (1974).

³ 42 U.S.C.A. §53-6(a) (Supp. 1980).

⁴ 24 C.F.R. §570.302(1979); See also 42 U.S.C.A. §5305(a) (Supp. 1980).

⁵ 42 U.S.C.A. §5303(b) (Supp. 1980).

⁶ 24 C.F.R. §570.432 (1979).

⁷ 42 U.S.C.A. §5302(a)(1) (Supp. 1980).

ary. The entitlement funds are the most common because they are available for the larger metropolitan cities⁸ and for "hold-harmless" applicants (communities which were participating in the categorical grants programs between 1968 and 1972 such as Urban Renewal and Model Cities, etc.).⁹ The amount that a "hold-harmless" community receives is determined by the use of a formula that is based on the amount of funds that the community was receiving under the former individual grants. All hold-harmless funds were phased out after FY 1979.

Discretionary funds are designed to meet the special community development needs not covered in the entitlement portion of the legislation and are awarded at the discretion of the Secretary of HUD based on the requests made for these funds.¹⁰ The Small Cities program provides discretionary grants to finance community development projects in cities housing a population of less than 50,000 persons and that are not central cities in Standard Metropolitan Statistical Areas (SMSA). Small cities are awarded grants from discretionary funds on a competitive basis.¹¹ The cities having the greatest need and whose application best addresses the needs of persons of low- or moderate-income will receive funding. Small cities must submit a pre-application to HUD for either a comprehensive or single purpose grant, and may submit a formal application only if invited to do so. The applications received by HUD will then be divided into two general classifications: comprehensive and single purpose.

Pre-applications for comprehensive grants that are submitted to HUD are rated and scored on nine factors. These factors and the maximum point value assigned to each are in table 2.1.

The rating system for the single purpose grant is somewhat similar to that of the comprehensive grants.¹² In each case the review is based on the evaluation by HUD officials of each category on the application.

One additional item that is required of any applicant that has previously been funded, is a performance review. This type of review is conducted whether the application is a metropolitan or small city prior to the rating and ranking of the applica-

tions or the pre-applications by HUD officials. Performance is judged on these major factors:

1. Progress achieved and the amount of funds spent on approved community development activities.
2. Progress obtained in meeting goals as set out in the approved housing assistance plan.
3. Audit findings which show deficiencies that must be resolved, or must indicate that appropriate action is being taken to resolve the findings.
4. Monitoring findings must also be resolved.
5. Completion of previously funded programs by a cut-off date.
6. A HUD approved affirmative action plan.

The two major types of applicants are entitlement cities and small cities. To be considered an entitlement applicant, a unit of local government must be:

1. a city with a population of 50,000 or more; *or*
2. an urban county (parish) with a population of 200,000 or more; *or*
3. a "hold-harmless" community.¹³

The first step in seeking funds under this Act is submitting an application. There are basic requirements that each application must contain. These are:

1. Community Development Plan
2. Community Development Program
3. Housing Assistance Plan
4. Certification¹⁴

The *Community Development Plan* identifies the needs in the area of housing and community development and then proposes a three-year strategy for meeting those needs as well as short-range activities to be undertaken within the first year.¹⁵ In the *Community Development Program*, an applicant describes the program that is designed to meet the needs described earlier. All the specific activities and the target areas are described fully.¹⁶ Because of the importance of housing, a *Housing Assistance Plan* is also required as a part of the application. This plan must include a survey identifying all housing units which are in a deteriorated condition and those suitable for rehabilitation, a goal for the number of lower income persons to be assisted, and the locations for proposed new construction and rehabilitation activities.¹⁷ A cost summary is also required which lists the specific activities and the cost of

⁸ 42 U.S.C.A. §5306 (Supp. 1980).

⁹ Ibid.

¹⁰ 42 U.S.C.A. §5307 (Supp. 1980).

¹¹ 24 C.F.R. §570.420 (1979).

¹² 24 C.F.R. §570.424 (1979).

¹³ 42 U.S.C.A. §5306 (Supp. 1980).

¹⁴ 42 U.S.C.A. §5304 (Supp. 1980).

¹⁵ Ibid., §5304(a)(1).

¹⁶ Ibid.

¹⁷ 42 U.S.C.A. §5302(a)(4) and U.S. Department of Housing and Urban Development, *Summary of the Housing and Community Development Act of 1977* (1977), p. 4.

TABLE 2.1**Comprehensive Grants Rating Factors**

1. NUMBER OF POVERTY PERSONS (Number of persons whose incomes are below the poverty level as established by the Bureau of the Census.)	100 Points
2. PERCENT OF POVERTY PERSONS (Percentage of total population that falls below the poverty level according to the Bureau of the Census.)	50 Points
3. NUMBER OF SUBSTANDARD HOUSING UNITS (Need is measured by the number of units which lack plumbing or are overcrowded.)	30 Points
4. PERCENT OF SUBSTANDARD HOUSING UNITS	20 Points
5. IMPACT OF PROPOSED PROGRAM (The impact will be measured according to the design criteria selected by the applicant from 11 possible criterion which HUD has developed. The results are measured in light of the amount of monies requested, the persons to be benefitted, the degree and nature of the benefit and other past and future actions needed to address the problem.)	400 Points
6. BENEFIT TO LOW- AND MODERATE-INCOME PERSONS (Percentage of funds which will benefit low- and moderate-income persons.)	200 Points
7. A. PERFORMANCE IN HOUSING (Performance in housing is generally judged on the success of providing units for low- and moderate-income families in areas outside of concentrations of the poor and minorities. Other factors examined include degree to which a fair racial mix exists in housing, and the enforcement of a fair housing ordinance.)	100 Points
7. B. PERFORMANCE IN EQUAL OPPORTUNITY IN EMPLOYMENT (To obtain points under this section, an applicant must demonstrate that the percentage of its contracts based on dollar value awarded to minority owned, controlled or managed businesses within the last two years or the percentage of its employees is greater than the percentage of minorities living within the applicants' geographical limits.)	50 Points
8. HOUSING OPPORTUNITY PLAN (To be awarded points in this category, the applicant must be participating in a HUD-approved areawide housing opportunity plan.)	50 Points
9. HOLD-HARMLESS PROVISIONS (Points will be given to a community that has an on-going community development program that is subject to being phased out.)	25 points

each. One of the most important parts of the application is the required *Certification*. An applicant must certify that it will comply with a series of "assurances" as provided by HUD. The most significant of these are that it will comply with federal laws which prohibit discrimination in programs funded with federal money;¹⁸ that priority is given to activities which will benefit low- and moderate-income families or aid in the prevention of slums and blight; that requirements of the Davis-Bacon Act¹⁹ regarding payment of the "prevailing wage" will be followed; and, that a plan to obtain citizen participation has been developed.²⁰

Citizen participation was given special attention by HUD in 1977 because of its importance to the development of any community development project. Citizens must be able to have input into the kinds of activities that are funded under this Act because one of the objectives of the law is to allow more local control and involvement by low- and moderate-income persons. A unit of government now must have a *written* plan for citizen participation prior to the *development* of the pre-application for small cities and the application for entitlement cities. It is not enough to give lip service to the idea of citizen participation. Public hearings must be held to obtain the views of citizens, especially those having low and moderate incomes and/or living in blighted areas. Posting of public notices is not sufficient and affirmative efforts to obtain participation must be demonstrated. Citizens must also be given adequate information on the amount of monies available and the type of activities that are fundable. Citizens, according to the law, are to be encouraged to submit their views and proposals.²¹

The federal regulations do not impose specific requirements as to exactly what a community must do to assure citizen participation and thus there is a great deal of discretion left up to the grant recipient. This is a function that is to be monitored by the HUD area office. The HUD regional office plays no part in the monitoring unless a complaint is received

by the regional office alleging discrimination in the procedures used to comply with the requirement that citizen participation be allowed.²²

If a citizen was not able to participate in the public hearings or participated and still objects to the application that is being submitted, he or she will have an opportunity to send his or her objections in writing to the HUD area office in New Orleans Louisiana. The local government must publish a notice when the application is submitted to HUD for its consideration. Citizens have 30 days from the date on which notice is published to send their comments to HUD.²³ (However, Section 570.303 (f) of the *Code of Federal Regulations* (1979) states that HUD will consider objections submitted at any time.) Area offices deal only with complaints alleging that the needs as stated by the city are not appropriate or that the figures in the application are not accurate.

All the requirements discussed above are important because non-compliance with any of these can be the basis for an application being disapproved. Special scrutiny is always given to the group standing to receive the most benefit to assure that people of low and moderate incomes are not bypassed.²⁴

Basically, the application process for both entitlement cities and discretionary/small cities is very similar. Both must submit their applications to areawide agencies commonly called "A-95 review agencies" for review. In Louisiana these A-95 reviews will be conducted by the regional and the metropolitan clearinghouse agencies. When this review is completed and the changes suggested are made, the application is submitted to the State Office of Planning and Technical Assistance of the Department of Urban and Community Affairs which is the clearinghouse at the State level. For Discretionary/Small Cities Program it may be submitted to the HUD area office at the same time for review.²⁵ Entitlement cities must complete the A-95 process before submission to HUD. There are some minor

¹⁸ Title VI of the Civil Rights Act of 1964, which makes discrimination in Federal programs and federally-assisted activities illegal, 42 U.S.C.A. §2000d (1964); Title VIII of the Civil Rights Act of 1968, the Fair Housing Law, which makes it illegal to refuse to sell, rent or finance housing because of a person's race, color, religion or national origin, 42 U.S.C.A. §3601 et seq. (1968); Section 109 of the Housing and Community Development Act of 1974, which provides that no person in the United States shall on the grounds of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with Title I funds, 42 U.S.C.A. §5309(a) (1974); Section 3 of the Housing and Urban Development Act of 1968 pertaining to training and employ-

ment opportunities for low-income people, 12 U.S.C.A. §1701(u) (Supp. 1980); and Executive Order 11036 and 11246 relating to equal opportunity in employment in federally-assisted projects.

¹⁹ 40 U.S.C.A. §276(a) (1964).

²⁰ 42 U.S.C.A. §5304(a)(6) (Supp. 1980).

²¹ *Summary of the Housing and Community Development Act of 1977* p. 3, and 42 U.S.C.A. §5304(a)(6) (Supp. 1980).

²² 42 U.S.C.A. §5304(a)(6) (Supp. 1980).

²³ 24 C.F.R. §570.303 (1979).

²⁴ *Summary of the Housing and Community Development Act of 1977*, p. 5.

²⁵ 42 U.S.C.A. §5304(e) (Supp. 1980).

differences in the application procedures for entitlement and small cities, but the most significant is that an entitlement grantee is assured a specific level of funding for a certain period of time. Once an application is approved, funding is assured if the grantee performs satisfactorily and funds are available. Grantees must resubmit an application each year. Smaller cities must compete for funds and can receive two types of grants: single purpose and comprehensive. A grant for a single purpose includes funds for one year while a comprehensive grant assures funding for a period of three years, subject to performance capacity, approvable application and availability of funds. Before a small city can submit an application to HUD, a pre-application must be developed and approved by the A-95 agency and HUD. If the pre-application ranks highly enough, the city will be invited to submit an application to HUD. In some ways, the small cities are at a disadvantage because these grants are competitive and there is often a greater demand than available funds.²⁶

In recognition of the special problems that small cities have, the 1977 amendments authorized a study of small cities to determine their developmental needs and provide a basis for additional improvements in the type of assistance that is provided for them.²⁷

Of special interest to the Louisiana Advisory Committee to the U.S. Commission on Civil Rights were the equal opportunity and civil rights aspects of the Community Development Act of 1974 as amended. HUD has authority to monitor local governments awarded grants to assure that they do, in fact, adhere to a policy of non-discrimination as they have certified in their application that they

would.²⁸ HUD area offices can schedule on-site visits or make unscheduled visits to the grant recipients. All entitlement cities are reviewed annually while the smaller cities are reviewed to the degree that staffing allows.

In addition to monitoring, HUD is also given the power to conduct more extensive compliance reviews of all facets of the programs funded. This, of course, includes anti-discrimination aspects of the law. If a program is found to be in non-compliance and efforts fail to correct the deficiency, then HUD has several remedies available to it.²⁹

A report issued by HUD in March 1978 explains the types of action that HUD area offices have taken after discovering deficiencies in program operations. In most instances, about 90% of these cases, warning letters were sent to recipients. These letters explained to the recipient that a deficiency had been found, the remedial action that must be taken and the time limit to correct the problem. In more serious cases, HUD has acted to disapprove, reduce, substitute, reprogram funds, suspend projects and give only conditional approval of applications.³⁰

While HUD may terminate or redirect funds, or refer the matter to the Attorney General for litigation,³¹ this is rarely done. According to Victor Hancock, Regional Director for Community Planning and Development, (HUD) he knows of no instance in Louisiana in which funds have been terminated.³² It is interesting to note that numerous lawsuits have been filed throughout the United States, by community groups challenging the programs funded under this Act. This increase in litigation appears to be a trend that is developing as people learn more about the Community Development Act, and their rights under this law.³³

²⁶ 24 C.F.R. §570.420 (1979).

²⁷ *Housing and Community Development Act of 1977* Title I, sec. 113, Pub. L. No. 95-128.

²⁸ U.S. Department of Housing and Urban Development, *Community Development Block Grant Program: Second Annual Report* (1976), p. 140.

²⁹ 42 U.S.C.A. §§309 and §5311 (1974).

³⁰ U.S. Department of Housing and Urban Development, *Community Development Block Grant Program: Third Annual Report* (1978), p. 29.

³¹ 42 U.S.C.A. §5311 (1974).

³² Transcript, Vol. I, p. 59 [Evangeline Parish (B-77-DN-22-0094) was terminated on May 16, 1980 and East Feliciana Parish (B-77-DN-22-0141) on July 30, 1979. Both were for non-performance or non-execution of their programs. The terminations were by mutual consent of the grant recipients and HUD.]

³³ See for example, *City of Hartford v. Hills*, 408 F. Supp. 889 (D. Conn. 1976).



The Distribution and Use of Community Development Block Grant Funds in Louisiana

Overview

The purpose of this chapter is to examine how Community Development Block Grant (CDBG) funds have been used in Louisiana over the past five years.

From 1975 through 1979, the State of Louisiana has received over \$270 million in funds under this program.¹ Over 100 communities and 48 parishes have received some sort of assistance from the block grant program. These communities have ranged in size from small towns having less than 500 people to large cities having populations in excess of 200,000.² Virtually every part of the State has been affected in one way or another by this program.

Program Status

Under the Community Development Act of 1974, there are basically five separate funding categories.³ In addition to the Entitlement and Discretion-

ary/Small Cities categories as described in Chapter II, the program includes the Secretary's Fund, Urgent Needs (Financial Settlement Grant) and the Urban Development Action Grant (UDAG).⁴ Under the Small Cities program there are two additional categories. One category allocates funds for metropolitan areas and the other provides funds for non-metropolitan and rural areas. Most funds to the States come under these two categories. This report concentrates mainly on the Entitlement and Discretionary portions of the block grant program.

Table 3.1 describes the overall funding distribution for the State over a five-year period by category. Since 1975, the State has received over \$180 million in Entitlement funds. This figure represents over 65 percent of the total block grant allocation provided to the State from 1975 through 1979. Discretionary funding under the Small Cities program accounted for another 29 percent of the

¹ William A. McCartney III, Acting Director, New Orleans Area Office, U.S. Department of Housing and Urban Development, Letter to Ernest Gerlach, June, 1980.

² Ibid.

³ Another category is "Hold Harmless." Communities in this category participated in the categorical grant programs between 1968 and 1972 prior to the passage of the 1974 Housing and Community Development Act. The amount of funds that cities in this category received were based on the amount they received under the various categorical programs. In Louisiana there were two cities designated as Hold Harmless—New Iberia and Natchitoches. All Hold Harmless funds were phased out in FY 1979. Both New Iberia and Natchitoches were converted to comprehensive cities under the Small Cities program.

⁴ *Secretary's Discretionary Fund*

A fund maintained by the Secretary of HUD for CDBG activities to be funded at his/her discretion. Two percent of each annual CDBG appropriation is set aside for the Secretary's Discretionary Fund. Discretionary funds may be used for (1) new communities, (2) areawide programs, (3) assistance to Guam, the Virgin Islands, American Samoa and the Trust Territory of the Pacific Islands, (4) innovative projects, (5) disaster relief, (6) to correct funding inequities and (7) for Indian programs.

Urgent Needs (Financial Settlement Grant)

A grant made to eligible localities from a fund established for the three-year transition from categorical to block grants. All categorical programs replaced by block grant funding are included, except for Model City grants and Public Facility loans. Localities may apply for a Financial Settlement Grant if they have a project in their jurisdiction which had been assisted under one of the terminated categorical programs and for which no other financial assistance is available.

Urban Development Action Grant (UDAG)

A grant made for the support of severely distressed cities and urban counties to help alleviate physical and economic deterioration through reclamation and through revitalization of communities where such cities and urban counties require increased public and private assistance. UDAG's are aimed at providing some additional federal assistance to induce major investors to locate in cities, and thereby providing additional jobs. Small Cities may seek leverage with private investment in their communities by using UDAG funds to provide necessary infrastructure improvements.

U.S. Department of Housing and Urban Development, *Grow, Change or Die! Understanding the Community Development Block Grant Program and the Urban Development Action Grant Program*. HUD National Training Center, Columbia, Maryland (n.d.) p. 2. and pp. 7-8. See also, 42 U.S.C. §5303(b), and 5306, and 5307 (Supp. 1980).

TABLE 3.1**Summary of CDBG Funding for Louisiana 1975-1979**

	1975	1976	1977	1978	1979	Total 1975-1979	%
Entitlement	\$24,372,523	\$29,717,189	\$39,102,493	\$43,139,000	\$47,042,839	\$183,374,044	65.9
Discretionary							
(Small cities)	9,334,000	12,301,000	15,523,000	18,976,000	24,937,438	81,071,438	29.2
Non-Metro	7,775,000	9,907,000	12,613,000	14,775,000	18,652,123	63,722,123	22.9
Metro	1,559,000	2,394,000	2,910,000	4,201,000	6,285,315	17,349,315	6.3
Secretary's Fund	0	0	234,520	150,000	100,000	484,520	0.1
Urgent Needs	140,000	139,403	0	0	0	279,403	0.1
UDAG	0	0	0	3,800,000	9,189,644	12,989,644	4.7

Source: U.S., Department of Housing and Urban Development, New Orleans Area Office, *CDBG Entitlement and Discretionary (Small Cities) Funding Reports—Louisiana, 1975, 1976, 1977, 1978, 1979*. Computer Printouts

total funding with the other three programs making up the remainder. More than \$80 million have been distributed under the Discretionary/Small Cities program over the five-year period with nearly 80 percent of these funds being directed to non-metropolitan areas. (See table 3.1)

Program Recipients

In the State of Louisiana, there are about 370 jurisdictions of various sizes eligible to receive block grant funds. This total includes the State of Louisiana, 64 parishes and 305 cities, towns, and villages. With the approval of the FY 79 funding allocation by the U.S. Department of Housing and Urban Development slightly over half or a total of 190 jurisdictions have received block grant funds during

the first five years of the program's operation. Of this total, nine cities and one parish have been designated as entitlement recipients and the rest have been classified as discretionary/small cities.* Of the 180 discretionary/small cities recipients, 48 are parishes and the rest are cities and towns.⁵

Figure 3.1 shows the location of the entitlement recipients in Louisiana by parish and planning district. Table 3.2 lists the ten recipients, the amount of funding they have received since 1975, and the total amount of funds that have been used as of April, 1980. About 58 percent of all the funds provided to these ten recipients over the five years have been used. The drawdown⁶ rate of 68 percent

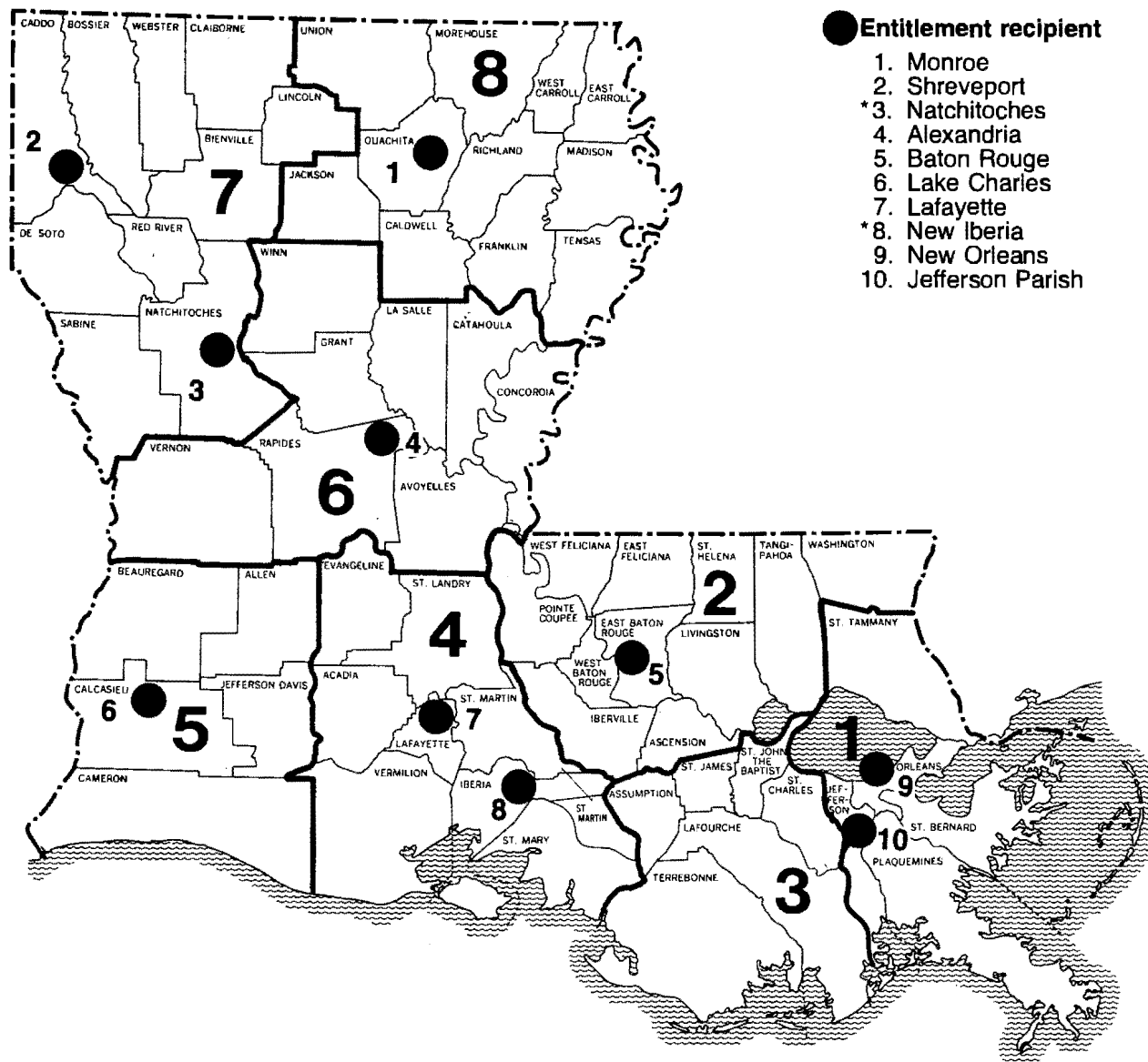
* Both New Iberia and Natchitoches were designated as hold harmless cities. In 1980 both were converted to comprehensive, also the city of Kenner in Jefferson Parish was designated as an entitlement city. U.S. Department of Housing and Urban Development, New Orleans Area Office, Duvernay letter, dated July 16, 1980.

⁵ U.S. Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division, FY 75-79. Computer Printouts. Entitlement and Discretionary Recipients.

⁶ Drawdown is the funds grantees have actually spent and requested payment by the U.S. Treasury.

FIGURE 3.1

Location of Entitlement Recipients by State Planning District and Parish



*hold harmless cities converted to comprehensive in 1980.

Source: U.S., Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division.

TABLE 3.2**CDBG Entitlement Recipients Louisiana Funding Profile FY 1975-1979**

Entitlement Recipient	1975	1976	1977	1978	1979	Total	Total Draw Down	% Of
Alexandria	\$ 326,000	\$ 861,000	\$ 1,435,000	\$ 1,502,000	\$ 1,617,000	\$ 5,741,000	\$ 4,592,800	80.0
Baton Rouge	2,029,000	3,366,224	5,567,000	5,732,000	7,042,857	23,737,081	22,075,485	93.0
Jefferson Parish	1,452,000	3,214,000	5,458,000	5,654,000	6,108,000	21,886,000	12,912,740	59.0
Lafayette	553,000	1,007,000	1,677,000	1,752,000	1,887,000	6,876,000	5,775,840	84.0
Lake Charles	1,678,000	1,698,580	1,783,000	1,847,000	1,982,000	8,988,580	7,011,092	78.0
Monroe	1,415,000	1,471,000	1,634,493	1,717,000	1,848,000	8,085,493	5,902,410	73.0
*Natchitoches	626,399	563,000	563,000	366,029	183,000	2,301,428	1,979,228	86.0
*New Iberia	443,124	291,000	291,500	189,000	94,000	1,308,624	1,308,624	100.0
New Orleans	14,808,000	14,710,385	16,510,000	20,016,000	20,155,000	86,199,385	52,581,625	61.0
Shreveport	1,142,000	2,535,000	4,184,000	4,364,000	5,995,592	18,220,592	11,114,561	61.0
Total	\$24,472,523	\$29,717,189	\$39,102,993	\$43,139,029	\$46,912,449	\$183,344,183	\$125,254,405	68.0

Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division, Feb., 1979

Note: Drawdown is of April, 1980.

*Designated as hold harmless city.

compares favorably with the national and regional averages.⁷ The individual drawdown rates, however, range from a high of over 90 percent for New Iberia and Baton Rouge to a low of 59 percent for Jefferson Parish. Two other recipients—New Orleans and Shreveport—had drawdown rates below the State average of 68 percent. The drawdown rate is used as a criterion for evaluating a grantee's ability to implement programs in a timely manner. In some cases the completion of planned activities for one year is necessary before the next year's activities can begin. For example, the drainage and curbing phase of a project must be completed before street paving can begin, or relocation must be accomplished before public works or demolition projects can commence.

Figure 3.2 shows the number of block grant recipients by parish and planning district. The largest number of recipients are located in the south central and central portions of the State. Over a five-year period, 47 recipients in District 4, and 33 in District 2 have received funding. Together, these two districts accounted for about 42 percent of all the recipient communities in the State. The next largest district with respect to number of recipients is District 8 located in the northeastern part of the State. (See figure 3.2)

Of the States' 64 parishes, only two—Cameron and Plaquemines—did not have any communities receiving block grant funds as of January 1980. St. Landry Parish located in District 4 had the largest number of recipients receiving block grant funds over the last five years.⁸ Acadia, Lafayette and Vermillion parishes in the same district each had six recipients over the study period. Only two other parishes had more—Natchitoches and Rapides—with seven recipients each. (See figure 3.2)

Table 3.3 describes the distribution of block grant funds by parish for the five-year period. Total funding by parish for the period ranged from a low of \$129,000 for St. John the Baptist Parish in District 3 to more than \$86 million for Orleans Parish in District I. As Table 3.3 clearly points out, Orleans Parish, which encompasses the City of New Orleans, received nearly 32 percent of all the block grant funds allocated to the State since 1975. The next five largest recipient parishes in rank order were: East

Baton Rouge (8.9%), Jefferson (8.1%), Caddo (7.1%), Calcasieu (5.2%) and Ouachita (3.6%). Three parishes—East Baton Rouge, Jefferson and Orleans—received nearly half of all the block grant funds in the State during this period. Four of the five had entitlement cities within their boundaries which account for the obvious concentration of block grant funds. In the fifth—Jefferson Parish—the parish itself has been designated as an entitlement recipient.

Figure 3.3 graphically describes the overall distribution of block grant funds by funding category and by parish planning district. Generally speaking, those parishes receiving the greatest amount of funds were located in the southern portion of the State which includes Districts 1 through 5. Outside this area, only Caddo Parish, which includes the City of Shreveport, in the extreme northwest received in excess of \$15 million in block grant funds over the 1975-79 time frame. Two other parishes in the northern and central portions received in excess of \$8.5 million over the same time frame—Ouachita and Rapides. (See table 3.3)

Two additional patterns can be defined. Running in north/south direction we have a large number of Category 2 parishes (see figure 3.3), i.e., they have received from \$1 million to 9 million over the past five years. A second pattern is found on a line running from Claiborne to Concordia parishes. These parishes, for the most part, fall into Category 3 or 4 with respect to total aggregate funding. Another interesting pattern is found in District 4. All of the parishes in this district with the exception of St. Mary Parish were in Category 2. This represents the highest concentration of parishes in the State in this category.

Use of Block Grant Funds: Entitlement and Discretionary Cities

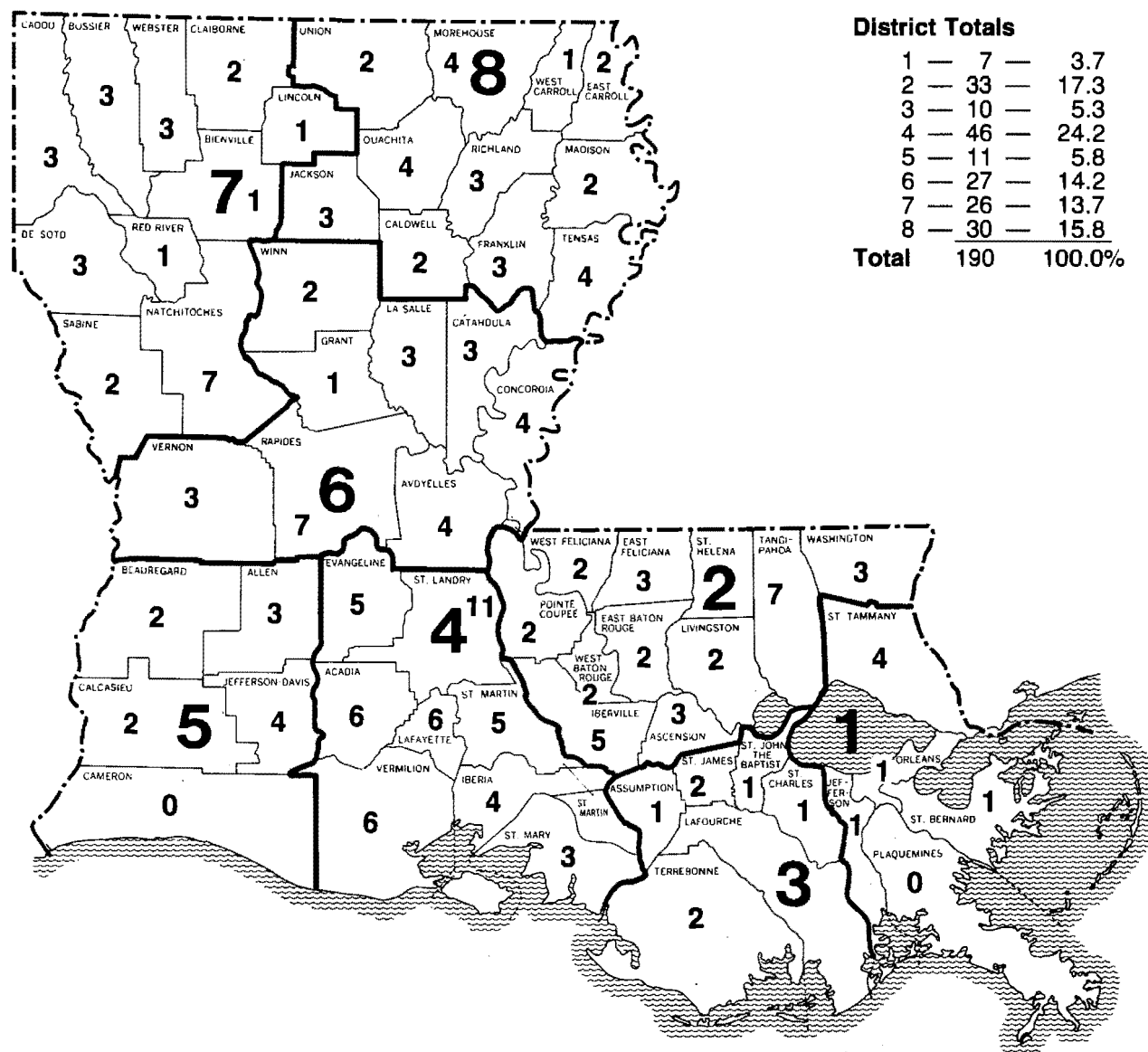
As pointed out earlier in table 3.1, the State has received over \$270 million in block grant funds since the inception of the program. Of this total, about \$183 million have been allocated to the State's ten entitlement recipients. Another \$81 million have been distributed to some 180 jurisdictions under the Discretionary/Small Cities program. As of April 1980, slightly over \$125 million or about 58 percent of all the entitlement funds have been used by the

⁷ U.S. Department of Housing and Urban Development, *Summary Data Compiled for Special Report*, New Orleans Area Office, Community Planning and Development Division, Feb., 1978. As of 1978 the overall drawdown rate for the Nation was 47 percent, and the overall rate for Federal Region VI which includes the States of Arkansas, Louisiana, Oklahoma, Texas and New Mexico was 44 percent.

⁸ Ibid. As of 1978 the overall drawdown rate for the Nation was 47 percent, and the overall rate for Federal Region VI which includes the States of Arkansas, Louisiana, Oklahoma, Texas and New Mexico was 44 percent.

FIGURE 3.2

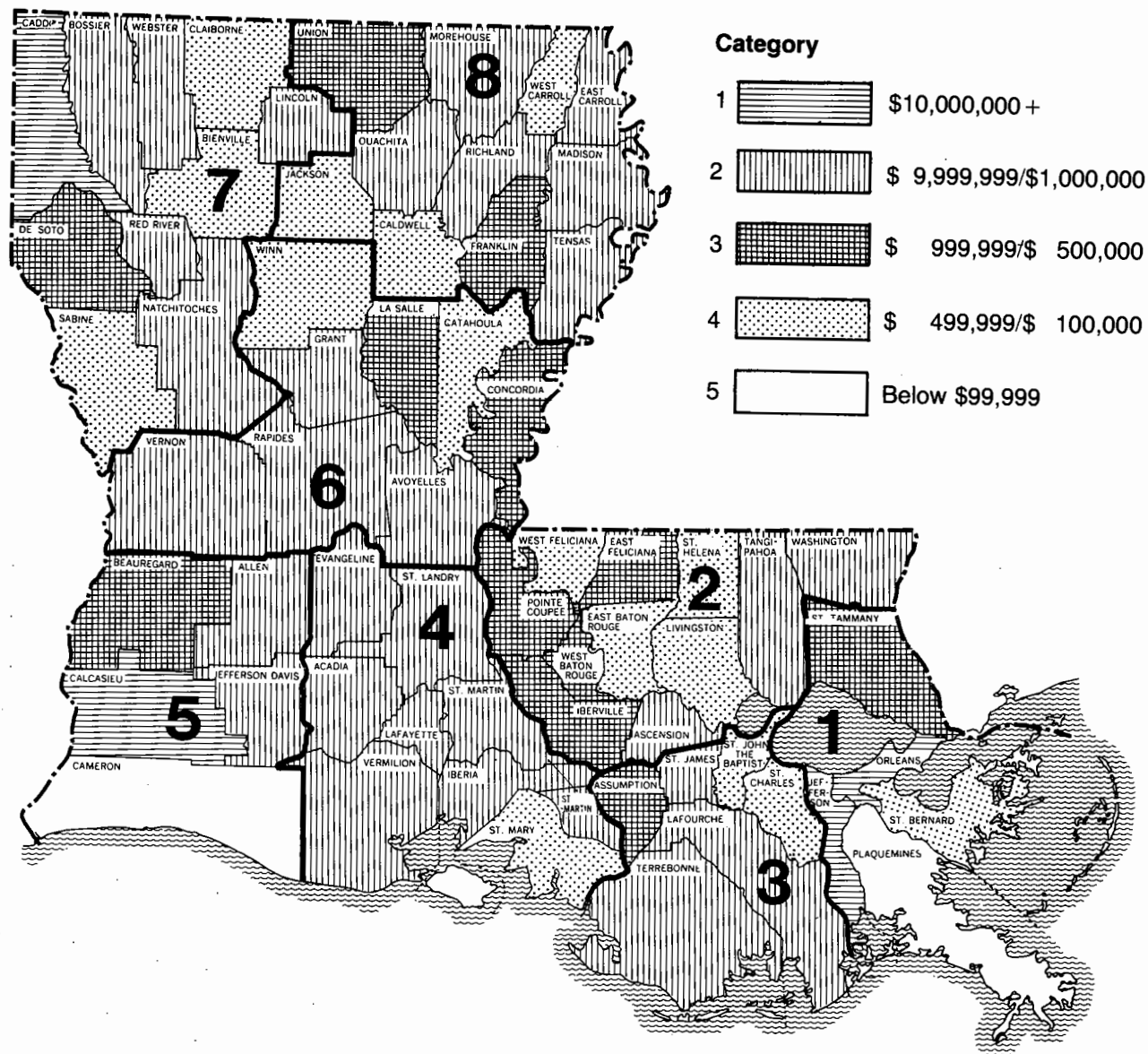
Number of CDBG Funded Governmental Recipients by Parish and Planning District—1975-1979



Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, *CDBG Entitlement and Discretionary (Small Cities) Funding Reports—Louisiana, FY 1975, 1976, 1977, 1978 and 1979*. Computer Printouts

FIGURE 3.3

Distribution of CDBG funds by Planning District & Parish: 1975-1979 A Summary



Source: Figure is based on Table 3—Data was derived from the U.S. Department of Housing and Urban Development, New Orleans Area Office.

TABLE 3.3**Distribution of CDBG Funds By Parish 1975-1979**

Parish	1975	1976	1977	1978	1979	Total 1975-79	%
Acadia	\$ 303,000	\$ 878,612	\$ 820,650	\$ 799,820	\$ 500,000	\$ 3,302,082	1.22
Allen	252,000	300,000	323,326	0	505,000	1,380,326	0.51
Ascension	100,000	150,000	322,064	0	750,000	1,322,064	0.48
Assumption	0	250,000	250,000	0	0	500,000	0.18
Avoyelles	205,000	85,742	0	0	993,000	1,283,742	0.47
Beauregard	250,000	100,000	0	0	501,000	851,000	0.31
Bienville	0	0	60,000	0	118,000	178,000	0.06
Bossier	114,000	165,000	440,144	687,200	1,008,800	2,415,144	0.89
Caddo	1,442,000	2,915,000	4,184,000	4,364,000	5,995,592	18,900,592	6.98
Calcasieu	1,825,000	1,927,000	2,061,000	6,397,000	1,982,000	14,192,000	5.24
Caldwell	170,000	0	0	0	0	170,000	0.06
Cameron	0	0	0	0	0	0	0.00
Catahoula	174,000	0	212,000	0	0	386,000	0.14
Claiborne	87,000	0	232,300	0	0	319,300	0.11
Concordia	214,630	46,540	202,000	500,000	0	963,170	0.35
De Soto	150,000	100,000	0	0	500,000	750,000	0.27
E. Baton Rouge	2,283,000	3,366,224	5,567,000	5,918,000	7,042,857	24,177,081	8.93
E. Carroll	100,000	150,000	502,123	750,000	307,877	1,810,000	0.66
E. Feliciana	40,000	385,000	250,000	0	0	675,000	0.24
Evangeline	331,000	478,612	477,250	750,000	0	2,036,862	0.75
Franklin	20,000	214,120	250,000	0	474,404	958,524	0.35
Grant	70,000	0	0	511,224	688,776	1,270,000	0.46
Iberia	608,124	1,241,000	1,048,500	2,439,000	1,594,000	6,930,624	2.56
Iberville	80,000	185,742	172,962	249,000	0	687,704	0.25
Jackson	159,000	100,000	101,000	0	0	360,000	0.13
Jefferson	\$ 1,452,000	\$ 3,214,000	\$ 5,458,000	\$ 5,654,000	\$ 6,108,000	\$ 21,886,000	8.09
Jefferson Davis	306,000	322,000	401,500	500,000	500,000	2,029,500	0.75
Lafayette	646,334	1,147,000	1,889,000	2,583,100	2,428,901	8,694,335	3.21
La Fourche	18,666	548,409	0	750,000	542,302	1,859,377	0.68
La Salle	125,000	0	0	0	673,000	798,000	0.29
Lincoln	0	250,000	250,000	0	750,000	1,250,000	0.46
Livingston	160,000	250,000	0	0	0	410,000	0.15
Madison	150,000	150,000	0	650,000	570,000	1,520,000	0.56
Morehouse	266,500	215,200	369,155	538,600	961,400	2,350,855	0.86
Natchitoches	955,877	1,520,500	875,595	1,355,619	672,305	5,359,896	1.98
Orleans	14,807,700	14,710,385	16,510,000	20,016,000	20,155,000	86,199,085	31.87
Ouachita	1,555,000	1,690,000	1,900,808	1,717,000	2,847,685	9,710,493	3.59
Plaquemines	0	0	0	0	0	0	0.00
Pointe Coupee	37,000	150,000	0	500,000	0	687,000	0.25
Rapides	488,000	1,187,000	1,828,000	2,013,224	3,412,838	8,929,062	3.30
Red River	287,564	150,000	431,800	586,210	523,790	1,979,364	0.73
Richland	100,000	101,000	0	0	1,261,000	1,462,000	0.54
Sabine	175,000	100,000	0	0	0	275,000	0.10
St. Bernard	0	161,000	0	0	0	161,000	0.05
St. Charles	0	240,000	250,000	0	0	490,000	0.18
St. Helena	0	250,000	0	0	0	250,000	0.09
St. James	0	350,000	0	750,000	571,732	1,671,732	0.61
St. John the Bapt.	129,000	0	0	0	0	129,000	0.04
St. Landry	718,300	1,014,354	677,933	250,000	0	2,660,587	0.98
St. Martin	245,000	400,000	1,022,120	1,014,000	0	2,681,120	0.99
St. Mary	188,195	200,000	0	0	0	388,195	0.14
St. Tammany	0	200,000	445,000	0	0	645,000	0.23
Tangipahoa	363,000	644,589	1,179,902	1,537,600	661,400	4,386,491	1.62
Tensas	326,000	0	0	359,800	1,790,000	2,475,800	0.91
Terrebonne	0	300,000	463,312	749,380	640,590	2,153,282	0.79

TABLE 3.3 (Continued)

Parish	1975	1976	1977	1978	1979	Total 1975-79	%
Union	\$ 91,000	\$ 0	\$ 499,000	\$ 0	\$ 0	\$ 590,000	0.21
Vermilion	250,000	250,000	1,098,905	750,000	1,295,000	3,643,905	1.34
Vernon	265,833	98,700	178,778	0	498,000	1,041,311	0.38
Washington	149,500	0	250,000	750,000	1,273,200	2,422,700	0.89
Webster	0	100,000	342,856	500,000	500,000	1,442,856	0.53
W. Baton Rouge	200,000	38,000	210,936	410,252	0	859,188	0.31
W. Carrol	200,000	0	0	0	0	200,000	0.07
W. Feliciana	198,000	100,000	171,700	0	0	469,700	0.17
Winn	125,000	100,000	0	0	0	225,000	0.08
Louisiana	0	0	250,000	0	0	250,000	0.09
Total	\$33,957,223	\$43,190,729	\$54,430,619	\$67,280,029	\$71,597,449	\$270,456,049	99.71

Source: Data was aggregated for 5 separate years based on computer printouts provided by the U.S., Department of Housing and Urban Development—Area Office, New Orleans.

ten entitlement recipients. Table 3.2 lists those recipients, the amount of funds each has received on an annual basis since 1975 and their overall draw-down rate.

The cumulative entitlement amount for each of the recipients ranges from a low of \$1.3 million to a high over \$86 million for New Orleans. The draw-down rate for each also varies significantly. For example, New Iberia and Baton Rouge had used over 90 percent of their entitlement funds as of April 1980. Jefferson Parish, on the other hand, has used only about 59 percent of its funds. Half of the ten recipients have used 80 percent or more of their cumulative grant. Three have utilized their funds at a rate under the overall average of 68 percent. These figures seem to indicate that, for the most part, the entitlement recipients are using their funds at a relatively good rate when compared to a national rate which is around 47 percent.⁹

Table 3.4 describes how these funds have been allocated by activity. Using a time frame ranging from 1975 through 1979, it is possible to determine the overall allocation of funds for 14 selected activity categories. Figure 3.4 graphically summarizes

the distribution of these funds for the five-year time frame. The one obvious finding that emerges from table 3.4 and Figure 3.4 is that most of the funds received by these ten jurisdictions have been used for public works, facilities and site improvements. In fact, nearly 54 percent of all entitlement funds have been programmed for this activity. However, for the sake of clarification, this category includes a number of different project categories such as water and sewer projects, open space, street improvements, general public works, flood protection and neighborhood facility construction.

The next two highest funded categories were rehabilitation loans and grants, and public services. Over the five-year period, some \$25 million have been provided for rehabilitation loans and grants. Another \$14.6 million have been allocated to support various public service projects. However, a large portion of this \$14.6 million has been allocated to only one recipient—New Orleans. (See table 3.4).

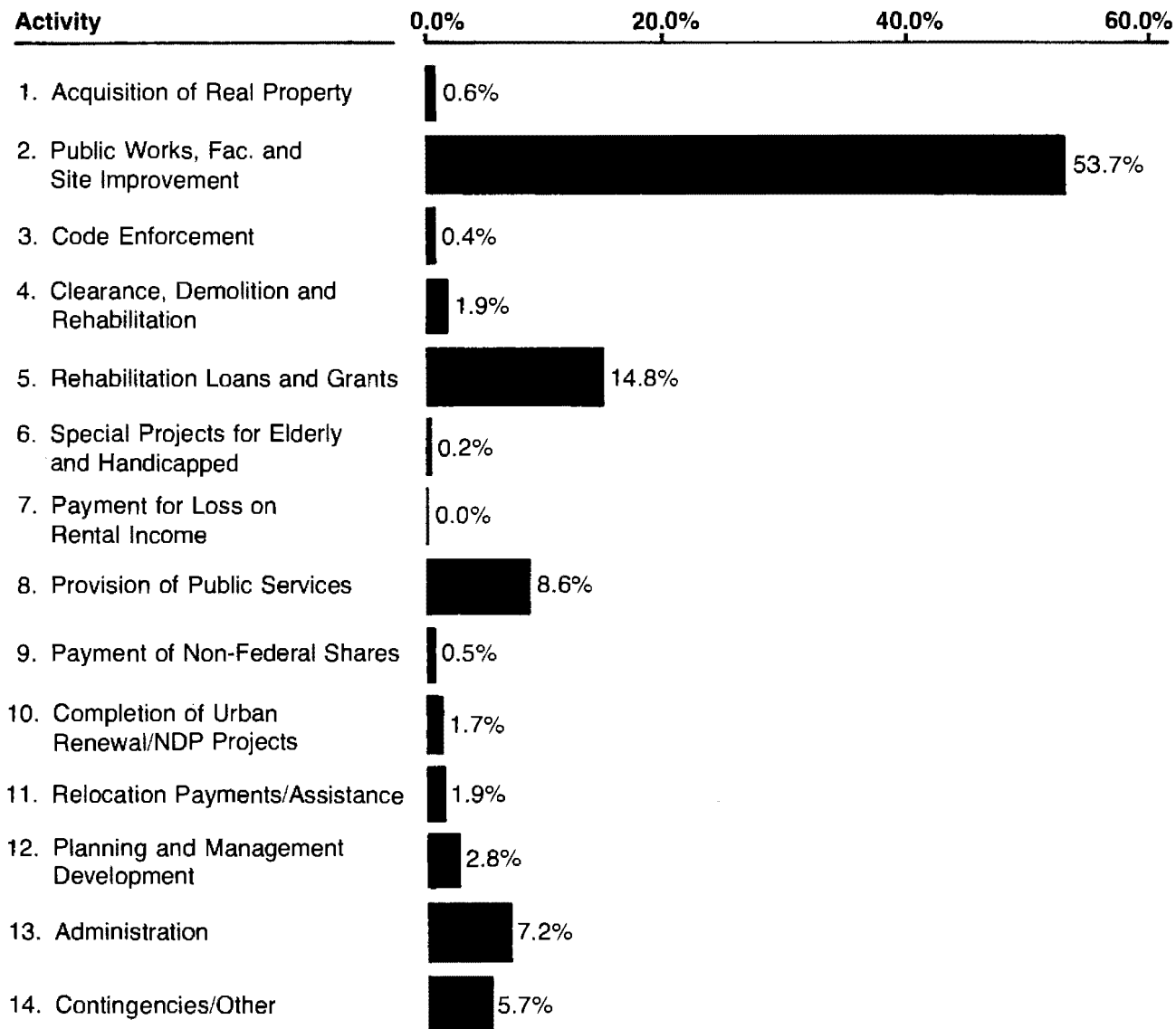
A significant portion of the total funding has also been used for administrative functions, and planning and management development. Overall, nearly 3 percent or about \$4.8 million have been used by the

⁹ Ibid.

TABLE 3.4**Funded Activities—CDBG Entitlement Cities—Louisiana 1975-1979
(Selected Activities)**

	1975	%	1976	%	1977	%	1978	%	1979	%	TOTAL	%
1. Acquisition of ¹ Real Property	\$ 184,790	0.8	\$ 13,492	0.0	\$ 100,000	0.3	\$ 633,000	1.7	\$ 100,000	0.2	\$ 1,031,282	0.6
2. Public Works, ² Facilities and Site Improvements	13,201,346	59.5	16,845,733	55.7	20,932,989	62.5	22,060,681	59.0	18,388,881	40.9	91,429,630	53.7
3. Code Enforcement	0	0.0	0	0.0	0	0.0	354,000	0.9	365,750	0.8	719,750	0.4
4. Clearance, ³ Demolition & Rehabilitation	752,000	3.1	857,727	2.8	537,500	1.6	652,000	1.7	368,000	0.8	3,167,227	1.9
5. Rehabilitation Loans/Grants	2,298,795	9.5	3,193,062	10.6	3,792,500	11.3	5,012,950	13.4	10,840,852	24.1	25,138,159	14.8
6. Special Projects ⁴ for the Elderly & Handicapped	0	0.0	5,000	0.0	60,000	0.2	105,000	0.3	155,000	0.3	325,000	0.2
7. Payment for Loss on Rental Income	3,000	0.0	2,000	0.0	0	0.0	2,000	0.0	2,000	0.0	9,000	0.0
8. Provision of Public Services	3,131,222	12.9	3,365,592	11.1	2,981,500	8.9	3,378,365	9.0	1,756,172	3.9	14,612,851	8.6
9. Payment of Non- Federal Shares	7,316	0.0	110,000	0.4	465,000	1.4	180,000	0.5	75,000	0.2	837,316	0.5
10. Completion of Urban Renewal/ NDP Projects	0	0.0	0	0.0	0	0.0	0	0.0	2,936,857	6.5	2,936,857	1.7
11. Relocation Payments/Assist.	280,390	1.2	455,800	1.5	1,318,875	3.9	444,000	1.2	781,400	1.7	3,280,465	1.9
12. Planning & Management Development	\$ 309,459	1.3	\$ 754,016	2.5	\$ 452,500	1.4	\$ 819,236	2.2	\$ 2,458,744	5.5	\$ 4,793,955	2.8
13. Administration	2,204,597	9.1	2,921,465	9.7	1,219,310	3.6	1,642,279	4.4	4,352,098	9.7	12,339,749	7.2
14. Contingencies	1,832,005	7.6	1,729,936	5.7	1,636,690	4.9	2,126,175	5.7	2,364,122	5.3	9,688,928	5.7
Total	\$24,204,920	100.0	\$30,253,823	100.0	\$33,496,864	100.0	\$37,409,686	100.0	\$44,944,876	100.0	\$170,310,169	100.0

Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, Summary of Funded Activities for Entitlement Cities, FY 75-79, Computer Printouts

FIGURE 3.4**Distribution of CDBG Funds by Activity—Louisiana Five-year Summary—
Entitlement Cities 1975-1979**

Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division.

various recipients to upgrade or develop new planning and management capabilities. Another 7 percent, about \$12.4 million, have been used to administer the block grant program in these communities. Finally, close to 6 percent of all funds have been set aside for contingencies or for other purposes. (See table 3.4)

Over the years, spending priorities in these entitlement jurisdictions have changed considerably. For example, the proportion of funds allocated for public works, facilities and site improvement declined after reaching a high of nearly 63 percent in 1977. In 1979 only about 41 percent of all funds provided by the block grant program were used for this activity. Conversely, the proportion of funds devoted to housing rehabilitation loans and grants increased dramatically from 1975 to 1979. There has also been a significant increase in the amount and proportion of funds used for planning and management development over the five-year period. (See table 3.4)

There have also been changes in spending priorities in those communities receiving discretionary funding under the Small Cities program. As explained earlier, this program is based on a competitive ranking system whereby each application is rated by staff in the HUD Area Office on the basis of certain criteria and ranked accordingly. Where an applicant is situated within the overall ranking sequence depends on how well it meets the various criteria established by HUD, as identified in Chapter II.

Table 3.5 shows how these funds have been allocated for a five-year period by project category. There are 33 categories overall. The 19 categories in this table are the most important with respect to total funding. Figure 3.5 graphically summarizes the data presented in table 3.5.

Over the five-year period more than 800 projects throughout the State have been funded through the Small Cities/Discretionary program. (See table 3.5) Six project categories—rehabilitation loans and grants, water projects, sewer projects, open space, street improvements and neighborhood facilities—accounted for over 80 percent of all funding allocated under this program. By far the largest proportion of funds were allocated to street improvements. About \$21.5 million or nearly 27 percent of all discretionary/small cities funds were used to repair and upgrade streets and highways. The next highest

category was housing rehabilitation loans and grants. This category received over \$15.3 million or about 19 percent of the total funding over the five year time frame. (See table 3.5)

During the third year of the program funding for street improvements increased dramatically to over 35 percent of the total allocation of \$15.7 million.

The amount of funds devoted to rehabilitation loans and grants also increased significantly. For example, in 1975, only 2.3 percent of all the funds in that year were allocated to this category.

In 1979, the total amount of funds used for housing rehabilitation loans and grants increased to \$6.5 million or slightly over 27 percent of the total funding base. Despite this tremendous increase, the highest proportion of funds was allocated to street improvements in 1979. About \$7.4 million or 31 percent of the overall funding was devoted to this category.

Broadly speaking, there appears to have been a substantial shift in funding priorities over the five year period. Perhaps the most dramatic changes occurred in the increased amount of funds set aside for property acquisition, relocation, housing rehabilitation loans and grants, street improvements and administrative functions.

Balancing these rather significant increases were substantial decreases in the proportion of funds set aside for water and sewer projects, open spaces and the construction of neighborhood facilities. For instance, the proportion of funds set aside for water projects declined from 33 percent in 1975 to only about 6 percent in 1979. There was a similar decline in the proportion of block grant funds allocated for neighborhood facilities. In 1975 over 19 percent of all the funds were set aside for this activity. By 1979 only about 4 percent of the total funding was used for the construction of neighborhood facilities. (See table 3.5)

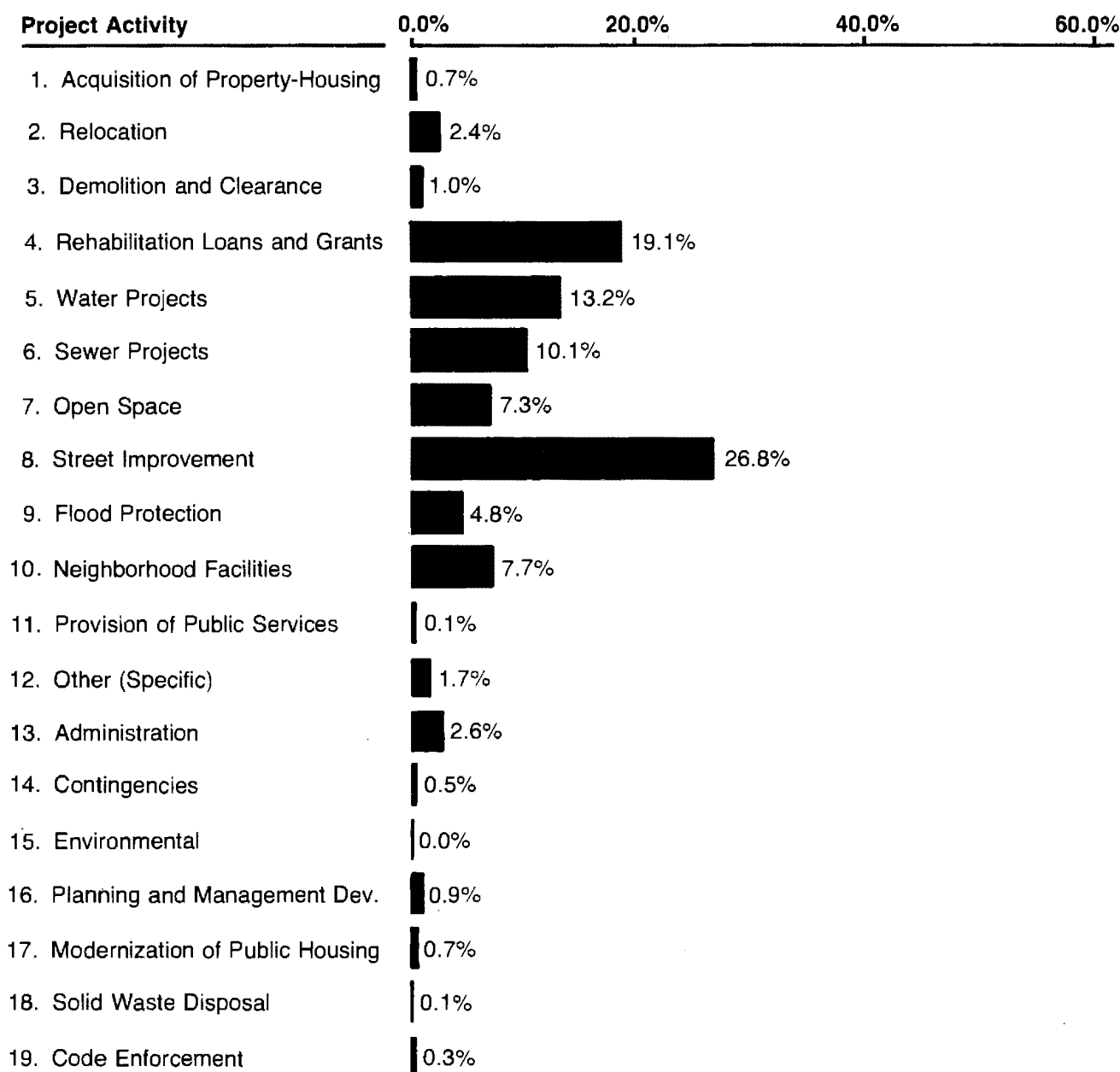
Since 1975 the number of projects and recipients of block grant funding has increased. There has also been a significant increase in the amount of funds distributed under this program. However, with modifications in the program and its division into comprehensive and single purpose categories, there have been shifts in funding priorities. Another trend has been to allocate larger shares to each of the applicants being funded.

TABLE 3.5**Distribution of Discretionary (Small Cities) Funds by Selected Activity—Louisiana
1975-1979**

	Re- cip	1975 Funds	%	Re- cip	1976 Funds	%	Re- cip	1977 Funds	%	Re- cip	1978 Funds	%	Re- cip	1979 Funds	%	Total Expenditures 1975-1979	% of Total
Acquisition of Real Property-Housing	1	\$ 2,910	0.0	0	\$ 0	0.0	1	\$ 50,000	0.3	3	\$ 97,000	0.5	11	\$ 414,500	1.7	\$ 564,410	0.7
Relocation	0	0	0.0	1	10,000	0.1	4	64,000	0.4	9	804,500	4.3	14	1,010,500	4.2	1,889,000	2.4
Demolition & Clear	1	34,500	0.4	3	71,500	0.6	5	37,792	0.2	15	345,833	1.9	18	302,327	1.3	791,952	1.0
Rehabilitation Loans & Grants	4	216,000	2.3	6	403,850	3.3	32	2,888,500	18.4	29	5,263,082	28.2	37	6,548,671	27.2	15,320,103	19.1
Water Projects	35	3,192,112	33.3	30	2,802,110	22.6	13	1,985,685	12.7	9	1,086,900	5.8	8	1,501,411	6.3	10,568,218	13.2
Sewer Projects	17	1,246,281	13.0	18	1,493,975	12.0	12	1,404,681	8.9	12	1,699,900	9.1	12	2,232,295	9.3	8,077,132	10.1
Open Spaces	20	994,034	10.4	26	2,048,834	16.5	18	1,148,547	7.3	9	785,400	4.2	10	900,762	3.8	5,877,577	7.3
Street Improvements	13	1,167,430	12.2	24	2,068,508	16.7	36	5,545,296	35.3	19	5,361,487	28.7	29	7,387,885	30.7	21,528,606	26.8
Flood Protection	9	501,895	5.2	7	564,112	4.5	5	449,200	2.9	7	1,407,947	7.5	7	974,043	4.1	3,897,197	4.8
Neighborhood Facilities	15	1,859,964	19.4	21	2,602,434	21.0	4	746,845	4.8	2	89,000	0.5	6	908,000	3.8	6,206,243	7.7
Provision of Public Services	1	7,000	0.1	0	0	0.0	0	0	0.0	1	100,000	0.5	0	0	0.0	107,000	0.1
Other	3	126,160	1.3	4	181,395	1.5	5	565,000	3.6	2	40,516	0.2	3	475,000	2.0	1,388,071	1.7
Administration	13	\$ 71,500	0.7	10	\$ 67,850	0.5	17	\$ 198,631	1.3	27	\$ 699,552	3.7	36	\$ 1,060,094	4.4	\$ 2,097,627	2.6
Contingencies	14	108,930	1.1	1	3,000	0.0	0	0	0.0	9	180,498	1.0	8	120,852	0.5	413,280	0.5
Environmental Planning-Mgmt.	5	4,800	0.1	1	700	0.0	0	0	0.0	4	5,750	0.0	1	2,226	0.0	13,476	0.0
Development	12	43,100	0.4	1	23,400	0.2	0	0	0.0	12	549,060	2.9	5	98,500	0.4	714,060	0.9
Modernization of Public Housing	0	0	0.0	2	50,000	0.4	4	428,594	2.7	2	100,000	0.5	0	0	0.0	578,594	0.7
Solid Waste Disposal	0	0	0.0	0	0	0.0	1	72,000	0.5	0	0	0.0	0	0	0.0	72,000	0.1
Code Enforce.	1	11,000	0.1	1	12,000	0.1	6	112,00	0.7	5	47,594	0.3	7	75,663	0.3	258,257	0.3
Total	164	\$9,587,616	100.0	156	\$12,401,668	100.0	163	\$15,696,771	100.0	176	\$18,664,019	100.0	212	\$24,012,729	100.0	\$80,362,803	100.0

*Number of Recipients

Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division, *CDBG Selective Activity Listing, Summary of Funded Activities for Small Cities, 1975, 1976, 1977, 1978, 1979*. Computer Printouts.

FIGURE 3.5**Distribution of Discretionary/Small Cities Funds by Activity—Louisiana Five-year Summary 1975-1979**

Source: U.S. Department of Housing and Urban Development, New Orleans Area Office, Community Planning and Development Division.

Over the five-year period more than 800 projects throughout the State have been funded through the Small Cities/Discretionary program. (See table 3.5) Six project categories—rehabilitation loans and grants, water projects, sewer projects, open space, street improvements and neighborhood facilities—accounted for over 80 percent of all funding allocated under this program. By far the largest proportion of funds were allocated to street improvements. About \$21.5 million or nearly 27 percent of all discretionary/small cities funds were used to repair and upgrade streets and highways. The next highest category was housing rehabilitation loans and grants. This category received over \$15.3 million or about 19 percent of the total funding over the five year time frame. (See table 3.5)

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Broadly speaking, there appears to have been a substantial shift in funding priorities over the five year period. Perhaps the most dramatic changes occurred in the increased amount of funds set aside for property acquisition, relocation, housing rehabilitation loans and grants, street improvements and administrative functions.

Balancing these rather significant increases were substantial decreases in the proportion of funds set aside for water and sewer projects, open spaces and the construction of neighborhood facilities. For instance, the proportion of funds set aside for water projects declined from 33 percent in 1975 to only about 6 percent in 1979. There was a similar decline in the proportion of block grant funds allocated for neighborhood facilities. In 1975 over 19 percent of all the funds were set aside for this activity. By 1979 only about 4 percent of the total funding was used for the construction of neighborhood facilities. (See table 3.5)

Since 1975 the number of projects and recipients of block grant funding has increased. There has also been a significant increase in the amount of funds distributed under this program. However, with modifications in the program and its division into comprehensive and single purpose categories, there have been shifts in funding priorities. Another trend has been to allocate larger shares to each of the applicants being funded.



The Case of Shreveport

Overview

The second largest city in Louisiana—Shreveport had a total population fixed by the 1970 United States Census at 182,064, of whom 62,152, or about 34 percent were black.¹ A shift in this population distribution was apparent in 1974 when the total city population increased to 193,745 persons but the black population declined to 61,984, or to approximately 32 percent.²

The black population is concentrated in definable geographic areas. Data abstracted from the 1970 Census show that most blacks are located in five noncontiguous, identifiable, geographic areas, or neighborhoods—with the two largest being the Allendale and Mooretown sections of Shreveport. Allendale is at the western edge of the downtown business district and continues to the northeastern shores of Cross Lake, the city's reservoir. It includes the sizable black Lakeside Subdivision. The western end of Hollywood Avenue, a thoroughfare that connects the geographic center of the city with Shreveport Regional Airport near the westernmost edge of the city, is surrounded by Mooretown. Allendale and Mooretown house about 20,000 black residents. In addition, there are several smaller areas of black concentration, including the Hollywood, Stoner Hill, Cedar Grove and Cooper Road neigh-

borhoods. Cedar Grove contains a sizable identifiable white community.³ (See figure 4.1)

A major concern of blacks living in these isolated geographical residences has been segregated housing. A statistical summary of a study of housing patterns in 109 American cities having a population in excess of 50,000 revealed that Shreveport exhibited the highest index (97.4) of racial segregation in housing in the Nation.⁴ Unlike other Southern cities, Shreveport's segregated housing index has risen with each decennial report by the Census Bureau. Specifically, the indices for Shreveport have been as follows: 90.3 in 1940; 93.2 in 1950; 95.9 in 1960; and 97.4 in 1970.⁵

Further analysis of demographic data compiled in the Census Bureau's standardized community statistical tracts shows that 3.3 percent of the blacks live in census tracts that are zero to 14 percent black; 6.7 percent live in tracts that are from 15 to 49 percent black; none of the census tracts contained a black population concentration between 50 and 84 percent inclusive; and 90 percent of Shreveport's black citizens live in census tracts composed of 85 percent blacks or more.⁶

An effect of this separation is reflected in the physical characteristics of the black neighborhoods. Homes are generally of much lower quality and

¹ U.S. Department of Commerce, Bureau of the Census, *1970 Census of Population, General Social and Economic Characteristics, Louisiana PC(1) C-20*.

² Public Management of Louisiana, 1974 Special Census of Shreveport.

³ Bureau of the Census, *1970 Census of Population, General Social and Economic Characteristics, Louisiana*.

⁴ See *Blacks United for Lasting Leadership v. Shreveport*, 71 F.R.D. 623,

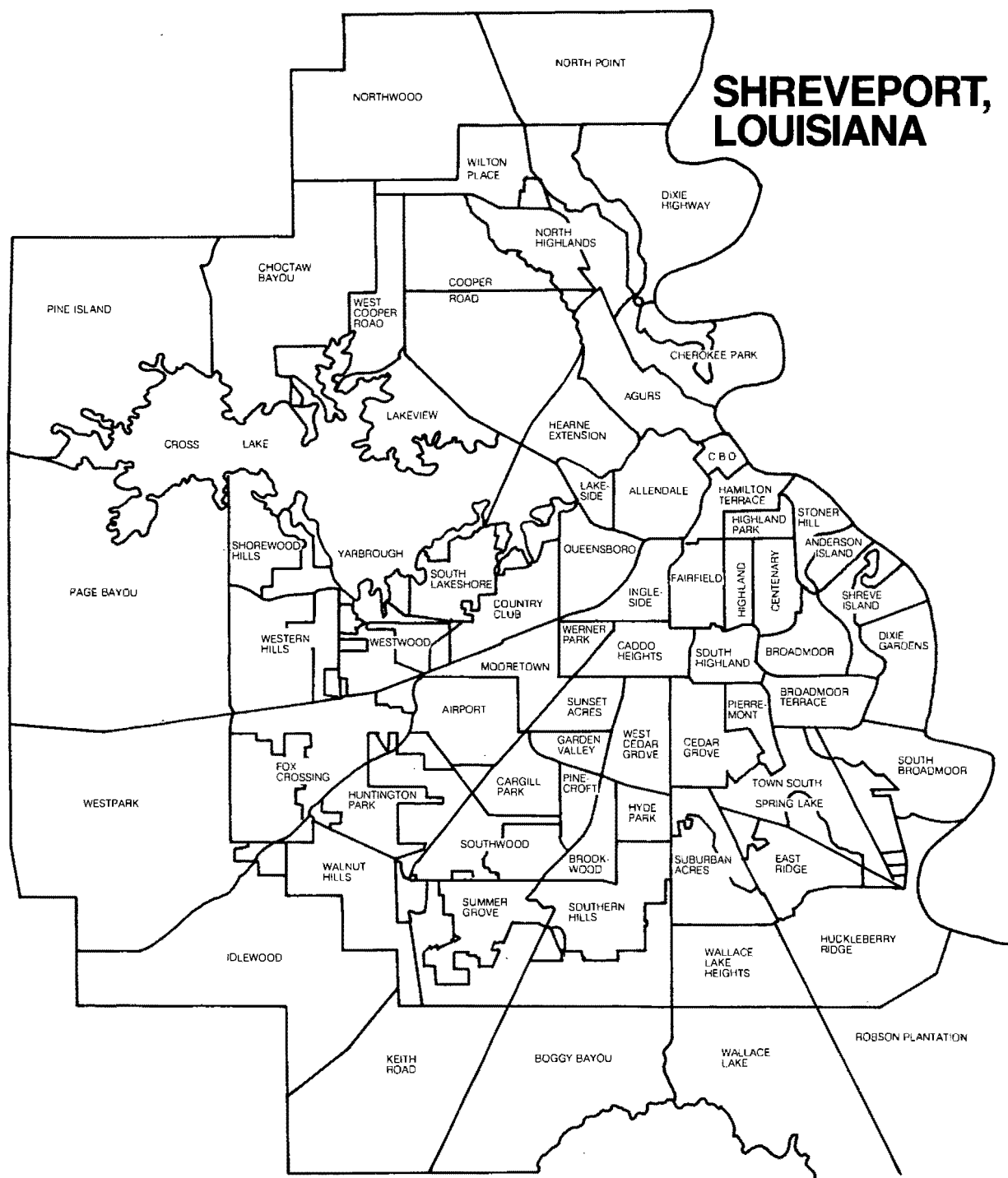
Note 13 at 630 (1976). [Generally, the index is defined as the percentage of the subject population which would have to move in order to completely integrate a city.]

⁵ *Ibid.*, Note 14 at 631.

⁶ Bureau of the Census, *1970 Census of Population, General Social and Economic Characteristics, Louisiana*.

FIGURE 4.1

Neighborhood Map of Shreveport, Louisiana



value than in other parts of the city. Hundreds of black households consist of nothing but "shotgun"⁷ dwellings. Inexpensive oil base streets are the rule in the black community. Heavy rain often washes out large sections of the surface, leaving depressions or potholes along the roadway. These conditions sometimes make streets totally impassable.

An additional factor contributing to the deterioration of public streets is the existence of inadequate drainage ditches to handle heavy rainfall.⁸

In its effort to evaluate the operation and effectiveness of the block grant program in detail, the State Advisory Committee held a two-day open meeting in the City of Shreveport. The committee heard from those responsible for the administration of the program and the recipients as well as other community leaders that had an interest in the program. The information received, in addition to subsequent interviews and research, enables the committee to give the reader an indepth evaluation of the program as it operates in the City of Shreveport.

It became evident early in the study that any evaluation or assessment of the operation of a long term program in the city must be considered within the framework of the recent history of municipal government which saw a completely new form of government take effect.

Political Participation and the CDBG Program in Shreveport

Under the CDBG program, awards are made to local units of government and the role of elected officials, especially the Mayor and the members of the City Council, is clear.⁹ They have the final authority regarding program selection and are responsible for carrying out the act in a lawful manner. During the first three years of the program in Shreveport, the Commission form of government was the mechanism used to manage city programs. This form of government was first established by the voters of Shreveport in 1950.¹⁰ It was composed of a Mayor and four commissioners each elected at large

and having specific responsibilities.¹¹ The city charter gave each Commissioner specific executive and administrative powers and responsibilities that included almost exclusive jurisdiction over their respective department.¹²

The politics of a major city operating under this form of government made it very difficult to implement programs that required the cooperation of all commissioners and at-large elections by places made it almost impossible for blacks to secure representation on the governing body.¹³

The inability of blacks to secure representation on the governing body of the City of Shreveport and the difficulty of securing services in the predominantly black areas of the city led to the filing of a lawsuit seeking a new form of government that would make representation by blacks on the council possible. In *Blacks United for Lasting Leadership (BULL) v. the City of Shreveport*¹⁴ filed by a civil organization headed by SAC member Louis Pendleton, it was successfully argued in U.S. District Court that a form of government that could be responsive to all areas of the city was needed. The U.S. District Court ordered the City of Shreveport to provide the court with revisions to the charter which complied with constitutional principles and achieved a form of government that would make representation by various segments of the community possible. This process led to a charter revision election in May of 1978, which resulted in the formation of a strong mayor form of government and the establishment of seven single-member districts.¹⁵ The first election under this new form of government was held in November, 1978. A mayor, elected at large, and seven members of the council were elected including three blacks from districts with large black majorities.¹⁶

The three blacks elected had all been involved in the civic affairs of their communities and had long records of seeking community improvements. In addition to electing three black members of the governing body of the city, blacks had a great deal

⁷ Term commonly used in Southwestern sections of the country to describe small, long, and narrow housing units frequently found in poor areas of cities.

⁸ *Shreveport Times*. "Council Delays Revenue Sharing Budget Decision," p. 1, April 25, 1979. Transcript, Vol. 3, pp. 345-46, 354, 401-03 and 422 and Transcript, Vol. 4, p. 492.

⁹ 42 U.S.C.A. Z5302(a)(1) and Z5303 (Supp. 1978).

¹⁰ *The Plan of Government for the City of Shreveport*, Charter of the City of Shreveport (1950). Dr. Louis Pendleton, Interview, March 21, 1979, Shreveport, Louisiana.

¹¹ *The Plan of Government for the City of Shreveport*, Charter of the City of Shreveport, Article 4, Section 4.01 (1950).

¹² *The Plan of Government for the City of Shreveport*, Charter of the City of Shreveport, Article 4, Section 7-11 (1950).

¹³ See generally *Blacks United for Lasting Leadership v. Shreveport*, 71 F.R.D. 623, (1976), Transcript, Vol. 3, pp. 419-20.

¹⁴ 71 F.R.D. 623 (1976).

¹⁵ *The Plan of Government for the City of Shreveport*, Charter of the City of Shreveport, Article 4, Section 4.02 (1978).

¹⁶ *The Plan of Government for the City of Shreveport*, Charter of the City of Shreveport, Article 4, Section 4.02 and Article 5, Section 5.01 (1978), and Transcript, Vol. 1, pp. 13-14, 27.

of influence on the election of the mayor and of at least one other council member.¹⁷

It is too early to determine whether or not this new form of government will result in Shreveport's dealing with its problems effectively. However, there is much optimism by citizens of the city, ranging from the mayor to community representatives.¹⁸

In his opening statement to the Louisiana Advisory Committee, Mayor W.T. Hanna told how he thought the new administration under the new form of government would effectively implement the CDBG program. He indicated his commitment to familiarize himself as fast as possible with the legal requirements of the block grant program. He defended his plan for implementation by citing his action of hiring persons with the technical experience and background that will allow the city to take steps to ensure civil rights compliance and to correct any inequities prevalent in the past.¹⁹

Another activity cited was reorganization. The mayor revealed that his administration had already reorganized the city government pursuant to the charter as directed and approved by the people in the May 1978 election. In addition, he cited the creation of a Department of Urban Development with specific functions and responsibilities: these being community development, economic development, ensuring citizen participation, neighborhood planning, real estate acquisition and relocation, and minority housing. The new director of this department, Cecil Brown, was commended as being very capable.²⁰

The mayor asserted that his brief tenure, and lack of familiarity with government in implementing federal programs is a current barrier to effective action in this area. However, he made a commitment through his affirmation of concern for making Shreveport a better city for everybody to live in. A first step toward this goal, he said, was his success in putting together an organization that has experience in federal programs.²¹

An open invitation was extended for a return visit by the Louisiana SAC to evaluate the extent to which the objective of improving the administration of federal programs has been achieved.

. . . We are very dedicated to that, we intend to work very hard to make that objective come true and we would like for you to come back in a couple of years and see if we haven't been somewhat successful.²²

In addition to the Mayor, councilmen who represented two of the predominantly black areas of the city expressed hope for the future under the new form of government. Committee member Murphy Bell and Council member Greg Tarver of District G had the following exchange which reflects Mr. Tarver's optimism.

MR. BELL. Do you feel that the single-member district concept has raised the political expectations of blacks?

MR. TARVER. Yes. Black people having black participation feel more a part of government.

MR. BELL. Well, as a result of this high expectation, has government been able to fulfill those high expectations?

MR. TARVER. Of course. You know, like in government, you can't solve all the problems in one year. We're trying to deal with some of the problems, but we're only interested as the legislative branch of government, the council. Everything is prepared by the executive branch. The legislative branch has tried to deal with the problems of the poor areas in this community.

MR. BELL. Well, let me ask you this: Has there been any breakdown in working relationships between the white and black members of the Shreveport City Council?

MR. TARVER. Yes. We have tried to work together to solve some of these problems.

MR. BELL. You haven't had any serious breakdown, voting along racial lines on any particular issues?

MR. TARVER. Not yet.²³

Reverend Herman Farr, representing District F shared the optimism through his remarks that Shreveport's current housing shortage was the fault of an insensitive previous administration, which failed to push programs that would alleviate the problem. He has confidence in the sensitivity of the current council to the problems of all the people and

¹⁷ Dr. Louis Pendleton, interview, March 21, 1979, Shreveport, Louisiana.

¹⁸ Transcript, Vol. 1, pp. 9-14, 19 and Transcript, Vol. 3, pp. 372-74, 428-29.

¹⁹ Transcript, Vol. 1, pp. 9-14.

²⁰ Transcript, Vol. 1, p. 9.

²¹ Transcript, Vol. 1, pp. 9-14.

²² Transcript, Vol. 1, p. 11.

²³ Transcript, Vol. 3, pp. 350 and 351.

sees the CDBG program as one test of this sensitivity to obvious needs.²⁴

Almost all community persons testifying at the hearings felt that the change in administration and form of government that resulted in the election of representatives from various districts in the city would help in the efforts to improve living conditions in Shreveport through the CDBG and other federal programs.²⁵ Typical of the optimism expressed was the statement of Ms. Jo Ann Gines, President of the Carver Terrace Improvement Association. Ms. Gines felt that the needs of low income and black people had not been addressed before due to a combination of insensitivity by office holders and inadequate representation of their constituents.²⁶ She said:

I would say that the major reason that Shreveport has not addressed the needs of poor people, and black people, in particular, in Shreveport is because of insensitivity towards those needs. We have a tendency to be comfortable in our own neighborhoods, and we feel like the problems are out of sight and out of mind, and the low-income persons and black persons have not had adequate representation and leadership in this community.²⁷

In reply to a question from a SAC member regarding the outlook for future applications for the Block Grant program, Ms. Gines believes that current black members of the city council will increase sensitivity and motivate action in needed areas. Past administrations were condemned for complacency and refusing to consider the possibility of bringing these programs to Shreveport.²⁸

Optimism for the future of a Block Grant program was expressed through the affirmation of confidence in Councilman Tarver and his ability to influence the level of sensitivity of his fellow council members. Ms. Gines said:

Yes, I see hope in that we have, I think, some representation on the council by Mr. Greg Tarver, and hopefully, the other black members of the council will become as sensitive as he is, and we will be able to bring about a greater sensitivity among the other four council members.²⁹

Citizen Participation

Although the HUD Area Office has received very few formal complaints regarding citizen participation or the city's planning and implementation of the CDBG program, that office was very critical of the city's performance with regard to citizen participation. HUD indicated that the absence of complaints may be an indication of the failure of participation or knowledge about the program. This fear was substantiated during the course of preparation for the open meetings through interviews and during the open meetings with statements.³⁰

The HUD letter of March 13, 1979, from Carl P. Geyer, Director of Community Planning and Development for the New Orleans Area Office of HUD to Mayor Hanna pointed out several deficiencies and made suggestions for improving the citizen participation program in Shreveport. The letter stated that:

(1) A technical review committee has been appointed to provide technical assistance to the citizen committees. However, the plan fails to include that technical assistance is to be provided to (a) citizen organizations, (b) groups of low- and moderate-income persons and (c) groups or individuals of blighted neighborhoods which request assistance in developing proposals and statement of views. . . .

(2) . . . the following are not being made available to the citizens, according to the plan: (a) the total amount of funds available including planning and administrative activities, (b) kind of activities previously funded in the community, (c) processes to be followed in drawing up and approving the local application and the schedule of meetings and hearings and (d) the role of citizens in the programs.

(3) The purpose of public hearings should be as defined in the regulations. The performance hearing must be held 30 to 60 days prior to start of planning. Public notices must indicate the date, time and procedures of the hearings and the topics to be discussed. Efforts should be made to provide notices to other media outlets. Public hearings must be held at times and locations which are convenient to permit broad participation, particularly by low- and moderate-income persons.

²⁴ Transcript, Vol. 2, p. 231.

²⁵ Transcript, Vol. 3, p. 407; Transcript, Vol. 3, p. 327-28; Transcript, Vol. 3, pp. 419-20 and Transcript, Vol. 3, p. 445.

²⁶ Transcript, Vol. 3, pp. 405-07.

²⁷ Transcript, Vol. 3, pp. 405-06.

²⁸ Transcript, Vol. 3, p. 407.

²⁹ Ibid.

³⁰ Transcript, Vol. 3, pp. 329, 348, 383-87, 403-04, 461-65 and Transcript, Vol. 4, pp. 495-96, 502.

(4) The elements of an application have changed. The new elements identified under 570.303(d)(1) should be given. The assessment of performance should not be limited to the citizen committee. . . . The citizens should be made aware that the city is to include in its annual performance report (a) copies of comments submitted by citizens regarding the city's Community Development performance, (b) the city's assessment of the comments and (c) a summary of any actions taken in response to the comments.³¹

The deficiencies in the citizen participation plan in the city were amplified by statements from many appearing before the committee.

When questioned about the plan for removing the deficiencies outlined by HUD in the March 13th letter, Mayor Hanna observed that a citizen participation plan has been submitted, but that establishment of citizen advisory committees or citizen participation committees does not really insure citizen participation. Efforts must be put forth to assure attendance at meetings and that input is achieved. He asserted that Shreveport had only window dressed in the past with regard to meaningful citizen participation.³²

Councilman Tarver shared this view. When asked about citizen participation in Shreveport, he responded:

That's a joke. Citizen participation in this city? They do not have the proper type of advertisement in the community to tell the people where they are going to have the meetings and things like that. . . . They have had not citizen participation in this community.³³

Statements received were also critical of the city's effort to provide information needed for participation in decision making. In an exchange between committee member Bell and Chester Hines, President of the Shreveport Negro Chamber of Commerce, Rev. Hines responded to Mr. Bell's query about information dissemination regarding the program in negative tones. He reflected on the historical lack of commitment to past promises and absence of solicitation of input from the Shreveport Negro Chamber of Commerce during his tenure as leader

of the organization. In addition, the city, according to Mr. Hines, has not provided adequate information about the Block Grant program.³⁴

In a letter to the SAC, E.E. Moore, who served as Chairperson of the Citizens Advisory Committee, appointed by the previous city council, was very critical of the citizens Committee's inaction and its inability to secure cooperation from the city administration in its effort to do its work. He indicated that it was difficult to get a quorum and most of the advice brought to the Council's attention by the committee was ignored.³⁵

And finally, Mrs. Eddie Jones, a member of the Caddo Parish Police Jury and a member of the community advisory board under the previous administration expressed her feeling about communications and citizen participation in response to questioning from the committee.

She said:

The way I see it, the major obstacle is communication from City Hall. If we could get that straightened out, I think it would trickle on down to the grass roots and we would have better housing, better streets and more jobs, and then we wouldn't have to go on welfare, and I wouldn't have to go to the nursing home.³⁶

Minority Contractors

Shreveport, like many other cities with entitlement grants in Louisiana, has a dismal record on the use of minority contractors. The absence of the use of minority contractors was the subject of a section of the March 13 performance evaluation letter to the city from the New Orleans HUD Area Office. It said:

The Grantee Performance Report indicates very little participation by minority contractors in the CDBG program. The Grantee Performance Report does not provide any evidence that the city is encouraging and expanding the opportunities for minority contractor participation as required by OMB Circular A-102, Attachment O.³⁷

According to statements received, the two major reasons for the absence of use of minority contractors seem to be lack of information about the

³¹ Carl P. Geyer, Director, Community Planning & Development Division, New Orleans Area Office, U.S. Department of HUD, letter to Mayor W.T. Hanna, March 13, 1979.

³² Transcript, Vol. 1, pp. 16-17.

³³ Transcript, Vol. 3, p. 348.

³⁴ Transcript, Vol. 3, pp. 384-89.

³⁵ Transcript, Vol. 3, pp. 439-40.

³⁶ Transcript, Vol. 4, p. 502.

³⁷ Carl P. Geyer, Director, Community Planning & Development Division, New Orleans Area Office, U.S. Department of HUD, letter to Mayor W.T. Hanna, March 13, 1979.



program to qualified minority contractors, and the inability of many minority contractors who could do the work to secure bonding or meet other requirements of the city.³⁸

Some contractors interviewed and several of those who testified had no knowledge of the CDBG program or that the city had an obligation to affirmatively seek minority contractors to do work under the program.³⁹

Appearing before the Committee, Alonzo Hodge, the head of the local office of Minority Business Enterprise evaluated the problem as follows:

...the communications and instructions according to procedures are very weak and lacking, and many people (minority contractors) don't know how to participate, and then organizations such as ours that offer management and technical assistance and guidance to minority vendors and contractors and other professionals who can participate in the program, [they] are not notified.⁴⁰

In other statements before the committee, a minority contractor who was able to secure bonding said there were additional problems with minorities securing work with the city under the CDBG program.⁴¹

John Woodard, a refrigeration contractor, who is licensed and bonded for up to \$150,000, characterized the problem in his response to questions from committee members:

CHAIRPERSON PRESTAGE. Mr. Woodard, have you received adequate information from the City of Shreveport with regard to the Community Development Block Grant program and bids on work related to that program?

MR. WOODARD. No ma'am. I have not. . . .

DR. THAYER. Have you ever bid on city jobs?

MR. WOODARD. The city notified me concerning a bidding about three weeks ago, and I think they gave me like five days' notice, you know, from the date of the bid opening, and that wasn't enough time to prepare an intelligent bid. But that was the first time that the city has ever notified me concerning, you know, bidding.

DR. THAYER. Why now? Five years you've been in business, and all of a sudden they notify you. Did you wonder how you got into the favorite pool?

MR. WOODARD. I assume it was after the investigation of the Civil Rights Commission. I had talked with National Information Research and Action League and some people, and I think it was after that they found out I existed.⁴²

Contractors and representatives of contractors were not the only persons concerned about the failure of the city in its utilization of minority contractors in the CDBG program. Mayor Bill Hanna acknowledged that a problem exists⁴³ and pointed out some possible remedies his administration may undertake in a letter responding to HUD's March 13th letter.

Among the possible remedies he suggested were:

(1) Developing a system similar to that in Louisiana [State] whereby 10 percent of the total amount of funds to be awarded are set aside for awarding to small businesses.⁴⁴

(2) Re-evaluation of the procedure for negotiating engineering and/or professional service contracts, with the specific goal of encouraging minority participation.

(3) Assuming no legal barriers, periodically advertising Community Development Block Grant construction projects in which the city's CDBG would pay for the bid security, performance and payment bond, and insurance.⁴⁵

In addition, a councilman is working with the Community Development Department in an effort to organize the minority contractors in a manner that they may qualify for bonding and participate in the bidding process on an equal footing with other contractors. This effort has drawn criticism from at least one organization that is designed to aid minority contractors.⁴⁶ Mr. Tarver and others feel that a new effort is needed because of the dismal record of the existing organization in securing contracts for minorities in the city.⁴⁷

The effort to involve more minority contractors has received support from both the HUD regional and area offices.

Since March of 1979, the Regional Office of HUD required communities receiving block grant funds to

³⁸ Transcript, Vol. 1, pp. 39, 41, 20-21, Transcript, Vol. 3, pp. 367, 390, 461 and Transcript, Vol. 4, p. 511.

³⁹ Transcript, Vol. 4, pp. 505-06 and Transcript, Vol. 5, pp. 574-76 and 581.

⁴⁰ Transcript, Vol. 4, pp. 505-06.

⁴¹ Transcript, Vol. 5, pp. 571-82.

⁴² Transcript, Vol. 5, pp. 573-74.

⁴³ Transcript, Vol. 1, pp. 20 and 39.

⁴⁴ La. Rev. Stat. 39 Z1733(A) (Supp. 1980).

⁴⁵ Mayor W.T. Hanna letter to Carl P. Geyer, May 1979.

⁴⁶ Transcript, Vol. 4, pp. 515-20.

⁴⁷ Transcript, Vol. 3, pp. 359-60.

report on their utilization of minority contractors, according to Victor Hancock, the Regional Administrator for Housing and Community Development.⁴⁸

Mel Bordelon, Equal Opportunity Director of the New Orleans Area Office, asserted that this requirement has resulted in some improvement in the utilization of minority contractors regionwide. However, he admitted that some cities, including Shreveport, leave much to be desired in this area.⁴⁹

Mr. Bordelon outlined his expectations of the City of Shreveport in response to the issues raised in the grantee performance review with regard to minority contractors. These include:

- (1) Written City of Shreveport Minority Business Participation Program
- (2) Plans in the area of outreach
- (3) Written procedure of CDBG officials' meetings with minority contractors
- (4) Plans for tracking the action they will take to include minority contractors in CDBG programs
- (5) Consideration of all minority contractors who wish to participate in CDBG program.⁵⁰

He indicated that the City of Shreveport would not be cleared by the HUD Area Equal Opportunity Office until they have satisfied the Area Office that these mandates are being met.⁵¹

Although HUD can cut back or curtail funding if it is not satisfied with progress in this area, under questioning from Committee members, Carl P. Geyer, Director, Community Planning & Development Division, New Orleans Area Office, HUD, admitted that HUD had never terminated funds in Louisiana because of noncompliance.⁵²

Community leaders as well as public officials indicated a willingness to work together to remove obstacles to greater participation of minority contractors in doing work under the CDBG program in Shreveport. All agreed that an effort must be made to remove the obstacles that existed and some policy changes would be necessary to remove them.⁵³

Bonding

According to statements received, the most severe hindrance to the participation of minority contrac-

tors in the CDBG program in Shreveport is the inability to secure bonding required by the city.⁵⁴ Currently, legislation is pending before the Louisiana Legislature that would reduce the minimum bonding required for municipal contracts. Shreveport supports this legislation. If passed, this law will make it easier for cities to qualify minorities for municipal contracts.⁵⁵

In addition to this effort, the City of Shreveport plans to make an effort to break down the contracts to be let under the CDBG program into smaller denominations, thus lessening the amount of bonding required for the smaller contracts.⁵⁶

At least one minority contractor, John Woodard, feels that bonding was not the greatest obstacle to securing contracts with the city. Instead, it was the inability of potential contractors to secure timely notification about work to be done or bids to be let.

Appearing before the committee, he said:

... I hear contractors mention bonds and bidding and things of that nature, but I'm quite sure if I could get the job, I could get the bond. The problem is that the city doesn't notify you, and consequently, they exclude you from all the programs.⁵⁷

Conclusion

Although the Housing and Community Development Act of 1974, as amended, is a complex law, many opportunities for improving the opportunities and rights of the nation's poor and minorities are present. The responsibilities for advancing these opportunities are to a large extent placed in the hands of the local units of government, thus their commitment in the area of equal opportunity to some extent will be judged by their performance with the community development programs under their jurisdiction.

It is apparent that the City of Shreveport's commitment to the goals of the program has become more positive than that reflected under previous administrations. This attitude and performance, if continued, should lead to effective implementation of the program, thus improving the living conditions of a large segment of the population.

⁴⁸ Transcript, Vol. 1, pp. 67-69.

⁴⁹ Ibid.

⁵⁰ Transcript, Vol. 2, pp. 249-53.

⁵¹ Ibid.

⁵² Transcript, Vol. 2, p. 255. [Evangeline Parish (B-77-DN-22-0094) on May 16, 1980 and East Feliciana Parish (B-77-DN-22-0141) on July 30, 1979. Both were for non-performance or non-execution of their programs. The terminations were by mutual consent of the grant recipients and HUD.]

⁵³ Transcript, Vol. 5, pp. 577-78 and Transcript, Vol. 3, pp. 359-60, 365-69.

⁵⁴ Transcript, Vol. 1, pp. 20, 38-39 and Transcript, Vol. 5, p. 582.

⁵⁵ Transcript, Vol. 1, p. 39, Transcript, Vol. 2, pp. 256-58 and Transcript, Vol. 3, p. 367.

⁵⁶ Transcript, Vol. 2, p. 282.

⁵⁷ Transcript, Vol. 5, p. 574.



Findings and Recommendations

The Louisiana Advisory Committee to the U.S. Commission on Civil Rights reports the following findings and recommendations based on its investigation.

Finding 1

The recipient municipal government studied in this report (Shreveport) has not yet achieved the goal of an effective citizen participation plan needed to carry out the Community Development Block Grant Program (CDBG).

The Housing and Community Development Act provides an unprecedented opportunity for citizen groups to deal with the housing needs of low- and moderate-income persons, problems of blight of lower income neighborhoods and with the need to provide full and equal opportunity in housing for minority groups persons.

Recommendation

1. We recommend that HUD give local civil rights groups and community organizations an opportunity to achieve meaningful citizen participation by strengthening the citizen participation aspects of the program through intensified monitoring to assure that

the citizen participation programs are meeting the spirit as well as the letter of the law.

Finding 2

There is limited utilization of minority contractors within the Shreveport CDBG Program.

Recommendation

1. HUD should take appropriate measures to ensure that minority contractors are included in the CDBG program. This effort should include aiding in the identification of available minority contractors in the localities.

2. Congress should pass legislation that provides "set-aside" provisions for minority contractors.

Finding 3

Many citizens of Shreveport, especially minorities, are without much information or knowledge regarding the Community Development Block Grant Program.

Recommendation

We recommend that the city of Shreveport make a greater effort to inform the public about programs and projects planned under the CDBG program through an improved public relations effort.

APPENDIX A



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
NEW ORLEANS AREA OFFICE
PLAZA TOWER, 1001 HOWARD AVENUE
NEW ORLEANS, LOUISIANA 70113

JUL 21 1980

REGION VI

July 16, 1980

IN REPLY REFER TO:

6.3C

Mr. J. Richard Avena
Regional Director
U. S. Commission on Civil Rights
Southwestern Regional Office
Heritage Plaza
418 South Main
San Antonio, Texas 78204

Dear Mr. Avena:

Having reviewed the draft report, forwarded by your letter of June 30, 1980, of the Louisiana Advisory Committee to the U. S. Commission on Civil Rights concerning the CDBG program in the State of Louisiana and specifically, in the City of Shreveport, the following comments are submitted:

1. The conclusion on page 7 that the Single Purpose rating system is very similar to the one detailed on pages 6 and 7 is not entirely accurate. There is a distinct difference in emphasis among the factors and all factors are not even the same. The resulting effect is far reaching in the type of projects funded with Single Purpose and those with Comprehensive funds.
2. The statement on page 12 that, . . . "no instance in Louisiana in which funds have been terminated" is not correct. Evangeline Parish (B-77-DN-22-0094) was terminated on May 16, 1980 and East Feliciana Parish (B-77-DN-22-0141) on July 30, 1979. Both were for non-performance or non-execution of their programs. The terminations were by mutual consent of the grant recipients and HUD.
3. The map on page 16 should be corrected to eliminate New Iberia and Natchitoches as Entitlement cities. Both were Hold Harmless, but converted to Comprehensive. Kenner should be added as an Entitlement.

4. There appears to be a misunderstanding concerning the basic emphasis of program benefits. On page 34 (last paragraph) it is stated that CDBG is moving toward "more direct benefits" and cites housing rehabilitation as an example. Only housing rehabilitation and, in some cases public services, impact CDBG beneficiaries directly. All other activities are "area benefit" activities. There is no "trend" toward "direct benefit" as implied, merely a slight increase in housing rehabilitation programs. There is too much emphasis on the increase in rehab and a faulty conclusion may be drawn.
5. Time did not allow for a thorough review of the statistical data and tables but a cursory review would indicate it to be suspect.
6. The section relating directly to the City of Shreveport is generally correct and adequate.

If we can be of further assistance, please let us know.

Sincerely,

Terrence R. Duvernay
Area Manager

APPENDIX B



JUL 24 1980

OFFICE OF THE MAYOR
SHREVEPORT, LOUISIANA

W. T. HANNA, JR.
MAYOR

July 21, 1980

Mr. J. Richard Avena, Regional Director
United States Commission on Civil Rights
Southwestern Regional Office
Heritage Plaza
418 South Main
San Antonio, Texas 78204

Dear Mr. Avena:

We have reviewed the draft report of the Louisiana Advisory Committee to the U. S. Commission on Civil Rights concerning the CDBG program in the State of Louisiana and the City of Shreveport. We are pleased to have had the opportunity to work with the Committee in the preparation of this report.

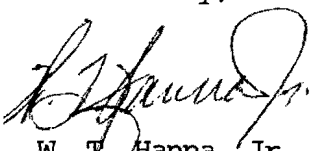
While we agree with the interpretation of the City of Shreveport's CDBG activities by the Committee, citizens and elected officials, in some instances, it is difficult to determine which administrative period the comments are referring. For example, in some instances, the comments refer to the City's past inactivity in citizenship participation and discuss these past affects in a manner which suggests that they are currently affecting the City's ability to assure equal opportunity in the CDBG program. This is not true. In as much as some of the affects of the previous administrations' failure to eagerly pursue citizenship participation and equal opportunity continue to exist, we have, since the beginning of my administration deliberately done everything possible to eliminate these effects. Accordingly, from my perspective, the draft report makes it difficult to determine the difference between the past and the present handling of the City's CDBG program.

I would therefore suggest that, where possible, this distinction be made. We feel the conclusion would be an excellent section within which to express these points.

Again, we appreciate the opportunity to respond to the draft report and we feel that the Committee has done an excellent job to bring to our attention, and to that of state officials, the importance of equal opportunity at the municipal level, specifically, the rights of low and moderate income families.

Should you ever need to contact me concerning this or related matters, please feel free to call on me.

Yours truly,



W. T. Hanna, Jr.
MAYOR

WITH:kb

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