

The Community Development Block Grant Program In Arkansas

December 1979



A report of the Arkansas 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 Arkansas Advisory Committee.

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Committee to the United States Commission on
Civil Rights

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The findings and recommendations contained in this report are those of the Arkansas 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 Congress.

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LETTER OF TRANSMITTAL

Arkansas Advisory Committee to the
U.S. Commission on Civil Rights
December 1979

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Sirs and Madam:

The primary purpose of the community development block grant program is to benefit the low- and moderate-income areas of the cities receiving the grants. In most of the cities of Arkansas, racial minorities inhabit the areas that the statute and implementing regulations target for development grants.

Based on the experiences of members of the Arkansas Advisory Committee, information acquired during the hearings held in November 1978, and the research conducted by the staff of the Southwestern Regional Office, we must conclude that the program in Arkansas has failed to meet the primary objectives of the program. In particular, we feel that the objective of effective citizen participation in formulating the grant applications has rarely been achieved in this State; the objective of enhancing opportunities for minority contractors has apparently never been met in Arkansas; and the actual administration of the grants has all too often been misguided.

In many of the smaller cities of Arkansas, public officials have thought that the dispersion of low-income residents throughout most census tracts justified setting priorities on programs that benefit the entire community, but this continues more subtle forms of racial discrimination in the provision of municipal services and perpetuates the feeling of lack of control over community affairs so long felt by the minority population.

Undoubtedly the CDBG program has provided many basic improvements in Arkansas, upgrading the quality of life for numbers of people in such fundamental areas as providing adequate water and sewer facilities and paved streets. Such capital improvements are the successes. However, our Advisory Committee also found and heard about many actual developments that are questionable in light of the purposes of the act and the needs of the people. Some of these developments are detailed in the report.

While Arkansas may report similar problems that are evident in other States, the widespread poverty in this State, the racial divisions, the lack of political advancement of minorities, and the continuing lack of opportunity for the majority of citizens means 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. In this vein, we hope that the Commission will consider the findings and recommendations of this report.

Respectfully,

MORTON GITELMAN, *Chairperson*
Arkansas Advisory Committee

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Introduction

The Housing and Community Development Act of 1974, as amended,¹ is a venture of the United States Congress into 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 provides 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 people with 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 program in Arkansas 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 look at its grass-roots operation. Investigation of the program in Arkansas by the Arkansas Advisory Committee to the U.S. Commission on Civil Rights provides an opportunity to examine several local governments in the State and their responses to the mandate of the act.

This report is based in part on a previous investigation of the block grant program in Arkansas, including an Arkansas Advisory Committee report that examined the distribution, use, and impact of block grant funds in the State during the first 3 years of the program.⁴ To secure a closer look at the operation of the program as it is viewed by those directly affected by it, the Arkansas Advisory Committee held open meetings in Pine Bluff and Forrest City in November 1978.

The Advisory Committee selected four municipalities receiving entitlement funds and six municipalities receiving discretionary funds for inclusion in the public hearings. Chapter 4 of this report reviews the issues raised by residents and makes an effort to evaluate the effectiveness of the program in these municipalities and in programs statewide. 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 2-day hearings, testimony was received from local, State, and Federal officials, and local community and civil rights leaders gave their evaluation of the block grant

¹ 42 U.S.C. §5301 *et seq.* (1974), as amended, 42 U.S.C. §5301 *et seq.* (Supp. 1978).

² 42 U.S.C. §5303(a)(1) (Supp. 1978).

³ 42 U.S.C. §5304 (Supp. 1978).

⁴ Arkansas Advisory Committee to the U.S. Commission on Civil Rights, *The Use of CDBG Funds in Arkansas: An Assessment* (August 1978).

program in their community. The Advisory Committee believes that the testimony gives a realistic picture of both the positive and the negative aspects of the program as it is being carried out. Chapter 2 of this report gives a simplified analysis of the act and its implementing regulations, and chapter 3 provides demographic data as well as facts and figures regarding the operation of the program in the State during the first 3 years. A short profile of the

municipalities included in the open hearings is provided.

The Arkansas Advisory Committee hopes that the data gathered previously and the impressions and facts secured at the open meeting will enable the citizens of Arkansas and their public officials to evaluate the programs objectively and to make a renewed effort to carry them out in a manner that will meet the local and national goals intended by Congress upon passage of the act.



The Housing Act of 1974 and What It Means in Arkansas

. . . 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 1960s by the numerous grant programs that were administered by the Department of Housing and Urban Development (HUD). Of all these individual programs, probably the ones best known were urban renewal and model cities. There were problems with these programs, however, and it became evident that their objectives were not being met adequately. Congress in 1974 changed from categorical grants to block grants that allowed basically the same type of projects to be undertaken but with more comprehensive planning and with more local control. With the passage of the Housing and Community Development Act of 1974 and its amendments in 1977,² Congress attempted to simplify the process of 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 the act be for metropolitan areas. This provision has serious ramifications for rural States such as Arkansas³ that do not have the numerous metropolitan cities that other States have.

This law attempts to develop a comprehensive strategy to meet community development and housing needs as identified by local communities. Instead of HUD designing programs to fit the local commu-

nities, local governments and community people decide what their priorities are and then request the funds necessary. The law is very clear, however, that any community development program funded under the 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 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.

Any unit of local government, such as a city, county, or town, can apply for block grant funds,⁷ primarily classified as entitlement and discretionary funds. Entitlement funds are the most common because they are available for the larger metropolitan cities⁸ and for "hold-harmless" applicants (communities that were participating in the categorical

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

² 42 U.S.C. §5301 *et seq.* (1974), as amended, 42 U.S.C. §5301 *et seq.* (Supp. 1978).

³ 42 U.S.C. §5306(a) (Supp. 1978).

⁴ 43 Fed. Reg. 8461 (1978).

⁵ 42 U.S.C. §5303(b) (Supp. 1978).

⁶ 24 C.F.R. §570.432 (1977).

⁷ 42 U.S.C. §5302(a)(1) (Supp. 1978).

⁸ 42 U.S.C. §5306 (Supp. 1978).

grants programs between 1968 and 1972, such as urban renewal and model cities).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 the community was receiving under former individual grants. All hold-harmless funds will be phased out after FY 1979.

Discretionary funds are designed to meet 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 the funds.¹⁰ The small cities program will provide 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 (SMSAs). Small cities are awarded grants from discretionary funds on a competitive basis.¹¹ Cities having the greatest need and whose applications best address the needs of persons of low or moderate income will receive funding. Small cities must submit a preapplication 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 are then divided into two general classifications: comprehensive and single purpose.

Preapplications for comprehensive grants submitted to HUD are rated and scored on nine factors. These factors and the maximum point value assigned to each include the following:

1. NUMBER OF POVERTY PERSONS—100 points

Number of persons whose incomes are below the poverty level as established by the Bureau of the Census.

2. PERCENTAGE OF POVERTY PERSONS—50 points

Percentage of total population that falls below the poverty level according to the Bureau of the Census.

3. NUMBER OF SUBSTANDARD HOUSING UNITS—30 points

Need is measured by the number of units that lack plumbing or are overcrowded.

4. PERCENTAGE OF SUBSTANDARD HOUSING UNITS—20 points

5. IMPACT OF PROPOSED PROGRAM—400 points

The impact will be measured according to the design criteria selected by the applicant from 11 possible criteria that HUD has developed. The results are measured in light of the amount of monies requested, the persons to be benefited, the degree and nature of the benefit, and other past and future actions needed to address the problem.

6. BENEFIT TO LOW- AND MODERATE-INCOME PERSONS—200 points

Percentage of funds that will benefit low- and moderate-income persons.

7(a). PERFORMANCE IN HOUSING—100 points

Performance in housing is generally judged on the success of providing units for low- and moderate-income families in areas outside 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.

7(b). PERFORMANCE IN EQUAL OPPORTUNITY IN EMPLOYMENT—50 points

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 2 years or the percentage of its employees is greater than the percentage of minorities living within the applicant's geographical limits.

8. HOUSING OPPORTUNITY PLAN—50 points

To be awarded points in this category, the applicant must be participating in a HUD-approved areawide housing opportunity plan.

9. HOLD-HARMLESS PROVISIONS—25 points

Points will be given to a community that has an ongoing community development program that is subject to being phased out.

The rating system for the single purpose grant is very similar except that item 9 listed above is not considered for this type of grant.¹² In each case the review is based on the subjective evaluation by HUD officials of each category on the application.

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

⁹ Ibid.

¹⁰ 42 U.S.C. §5307 (Supp. 1978).

¹¹ Arkansas Advisory Committee to the U.S. Commission on Civil Rights,

open meetings, November 1978, transcript, pp. 31-32 (hereafter cited as Transcript).

¹² 43 Fed. Reg. 8483-8486 (1978).

tions or the preapplications 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 on the approved housing assistance plan.
3. Audit findings must be resolved, or appropriate action being taken to resolve the findings.
4. Monitoring findings must also be resolved.
5. Completion of previously funded programs by a cutoff date.
6. A HUD-approved affirmative action plan.

In evaluating the performance of current multi-year grant recipients, the items listed above do not apply. However, if a current multiyear grant recipient violates any law, rule, or regulation, the annual grant under the multiyear commitment could be in danger of being lost. If a remedial action acceptable to HUD is not taken, the entire multiyear grant can be terminated.

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 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 proposes a 3-year strategy for meeting those needs as well as short-range activities to be undertaken within the first year.¹⁵ The community development program describes the design for meet-

ing the needs described earlier. 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 that are in 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 that lists the specific activities and the cost of each.

One of the most important parts of the application is the required certification of compliance with a series of "assurances" as provided by HUD. The most significant of these are compliance with Federal laws that prohibit discrimination in programs funded with Federal money,¹⁸ that priority will be given to activities that will benefit low- and moderate-income families or aid in the prevention of slums and blight, that requirements of the Davis-Bacon Act¹⁹ as regards 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 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 its objectives 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 preapplication 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 must be demonstrated. Citizens must also be given adequate information on the amount of monies available

¹³ 42 U.S.C. §5306 (Supp. 1978).

¹⁴ 42 U.S.C. §5304 (Supp. 1978).

¹⁵ *Ibid.*, §5304(a)(1).

¹⁶ *Ibid.*

¹⁷ 42 U.S.C. §5304(a)(4) and U.S. Department of Housing and Urban Development, *Summary of the Housing and Community Development Act of 1977* (1977), p. 4.

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. §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. §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. §5309(a)(1974);

Section 3 of the Housing and Urban Development Act of 1968 pertaining to training and employment opportunities for low-income people, 12 U.S.C. §1701(u) (Supp. 1977); and

Executive Orders 11036 and 11246 relating to equal opportunity in employment in federally-assisted projects.

¹⁹ 40 U.S.C. §276(a) (1964).

²⁰ 42 U.S.C. §5304(a)(6) (Supp. 1978).

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 to assure citizen participation and thus a great deal of discretion is left 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 alleging discrimination in the procedures used to comply with the requirement for citizen participation is received by the regional office.²²

If a citizen was not able to participate in the public hearings or participated and objects to the application that is being submitted, he or she will have an opportunity to send objections in writing to the HUD area office in Little Rock, Arkansas. 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 *Federal Register* 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 noncompliance 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 entitlement cities and small cities is very similar. Both must submit their applications to areawide agencies commonly called A-95 review agencies. (Areawide and State clearinghouse reviews are concurrent.) In Arkansas, these A-95 reviews will be conducted by the planning and development districts or the metropolitan clearinghouse agencies. When this review is completed and the changes suggested are made, the application is submitted to the department of local services, which is the clearinghouse on the State level, and for the 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 prior to submission to HUD. There are some minor 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 submit 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 1 year; a comprehensive grant assures funding for a period of 3 years, subject to performance capacity, application approval, and availability of funds. Before a small city can submit an application to HUD, a preapplication must be developed and approved by the A-95 agency and HUD. If the preapplication ranks high enough, the city will be invited to submit an application to HUD. In some regards, the small cities are at a disadvantage because these grants are competitive and there is more demand than available funds.²⁶

In recognition of the special problems that small cities have, the 1977 amendments have 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 Arkansas Advisory Committee was the equal opportunity and civil rights aspects of the Housing and Community Development Act of 1974 as amended. HUD has authority to monitor grants awarded to local governments to assure that they do in fact adhere to a policy of nondiscrimination as certified in their application.²⁸ HUD area offices can schedule onsite visits or make unscheduled visits to grant recipients. All entitlement cities are reviewed annually, and smaller cities are reviewed to the degree that staffing allows.

In addition to monitoring, HUD is also given power to conduct more extensive compliance reviews of all facets of the programs funded. This, of course, includes antidiscrimination aspects of the

²¹ *Summary of the Housing and Community Development Act of 1977*, p. 3, and 42 U.S.C. §5304(a)(6) (Supp. 1978).

²² 42 U.S.C. §5304(a)(6) (Supp. 1978), and Transcript, vol. 1, pp. 27-28.

²³ 24 C.F.R. §570.300(c) (1977).

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

²⁵ 42 U.S.C. §5304(e) (Supp. 1978).

²⁶ 43 Fed. Reg. 8482 (1978).

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.

law. If a program is found to be in noncompliance and efforts fail to correct the deficiency, 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 percent of these cases) warning letters were sent to grant recipients, explaining that a deficiency has been found and stating the remedial action that must be taken and the time limit to correct the problem. In more serious cases, HUD has also taken actions that include disapproval, reduction, substitution, reprogramming of funds,

suspension of the project, and conditional approval of the application.³⁰

Although HUD may terminate or redirect funds or refer the matter to the Attorney General for litigation,³¹ this is rarely done. According to Thomas Armstrong, a Regional Director of HUD, he knows of no instance in Arkansas in which funds have been terminated.³² However, there have been numerous cases brought throughout the United States by community groups challenging programs funded under this act. Perhaps this increase in litigation is a trend that is developing as people learn more about the Community Development Act and their rights under this law.³³

²⁹ 42 U.S.C. §5309 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. §5311 (1974).

³² Transcript, vol. 1, p. 21.

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



Socioeconomic Conditions and the Block Grant Program in Arkansas

Based on national poverty levels, as defined by the Bureau of the Census, the incidence of poverty in the State of Arkansas is extensive.¹

The 1970 census showed that there are certain socioeconomic and demographic characteristics associated with poverty conditions. It also showed that a sizable proportion of Arkansas' population live in conditions associated with poverty and that although poverty conditions existed among all segments of the State's population, poverty as a perpetual way of life was preponderant among the minority population. The socioeconomic and demographic characteristics associated with poverty in Arkansas include:

1. The percentage of housing that is both overcrowded and lacks some or all plumbing facilities;
2. The proportion of the State's population with incomes below the poverty level;
3. The proportion of families with a female head of household with income below the poverty level;
4. The size of the family; and
5. The pattern of occupational differentials and unemployment characteristics among certain segments of the State's population.²

Although poverty associated conditions are prevalent throughout Arkansas, it is a chronic problem within counties of the State located in the area known as the Delta Region. Generally, the boundaries of the Arkansas Delta Region include the Mississippi River to the east, the State of Missouri to

the north, the State of Louisiana to the south, and approximately one-half of the State of Arkansas, westward to Forrest City, Arkansas.³

Funds allocated to the State and its communities under the community development block grant program are one means used to address poverty in the State and to stimulate economic stability among that population and in the neighborhoods in which they reside.

This chapter will summarize those conditions and the monies allocated to projects under the community development block grant program.

Socio-Economic Conditions Within the State of Arkansas

Poverty

Environmental conditions associated with poverty such as blighted neighborhoods, dilapidated housing, sewer and drainage problems, and conditions that may adversely affect health, safety, and public welfare exist throughout the State. For instance, the 1970 census showed that 59 of the State's 75 counties had 20 percent or more families with total annual incomes less than the poverty level; 21 counties had more than 30 percent of families living in poverty; and in 5 counties (Chicot, Fulton, Lee, Newton, and Stone), 40 percent or more families had annual incomes below the poverty level.⁴

¹ D.E. Pursell and E.J. Gerlach, *The Economic Structure of the Eastern Arkansas Delta Region: An Assessment, 1977*. Staff report to the Arkansas Advisory Committee to the U.S. Commission on Civil Rights, pp. 5-6 (hereafter cited as *The Arkansas Delta Report*).

⁴ *General Social and Economic Characteristics—Arkansas*, table 44.

¹ U.S., Department of Commerce, Bureau of the Census, 1970 Census of Population, *General Social and Economic Characteristics—Arkansas, PC(1)-C5* (hereafter cited as *General Social and Economic Characteristics—Arkansas*).

² U.S., Department of Commerce, Bureau of the Census, 1970, *Detailed Housing Characteristics, Final Report: Arkansas, HC(1)-B5* (hereafter cited as *Detailed Housing Characteristics*).

A report issued in 1975 by the Arkansas Governor's Office⁵ showing the relative distribution of family income in 1970 for certain selected income classes indicated that approximately half (47.2 percent) of the Nation's families had incomes of \$10,000 and above. For the State of Arkansas, however, only 24.3 percent of the families were in this category. Almost twice as many families in Arkansas had incomes of \$5,000 or less than families in the Nation as a whole; the relative proportion being 39.1 and 20.3 percent, respectively.⁶ Thus, these figures show that incomes received by a significant portion of the State population and the standard of living and environmental conditions found among low- and moderate-income individuals in Arkansas warrant the allocation of funds under the community development block grant program.

Another indicator of the standard of living is the median family income—that income level at which half the population earns above and the other half earns below a total. Median family income reported in the 1970 census for the Nation was \$9,590. In Arkansas, the median family income was \$6,273. This figure represented an increase of \$3,089 over the 1959 median family income level as reported in the 1960 census.⁷ However, the median income for the black population, the State's largest racial minority, was only \$4,876. According to the 1970 census, only 17 of the State's 75 counties matched or exceeded the State's median family income of \$6,273. Only four counties (Pulaski, Saline, Sebastian, and Union) had median family incomes that exceeded \$7,000, and only one, Pulaski, exceeded \$8,000. No county matched the national median family income of \$9,590. In no county did the median income of the State's minority population even reach the State median.⁸

Housing Conditions

Housing conditions, like income characteristics, are also good indicators of the socioeconomic health of a community. In 1970, 18.4 percent of all year-round dwelling units in the State lacked some or all plumbing facilities, and 10.7 percent of all occupied housing units had 1.01 or more persons per room. Comparable figures on plumbing facilities for the United States were 7 and 8.2 percent, respectively.

The proportion of households lacking some or all plumbing facilities in the State ranged from a high of 54 percent in Newton County to a low of 4.6 percent in Pulaski County. In 18 counties more than one-third of the housing was in substandard condition. For minorities, housing was even more critical. Over 60 percent of the State's minority housing was classified by the 1970 census as substandard. Approximately 24 percent of all minority-occupied housing in the State had 1.01 or more persons per room. For the population as a whole, the figure was 10.7 percent.⁹

Labor Force Characteristics

One of the major causes of poverty is underemployment and unemployment. The 1970 census found unemployment extensive among the State's low- and moderate-income persons and families, especially if they were also black.¹⁰ However, in order to understand the significance of the relationship of those two problems to a family's or an individual's standard of living, it is necessary to understand that concept of "labor force participation." The participation rate is defined as the number of employed plus those looking for work, aged 16 to 65, divided by the population in that age range. A ratio of 64.9 among males means that there are 649 males employed or looking for work per 1,000 males aged 16 through 65.¹¹

The labor force participation rates in Arkansas have been moving in divergent directions over the past two decades. For males, participation rates have declined modestly. On the other hand, female participation rates have increased significantly in the past 20 years. For black males in the State, labor force participation rates have declined, black female participation rates, in contrast, have increased but at a slower rate than white female participation rates. It must be noted, however, that the decrease in black male participation rates from a high of 76.1 percent in 1950 to a low of 52.7 percent in 1970 is very significant. According to most statistics relative to participation in the labor force within a community, a 53 percent participation rate of black males within the State indicates a waste of human resources that has an adverse effect on the population's social structure. Side effects from these problems and their

⁵ State of Arkansas, Office of the Governor, *Public Investment Plan for the Arkansas Ozarks, 1975*, p. 11.

⁶ *Ibid.*

⁷ *General Social and Economic Characteristics—Arkansas*, table 47.

⁸ *Ibid.*, table 128.

⁹ *Detailed Housing Characteristics*, table 33.

¹⁰ *General Social and Economic Characteristics—Arkansas*, tables 94 and 109.

¹¹ Pursell and Gerlach, *The Arkansas Delta Report*, p. 61.

impact on the social structure can be seen in residential differences in the State.¹²

The 1960 and 1970 census reports show that between 1960 and 1970, six of the eight State planning and development districts had population increases; however, only one, the central district, experienced a significant increase in its black population. Generally, most of the eight districts experienced a decrease or a very insignificant growth of its black population.¹³ Also, over 55 percent of the State's black population lived in an urban environment. In contrast, only 50 percent of the State's total population were classified as urban dwellers. Of the black population residing in an urban setting, over 90 percent were in a central city area.¹⁴ The census report showed that a significant number of the central city's black population were families headed by a female whose income fell below the poverty level. A large number of these families had several members who were 18 years old and under.¹⁵

One of the significant factors associated with the low participation rate among black males and urbanization of the black population, in general, was the downward adjustment in agricultural employment within the State over the past two decades (from a high of 36 percent in 1950 to a low of 8 percent in 1970) and the increase in manufacturing employment within the State over the past 10 years. Employment in manufacturing increased from about 20 percent in 1960 to 26 percent in 1970 and to approximately 26.3 percent in 1973. However, the black labor force participation in occupations within manufacturing was significantly small. A sizable proportion of the black labor force in those manufacturing communities have a high rate of unemployment or is in semiskilled or domestic employment.¹⁶

Unemployment in Arkansas in 1975 ranged from a low of 3.7 percent in Arkansas County to a high of nearly 25 percent in Calhoun County. Certain counties in the State appeared to have high unemployment rates over a period of years; e.g., counties such as Calhoun, Chicot, Clay, Cleburne, Critten-

den, Franklin, Johnson, Lawrence, Lee, Logan, Newton, Randolph, Searcy, Stone, and White consistently had unemployment rates at or above 8 percent. In contrast, other counties had consistently low unemployment rates. For the most part, these counties were located in the most urbanized areas of the State. But, as shown in a following section of this chapter, unemployment in those urban areas has remained a problem for the State's black population.¹⁷

Block Grant Projects and Funds Allocated

During the first 3 years of funding (October 1, 1974, through September 30, 1977), communities in Arkansas have received nearly \$109 million in block grant funding. More than 100 of the State's 539 communities and 36 of the 75 counties have received some assistance under the block grant program. The communities range in size from small towns having less than 200 people to large urban areas having populations in excess of 100,000.¹⁸

According to the 1970 census, Arkansas' total population was 1,923,240 persons. Slightly more than 350,000, or approximately 18 percent, were black, and 24,358, or about 1 percent, were Hispanic. Asian Americans and other races, other than those classified as white, constituted less than 1 percent of the total population.¹⁹

This section will summarize the Federal funds allocated and disbursed to communities within the State of Arkansas. It will also summarize the projects selected and funded and identified according to the recipient communities.

Distribution of Block Grant Funds in Arkansas

With the approval of fiscal year 1977 funds (October 1, 1976, to September 30, 1977), a total of 149 communities in the State had received community development block grant funds during the program's first 3 years of funding allocations.²⁰ Although the Department of Housing and Urban

Rock, Ark., Apr. 2, 1975; and *General Social and Economic Characteristics—Arkansas*, tables 86, 93, 105, 110, 115, 118.

¹⁷ State of Arkansas, Employment Security Division, Research and Statistics Section, *Labor Estimates—June 1975*, Jan. 2, 1976.

¹⁸ U.S., Department of Housing and Urban Development, Little Rock Area Office, *CDBG Entitlement and Discretionary Funding Report*, computer printouts, December 1977.

¹⁹ *General Social and Economic Characteristics—Arkansas*, table 8.

²⁰ *Ibid.*

¹² U.S., Department of Commerce, Bureau of the Census, 1970 Census of Populations, *General Population Characteristics: Arkansas, PC(1)-B5*, pp. 5 to 44.

¹³ University of Arkansas, Industrial Research and Extensions Center, *Population Changes and Migration in Arkansas by Color, 1950-1970*, College of Business, Little Rock, July 1974, p. 5.

¹⁴ *Ibid.*

¹⁵ *General Social and Economic Characteristics—Arkansas*, tables 74, 91, and 108.

¹⁶ State of Arkansas, Office of Economic Opportunity, State Capitol, Little

Development may approve a community's application, it does not immediately release the total amount in the approved application. The funds are released through a series of withdrawal procedures and stages, with HUD continually monitoring the entire appropriation process.

Arkansas communities, according to HUD statistics, have withdrawn funds for projects at a rate close to the average rate for the Nation. As of December 1977, 57 percent of the entitlement, 38 percent of the metropolitan, and 35 percent of the nonmetropolitan discretionary funds had been withdrawn by communities in the State. The overall rate of withdrawal of funds by recipient communities in the State compared favorably with the national average of 47 percent and the 44 percent average for Region VI, which includes the States of Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.²¹

A significant portion of the discretionary funds were allocated to smaller communities.²² Based on 1970 census data for the 110 Arkansas cities and towns that received discretionary funds, 70, or about 64 percent, had populations of less than 5,000. Another 17 had populations ranging from 5,000 to 10,000. Moreover, in nearly half of those communities, from 10 to 20 percent of the families had incomes below the poverty level and more than half had a minority population exceeding 20 percent; nearly 40 percent had a minority population exceeding 30 percent.

Nearly \$59 million, or over half of the \$109 million allocation, went to seven metropolitan counties in the State. These were Crittenden, \$2,672,000; Bowie/Miller, \$16,557,000; Jefferson, \$6,983,000; Pulaski, \$26,144,000; Sebastian, \$2,601,000; and Washington, \$5,835,000.²³

Projects Funded

The preponderance of block grant funds were used for the construction of public works, facilities, and site improvements in the 25 entitlement cities. A summary report of the funds dispersed show that over two-thirds of all block grant funds within Arkansas were programmed for these activities. The second highest activity funded was for home reha-

bilitation loans and grants. From 1975 through 1977, over 190 separate projects were funded throughout the State with discretionary funds. The majority of these projects were related to water, sewer, solid waste management, and drainage activities. Over 60 percent of all nonmetropolitan block grant funds have been channeled into these kinds of projects.²⁴

During the 1975 and 1976 funding periods, the majority of projects financed under the block grant program were related to sewer, solid waste, and drainage activities. In 1977 a significant shift in funding priorities occurred. For the first time, housing activities received priority in terms of funding and projects approved. Nearly 30 percent of all block grant funds distributed in 1977 were used for housing-related projects.²⁵ However, it must be noted that a significant number of communities allocated a substantial portion of their funds for program and project planning and development and for administrative functions. Statewide, nearly 5 percent of the total entitlement grants were set aside by the receiving communities for the aforementioned functions according to HUD's analysis of data.²⁶

Profiles

Lack of resources, time, and administrative support made it economically impossible for the Arkansas Advisory Committee to elicit information from the citizenry and public officials representing all the communities in Arkansas that have received block grant funds. Consequently, the Advisory Committee selected four entitlement and six discretionary communities from which it heard testimony relating to the effect of block grant programs within those communities. The 10 communities were selected on the basis of their socioeconomic and demographic composition, which varied among the communities but provided sufficient comparison and contrast to provide the Arkansas Advisory Committee with a quality and quantity of information that would be representative of the State as a whole. The four entitlement communities were Little Rock, Pine Bluff, Osceola, and West Memphis. The six discretionary communities were McGehee, Dermott,

²¹ U.S., Department of Housing and Urban Development, *Summary Data Compiled for Special Report*, New Orleans Area Office, Community Planning and Development Office, Feb. 9, 1978, p. 2.

²² *The Use of Community Development Block Grant Funds*, staff report to the Arkansas Advisory Committee to the U.S. Commission on Civil Rights, 1978, appendix C.

²³ *Ibid.*

²⁴ U.S., Department of Housing and Urban Development, *Funded Activi-*

ties—Community Development Budget Form HUD-7015-5 (11/75), Summary 1975, 1976, and 1977. (hereafter cited as *HUD-CDBG Funded Activities Summary*).

²⁵ U.S., Department of Housing and Urban Development, *C.D. Discretionary Funds: Distribution by Project Type I Application Rating*, Little Rock, Ark., 1975, 1976, and 1977.

²⁶ *HUD-CDBG Funded Activities Summary.*

TABLE 3.1**Community Development Block Grant Funds In Selected Cities In Arkansas****ENTITLEMENT CITIES**

	TOTAL FUNDING
Little Rock	\$17,090,296
Osceola	2,979,012
Pine Bluff	6,360,000
West Memphis	2,317,200

DISCRETIONARY CITIES

	TOTAL FUNDING
Dumas	\$ 250,000
Wabbaseka	100,000
West Helena	150,000
McGehee	997,000
Dermott	250,000
Forrest City	450,000

Source: U.S. Bureau of the Census, 1970 Census of Population, General Population Characteristics: Arkansas, PC(1) B-5, and General Social and Economic Characteristics; Arkansas, PC(1)-C5, and Fifth Count: Wabbaseka, Arkansas.

Dumas, West Helena, Forrest City, and Wabbaseka. To provide some insights into these communities, a summary profile of their socioeconomic characteristics follows, and table 3.1 shows the monies allocated to those communities in the 3-year funding period.²⁷

ENTITLEMENT COMMUNITIES**Little Rock**

According to the 1970 census, there were 132,482 persons in the city of Little Rock. Of that total, 33,134 were black, and other minorities constituted about 1 percent of the total population. The city's total labor force of persons 16 years old and over was 78,317. Females constituted about one-third (23,806) of that number, and there were 10,811 blacks. A greater proportion of the city's labor force were employed in professional and related services than in any industrial category. A large proportion of the white labor force were employed in the professional, technical, and related jobs category and in clerical occupations. Blacks were mainly employed as skilled workers, service workers, and private household workers.

²⁷ Ibid.

There were 34,591 families reported as residing in the city of Little Rock. Their average annual income was \$10,436. There were 4,658 families with total incomes below the poverty level. The city had 5,157 families with a female as head of household; these families had an average annual income of \$5,433.

According to the 1970 census of housing, there were 43,498 households within year-round housing units in the city; 4,658 of these households had total incomes less than the poverty level. Of the city's total households, 25,595 lived in year-round, owner-occupied housing units. Only 1.6 percent of the city's total housing units lacked some or all plumbing facilities. Of the 8,988 black households in Little Rock living in year-round housing units, 3,649 had total incomes below the poverty level, and 3.3 percent of the total housing units occupied by black households lacked some or all plumbing facilities. However, among black households with total incomes below the poverty level, 4.9 percent were without some or all plumbing facilities.

The city is governed by a mayor and a seven-member board of directors (city council). All members of the board of directors are elected at-large

and the board selects the mayor. As of November 1978, there were two females and one black serving on the board of directors.²⁸

Pine Bluff

According to the 1970 census, there were 57,344 persons in Pine Bluff. Of the total, 23,454 were black, and other minorities comprised less than 1 percent. As of July 1975, the city's total population was estimated at 54,631 persons, an overall decrease of 4.8 percent.²⁹

The city's total labor force of persons 16 years old and over was 39,207. Females made up over one-half (21,405) of the total labor force. Over half (8,522), of the total black labor force were females. Employment was primarily in manufacturing; however, a considerable proportion of workers were employed in the wholesale and retail trades and in professional and related services. The white labor force was primarily in professional, technical, and related job categories and in clerical and craftsman type jobs. Blacks were mostly employed as skilled operatives, service workers, and private household workers.

The 14,004 families within Pine Bluff had an average annual income \$8,563; 2,767 families had incomes below the poverty income level. Of the total families within the city, 2,096 had females as heads of household and their average total family income was \$4,404. There were also 1,052 families with a female as head of household whose total family income fell below the poverty income level.

Pine Bluff had 4,552 black families within the city with an average total family income of \$5,071, but there were 1,988 black families with total family incomes below the poverty level. Of that total, 857 were headed by a woman and the average income was below the poverty level.

The 1970 housing census reports that the city had 17,175 households in year-round housing; 10,377 were in year-round, owner-occupied housing units, and the remainder were renters. Of all occupied housing units within the city, 12.4 percent lacked some or all plumbing facilities.

Of the 4,552 black households within the city, 1,988 had total annual incomes below the poverty level. Blacks occupied 6,285 year-round housing units within the city, but 30.1 percent of all housing

units occupied by black households lacked some or all plumbing facilities. Among the city's black households with incomes below the poverty level, 38.9 percent of the housing units lacked some or all plumbing facilities.

Pine Bluff is governed by a mayor and eight council members, all elected at large. In November 1978, there were two blacks and no females serving on the city council.³⁰

West Memphis

Of the 25,945 persons living in West Memphis in 1970, 8,478 were black. Other minorities made up less than 1 percent of the city's total population. As of July 1975,³¹ the city's population was estimated to have risen to 27,586 persons.

There were 6,371 families recorded by the 1970 census within the city with average family incomes of \$9,639 and 1,220 families with total annual incomes below the poverty level. The city had 880 families with a female head of household and the average annual income was \$4,102. There were 1,691 black families within the city with an average income of \$4,693 of whom 879 had total annual incomes below the poverty level. Their average income was \$2,129.

The city's total labor force, 16 years old and over, was 16,370; women numbered 8,801, and blacks, as a whole, made up nearly one-third (4,842).

Many workers of West Memphis, Arkansas, earn their livelihood in the larger, more industrial, adjacent city of Memphis, Tennessee. However, a significant number are employed in clerical and skilled and semiskilled occupations. A significant number of the city's total labor force work on farms or as skilled laborers.

West Memphis had 7,758 housing units with year-round occupants, according to the 1970 census of housing. Nearly 63 percent were owner-occupied and only 84 percent of all year-round housing units had some or all plumbing facilities. There were 1,164 black households with incomes below the poverty level and 56.6 percent of this population lived in housing units with some or all plumbing facilities.

The city is governed by a mayor and 10 council members. The mayor is elected at large and the council members are elected from single-member

²⁸ Jane Czech, city clerk, Little Rock, telephone interview, Jan. 19, 1979.

²⁹ U.S., Bureau of the Census, *Population Estimates and Projection, 1973 (Revised)*, and *1975 Population Estimates*, and *1972 (Revised)*, and *1974 Per Capita Income Estimates for Counties and Incorporated Places in Arkansas*.

Series P-25, No. 652, issued May, 1977 (hereafter cited as *Census Population Estimate*).

³⁰ Edna Munn, city clerk, Pine Bluff, telephone interview, Jan. 19, 1979.

³¹ *Census Population Estimate for 1975*.

districts. The mayor, who is a female, and two blacks (one male and one female) serve on the city's governing body.³²

Osceola

The 1970 census statistics for Osceola reflected a total population of 7,268 persons of whom blacks and other minorities were nearly 40 percent. According to the population estimate for 1975, that total had increased to 8,283.

Within the city's labor force, there were 2,345 persons 16 years old and over. Osceola is also located within an area heavily influenced by Memphis, Tennessee, the region's commerce and trade center. Osceola's labor force is mainly concentrated in agriculture and in the manufacturing of nondurable goods. Additionally, a large proportion of city workers are employed in clerical and skilled and semiskilled work. Among the black labor force, which constitutes about 23 percent of the total, skilled and semiskilled workers and service workers constitute the major categories.

There were 1,718 families within the city with an average annual income of \$7,863 and 342 families with a female as head of household and an average annual income of \$4,319. There were 533 families with total incomes below the poverty level, and 329 of that total had a female as head of household. Nearly 71 percent of all black persons within the city were receiving incomes less than the poverty level.

According to the 1970 housing census, the city had 2,298 year-round housing units; slightly over 41 percent were owner-occupied and about 59 percent were renter-occupied. Blacks occupied 816 housing units and owned about one-fourth of the units they occupied. Only 76 percent of the city's year-round housing units had some or all plumbing facilities, and among housing units occupied by blacks, only 56.6 had some or all plumbing facilities.

Osceola is governed by a mayor and its six council members are elected at large. As of November 1978, there were no minorities serving on the city's governing body.³³

DISCRETIONARY COMMUNITIES

McGehee

In April 1970, there were 4,655 persons living in the city of McGehee, and blacks and other minorities constituted about 35.5 percent of the total. As of July 1975, the city's population was estimated to be 4,275 persons.³⁴

At the 1970 count, there were 1,613 persons 16 years old and over within the city's labor force; females comprised about one-half—832 persons—and blacks constituted nearly one-third. Employment was mainly in the manufacture of nondurable goods and in wholesale and retail agencies primarily associated with the agricultural agencies within the areas.

There were 204 families with a female head of household and family income of \$3,183. There were 275 families with incomes below the poverty level, and within that total were 121 families headed by a woman. There were 1,407 persons with incomes below the poverty income level.

The 1970 census of housing reported that the city had 1,680 year-round housing units and nearly 57 percent were owner-occupied. Blacks occupied 507 of the year-round housing units, and about 50 percent of their units were owner-occupied. Nearly 15 percent of the city's occupied housing units lacked some or all plumbing facilities, and of the housing units occupied by blacks, nearly 38 percent lacked some or all plumbing facilities.

McGehee is governed by a mayor and six municipal council persons, all elected at large. As of November 1978, one black and one female served on the city's governing body.³⁵

Forrest City

According to the 1970 census report, there were 12,521 persons residing within Forrest City; 5,425 were black. Other minorities made up less than 1 percent of the city's total population. The total labor force, 16 years old and over, consisted of 4,201 persons, primarily employed in manufacturing electrical appliances, in wholesale and retail trades, and in clerical jobs.

There were 3,157 families in the city whose average family income was \$7,871. Forrest City had 532 families with a female as head of household with an average income of \$3,547, and there were 732

³² Dann Craft, city clerk, West Memphis, telephone interview, Jan. 19, 1979.

³³ Lynda Wells, city clerk, Osceola, telephone interview, Jan. 19, 1979.

³⁴ *Census Population Estimate*.

³⁵ Charles Lloyd, city clerk, McGehee, telephone interview, Jan. 19, 1979.

families with incomes below the poverty level. Of that total, 296 had a female as head of household. According to the 1970 census of housing, there were 1,098 households in year-round housing units within Forrest City with total incomes below the poverty level, and 459 were living in housing units that were owner-occupied. However, 43.4 percent of their housing units lacked some or all plumbing facilities. Within the city, 3,837 persons had total incomes below the poverty level.

Forrest City had 1,176 black family units and their average income was \$4,735. There were 1,990 blacks, 16 years old and over, in the city's total labor force. They were primarily employed as skilled and unskilled workers and in service occupations. There were 800 black households in year-round housing units within the city with incomes less than the poverty level; 53.8 percent of their housing units lacked some or all plumbing facilities.

Forrest City is governed by a mayor and eight council members. The mayor is elected at large and the eight council members are elected from single member districts. As of November 1978, two blacks served on the city's governing body and there were no females.³⁶

Dermott

As of 1970 Dermott had a total population of 4,469 persons and blacks comprised approximately 65.7 percent of that figure. The city's labor force of 1,580 persons was primarily concentrated in agriculture of the area and nondurable goods manufacturing. There were 994 families recorded as residing in the city and their average income was \$5,121. There were 204 families with a female as head of household and an average income of \$2,528. There were 476 families with incomes below the poverty level, and of that total, 292 were headed by a woman.

Based on 1970 housing data, Dermott had 1,442 year-round housing units of which slightly over 68 percent were owner occupied. Only 64.6 percent of all occupied housing (owner and renter units) had all plumbing facilities. For the city's black population, less than 44.9 percent of their housing units had all plumbing facilities.

The city is governed by a mayor and six council members. All are elected at large. As of November 1978, the city council had three blacks and no females.³⁷

³⁶ C.N. Haven, city clerk, Forrest City, telephone interview, Jan. 19, 1979.

Dumas

As of 1970, the city's total population was 4,744 with blacks making up about 44.8 percent of that figure. The city's labor force consisted of 3,053 workers primarily employed in agriculture and manufacturing. Residing in the city were 1,133 families whose average income was \$7,655. Families with incomes below the poverty income level numbered 343 and 1,803 persons had incomes below the poverty level.

According to 1970 housing statistics, the city of Dumas had 1,494 year-round housing units—nearly 56 percent were owner occupied and about 44 percent were renter units. Blacks occupied 602 of the city's year-round housing units. About 57 of the housing units within Dumas lacked some or all plumbing facilities and in housing units occupied by blacks, over half lacked some or all plumbing facilities.

The city is governed by a mayor and six council members, all elected at-large. Within that total there are two minority members—one black and one Asian American.³⁸

West Helena

As of 1970 there were a total of 11,005 persons in West Helena. Blacks comprised about 42.3 percent of that total. In the city's labor force, there were 7,074 persons, 16 years old and over. Females made up more than half (3,824), and blacks were approximately one-third (1,525). Employment was concentrated in agricultural or agriculturally related enterprises, nondurable goods, and manufacturing. The average income was \$7,823.

There were 2,769 families residing in the city and their average income was \$6,873. There were 705 families with incomes below the poverty level, and 426 families had a female head of household and an average income of \$4,364. Over half (264) of these families were below the poverty income level.

In West Helena there were 987 black families whose average income was only \$4,377, and 504 had incomes below the poverty income level; within that total, 216 were households headed by a female. There were 975 households within the city with income below the poverty income level; 394 of these were owner occupied and 32.5 percent lacked some or all plumbing facilities. There were 687 black households with incomes below the poverty level.

³⁷ Pauline Fields, city clerk, Dermott, telephone interview, Jan. 19, 1979.

³⁸ Mary S. Howard, city clerk, Dumas, telephone interview, Jan. 19, 1979.

Of that total, 253 lived in owner-occupied housing units. About 44.0 percent of all housing units occupied by black households with incomes less than the poverty level lacked some or all plumbing facilities.

West Helena is governed by a mayor and eight council members, all elected at-large. Of that total, there were two blacks and no females.³⁹

Wabbaseka

There were 615 persons living in Wabbaseka in 1978, of whom 470 were black. There were 160 persons, 16 years old and over, in the city's labor force, primarily employed in the manufacturing of durable goods.

There were 150 families within the city. Of that total, 53 families had incomes below the poverty

³⁹ Julia S. Adkins, city clerk, West Helena, telephone interview, Jan. 19, 1979.

level and of these, 23 had a female as head of household. There were 378 persons of the city's total population of 615 who were considered as living below the poverty level.

Based on the 1970 housing statistics, there were 166 housing units in the city, of which 78 percent were owner occupied and 17 percent had 1.01 or more persons per room. However, where the housing unit was occupied by a black family, 41 percent of the housing units had 1.01 or more persons per room. Of all the owner-occupied, year-round housing units in Wabbaseka, 43 percent lacked some or all plumbing facilities, and 163 were built on other than a concrete foundation.

Wabbaseka is governed by a mayor and six council members, three of whom are black. Elections for city council are conducted at-large.⁴⁰

⁴⁰ W.C. Ivey, mayor, Wabbaseka, telephone interview, Sept. 29, 1978.



Review of the Block Grant Program in Selected Towns and Cities in Arkansas

As indicated in chapter 2, the act provides for neighborhood groups as well as elected municipal officials to participate in setting priorities for projects to be undertaken under the block grant program.¹ Each of the 10 municipalities in this review has a mechanism to secure input from the affected areas.² Much of the criticism of the operation of the programs in these 10 municipalities can be found in the conflict that exists between the neighborhood groups and the elected city council responsible for making the final decision on projects to be submitted to HUD for approval.³ (As figure 4.1 indicates, the municipalities reviewed during the hearings are located in the central and eastern part of the State.)

Citizen Participation Through Political Participation

Although the open hearings did not specifically pertain to political participation, it is evident that Congress intended to enact a law that guaranteed input from the low- and moderate-income residents through their participation in the political process as well as through the neighborhood input as outlined in the statute and regulations. As table 4.1 shows, the number and percentage of black elected officials in municipalities included in the hearings does not reflect their number and percentage in the total population. These figures indicate that the black, mostly poor population in these municipalities is

grossly underrepresented in the bodies that make the final decisions regarding programs and priorities. Consequently, the process of assuring the involvement of a major segment of the poor population breaks down because of underrepresentation on the bodies with the power to make the major determinations on block grant programs.

Citizen Participation Through Neighborhood Input

As required by HUD's regulations,⁴ each municipality reviewed has a citizen's participation plan on file. These plans range from a very comprehensive plan in Little Rock that has the city divided into nine planning areas to a relatively simple plan in Wabbaseka with a committee of eight appointed by the mayor to serve as the citizen's participation committee.⁵

The effectiveness rather than the existence of a citizen participation plan is the concern of most community leaders and some public officials. As required by law, public hearings have been held in all municipalities receiving block grant funds. In some cases, they have been well attended; in others, as few as five people have attended the public hearings.⁶

The impact of these hearings on the ultimate project choices was a concern of many residents

¹ 42 U.S.C. §5304(a)(6) (Supp. 1978).

² U.S., Department of Housing and Urban Development, Community Development Block Grant applications, Little Rock Area Office.

³ Arkansas Advisory Committee to the U.S. Commission on Civil Rights, open meetings, November 1978, transcript, vol. 2, pp. 350-51; vol. 4, pp. 322-23; vol. 6, pp. 125-28, 141-51 (hereafter cited as Transcript).

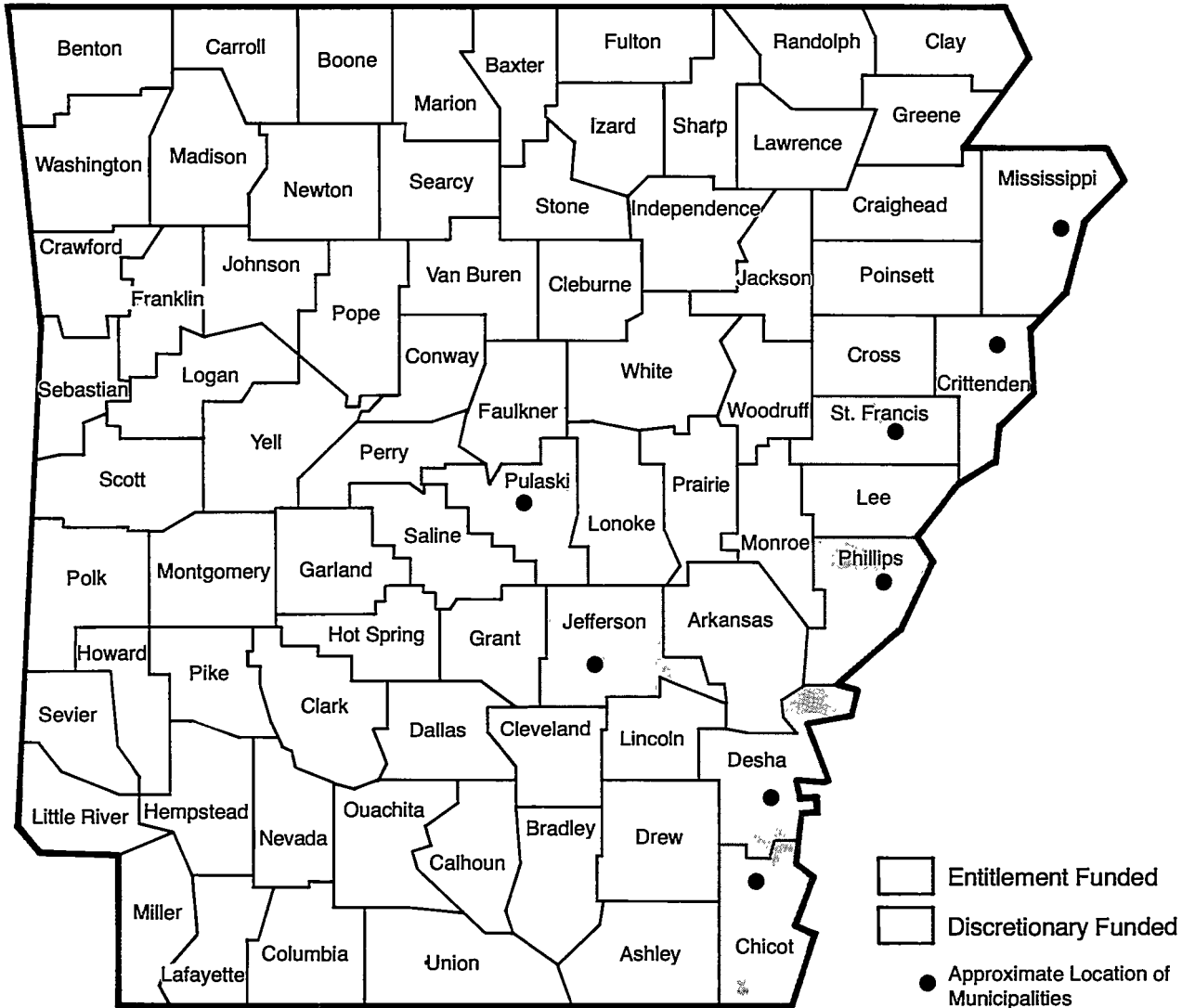
⁴ 42 U.S.C. §5304(a)(6) (Supp. 1978).

⁵ U.S., Department of Housing and Urban Development, citizens participation plans, block grant applications for Little Rock Area Office.

⁶ Transcript, vol. 4, pp. 322-23; vol. 6, p. 63; Willard Johnson, Little Rock, interview, Oct. 13, 1978.

FIGURE 4.1

Selected Municipalities in Arkansas that Receive Entitlement and Discretionary Funds



SOURCE: U.S. Department of Housing and Urban Development, Little Rock Area Office, Little Rock, Arkansas.

TABLE 4.1**Black Representation on City Councils in Selected Municipalities in Arkansas**

Cities	Total Population 1970	Number of Blacks	% of Blacks	Number of Council*	Number of Blacks	% of Blacks on Council	Index of Under Representation**
Little Rock	132,482	33,134	25	7	1	14.3	-11.7
Pine Bluff	57,344	23,454	40	8	2	25	-15
W. Memphis	25,945	8,478	32	10	2	20	-12
Osceola	7,268	2,907	40	6	0	0	-40
McGehee	4,655	1,862	40	6	1	16.6	-24.2
Forrest City	12,521	5,425	43	8	2	25	-13
Dermott	4,469	2,936	65.7	6	3	50	-15.7
Dumas	4,744	2,125	44.8	6	1	16.6	-28.2
W. Helena	11,005	4,655	42.3	8	2	25	-17.3
Wabbaseka	615	470	76	6	3	50	-26

* These figures do not include the mayor, who in all cases is white and elected at large.

** The index of underrepresentation is arrived at by subtracting the percentage of black representation on city councils from their percentage of the city's total population.

Source: Telephone interviews with city clerks in each municipality, January 19, 1979. U.S. Department of Commerce, Bureau of Census, 1970 Census of Population General Population Characteristics: Arkansas PC(1) B-5.

who spoke before the Arkansas Advisory Committee.⁷ An example that is typical regarding citizen participation in Wabbaseka was given by J.Y. Williams of the Southeast Arkansas Regional Planning Commission who said:

The general public oftentimes throws out issues that are sort of highly pretentious, socialistic, moralistic type issues that came up because they want a remedy or an answer. They think that when you say community development we are talking about the overall community of church, school, and education, and political cycle. . . .⁸

Of the 10 municipalities considered in this review, only Little Rock community representatives felt that the city officials seriously considered the input of neighborhood groups in making their decisions on projects that would be approved and submitted to HUD in the final application.⁹

Probably the most severe attack regarding citizen participation came from Pat West, president of the Forrest City NAACP, regarding the plan for that city. She said:

During the public hearings, the proposed program was discussed with a minimum of detail and no written information is made available in those meetings. . . . To our knowledge there has been no active effort to provide citizens with an adequate opportunity to participate in an advisory role in planning, implementing, and assessing the program.

Overall, the CDBG program has brought some benefits to low- and moderate-income groups, but we strongly advise that in the future citizens input from the target areas be given consideration.¹⁰

Municipal officials, as well as community leaders, complained about the lack of attendance at neighborhood meetings and city council hearings on the block grant programs. Generally, community leaders attributed this lack of attendance to the failure of municipal officials to notify the public adequately. Community leaders and municipal officials agreed that the minimum requirement by HUD of advertis-

⁷ Transcript, vol. 4, pp. 350-58; vol. 6, p. 63.

⁸ Transcript, vol. 2, pp. 141-42.

⁹ Johnson Interview; Bobby Broadwater, Oct. 10, 1978, and Mrs. Caldenia

Brown, Oct. 12, 1978, interviews, Little Rock; Transcript, vol. 4, pp. 322-23, and 358; and Transcript, vol. 6, pp. 128, 159, 211.

¹⁰ Transcript, vol. 6, p. 211.

ing in a newspaper of general circulation has been ineffective.¹¹

Lamar Keels of Camden and president of the Arkansas NAACP addressed this problem in testimony before the Advisory Committee:

I know that in our city the block grant meetings are presently being held, and when they met in the black community 3 weeks ago, there were five people in attendance at the meeting. From a compliance point of view that's great, but from an effective point of view, that's ridiculous.

I don't think that running a classified ad on the back side of a newspaper in small print is a way to communicate with the public about something as important as \$4 million that was earmarked for poor folks in a city where they are building a park on the west side of town.¹²

In addition to complaints about lack of attendance and inadequate notification, much concern was expressed regarding the inability of citizens to secure information needed to make intelligent decisions.¹³ This problem was said to be especially acute in West Memphis, West Helena, and Forrest City.¹⁴ Roberta Jackson, a member of the West Memphis City Council, was unaware and not informed by the administrators of the block grant program that citizens advisory committees were desirable. She said:

Several times in our council meetings or whenever the community development would come up for us to approve, I have asked the applicant about citizens advisory committees, and it seems that they never did get to the point of organizing the citizens advisory committees. And to me, it leaves us completely out.

Let me just state here that if there is an advisory committee, at least we have not been apprised of one.¹⁵

Mrs. Jackson, as well as other witnesses, felt that the information provided citizens of West Memphis is inadequate and tends to make participation by the ordinary citizen, especially those of low and moderate income, at best confusing.¹⁶

In response to a question regarding how decisions were made as to what projects would be undertaken

in the West Memphis community development program, Mrs. Jackson replied:

The decisions are made from our public hearings. Citizens get up and ask questions of what they need and what they think they would like to have. No "input citizen" would get up and ask the same thing. . . that is not even in the community development. They get up and ask for "I need a roof on my house." "I need my garbage picked up." "I need this."

They make complaints that are not regarding the city programs. The citizens don't have the information.¹⁷

This would indicate that requests are often made for activities that do not fall within the scope of the community projects. This appears to be due, at least in part, to lack of information or misinformation on the part of citizen participants.

Community leaders in Forrest City complained that they were unable to secure information about the program despite repeated efforts, including several invitations to the mayor and his administrative aide to attend their community meetings.¹⁸

The president of the Forrest City NAACP complained that she was unable to secure a legible copy of the affirmative action plan submitted to HUD with the application.¹⁹

In other testimony, Joe Danley, a member of the Concerned Citizens of Phillips County, responded to earlier testimony by West Helena's mayor, Jesse Porter, who said that no complaints had been received by his office regarding the use of CDBG funds: "Well, let me say it this way. You cannot register a complaint about something you do not know anything about."²⁰

In addition, Lamar Keels, Arkansas NAACP president, associated the absence of citizens' participation with the unavailability and lack of understanding of information:

I think that lack of citizen participation is directly tied to the administrative impact. I don't think the administrators are doing their job efficiently to explain the program.

It's a mismatch. You go into city hall and here is the city manager with a master's degree in

¹¹ Transcript, vol. 4, pp. 324-25.

¹² Ibid., pp. 322-23.

¹³ Transcript, vol. 6, p. 133, 207; vol. 4, pp. 350-60.

¹⁴ Ibid., pp. 125-34, 172-85, 189.

¹⁵ Ibid., p. 125.

¹⁶ Ibid., pp. 125-30.

¹⁷ Ibid., pp. 127-28.

¹⁸ Ibid., pp. 207-08.

¹⁹ Ibid., p. 212.

²⁰ Ibid., p. 189.

public administration that gets a pot of money from C.D. that has to go out and put together an advisory council of lay people who may have a sixth or seventh grade education. There is a communication breakdown unless this man really is committed to sitting down with the nuts and bolts and explain to the people.²¹

Similar complaints were registered by representatives of other communities appearing before the Arkansas Advisory Committee.²²

Role of Municipal Government

The role of municipal government in the administration of the program is clearly defined in the legislation and the regulations;²³ however, the process of project selection leads to a great deal of variance in the way this mandate is carried out. In some cases, such as Little Rock, most project decisions are made on the basis of neighborhood input, while in other cities, such as West Memphis, Pine Bluff, Osceola, Forrest City, and West Helena, the input of neighborhood and community groups assumes a role ranging from very limited to none at all.²⁴

The community development department in some municipalities is responsible for preparing and submitting packets to the city council, either directly or through committees of the council. In most cases, the smaller municipalities utilize the services of regional planning agencies or consultants.²⁵

Under questioning from members of the Arkansas Advisory Committee, several municipal officials admitted that projects were selected by the city council based on the priorities of the city administration and imposed on the residents of low- and moderate-income areas in the city through the neighborhood meetings.²⁶ Officials of small and large municipalities indicated that in most cases applications for block grant funds are made in order to develop projects, especially public works projects, that they would otherwise not be able to afford.²⁷

Ralph Pipkins, a member of the Forrest City Council, described the process used by his city in selecting projects as follows:

Going back to the fire station that we built under one of these programs, there was a need that had existed for some time. We were advised of the need to provide a new station through some State agency that had advised that the equipment in the building needed upgrading.

When we decided—and when I say decided, it was a general agreement of the council—to do something about the fire station, but we had to find some outside funds in order to complete that program. We began to search for some type of grant that would cover building that station. We talked with a couple of different governmental agencies in an effort to locate a source.

We finally located a source by reading an article in the newspaper and making a phone call and that place we called referred us to yet another place that turned out to be the block grant.

We searched this program out and utilized it. We held meetings and explained. . . what we felt was a very pressing need to the benefit of everybody within the city, not just any particular group.²⁸

Under questioning by Chairman Morton Gitelman, Mr. Pipkins made the following responses:

MR. GITELMAN: The council saw a need in the city and you looked for various programs that might fill that need and you found the block grant program and you learned that in order to get a block grant, community development block grant, that you would have to have citizen participation and hold public hearings?

MR. PIPKINS: Right.

MR. GITELMAN: So the decision was made that this was your priority and this was your need so then in order to fill out the application you had to be able to sign that you had the requisite public hearings?

MR. PIPKINS: That's right.

MR. GITELMAN: And that is the process you went through?

²¹ Transcript, vol. 4, pp. 324-25.

²² Ibid., pp. 322-24.

²³ See chapter 2.

²⁴ Transcript, vol. 4, pp. 350-58; vol. 6, p. 63.

²⁵ Transcript, vol. 2, pp. 125-66; vol. 6, pp. 7-35.

²⁶ Transcript, vol. 5, pp. 65-67.

²⁷ Ibid.

²⁸ Transcript, vol. 5, pp. 65-67.

MR. PIPKINS: Right.²⁹

In further testimony regarding the role of the city council in project selection, Jesse Porter, the mayor of West Helena, responded to a question regarding the role of the council in deciding projects to be undertaken:

Well, we felt that this was perhaps one of the worst areas in our city. In other words, in order to get points or to get consideration through HUD you have got to show it is for needy people, so to speak.

and in our judgment, this was one of the neediest areas there, one of the most dilapidated or perhaps in more sore need for improvement than any other part of our city.

In our meeting we brought this out and there was no negativism and there was no one that argued against it. Everyone seemed to be pleased with it. So we projected that unanimously with the council and they accomplished the mission.

So far as we know, the people there, I think, everyone is very pleased with it.³⁰

Fund Allocation to Entitlement Cities

As previously defined, entitlement cities are those designated by HUD to receive block grant funds upon application and approval based on their previous participation in various categorical HUD programs such as urban renewal and model cities.³¹ In Arkansas, these cities, like most municipalities in central and eastern Arkansas, have large poor and black populations and, thus, have a limited tax base.³² Consequently, their dependence on Federal aid for funding governmental services is great. Most local officials in these cities consider the funding of programs designed for low- and moderate-income areas as essential if those communities are to be improved and made livable.³³ Many local civil rights and community leaders in the four cities view the program as essential but argue that the general population,³⁴ rather than those of low- and moderate-income, is benefiting from the programs. The degree of this problem varies in the municipalities

reviewed. For example, the residents of Little Rock generally agree that the projects selected and implemented do benefit low- and moderate-income persons, whereas many community leaders in Pine Bluff feel that many projects selected benefit the general population rather than those of low and moderate incomes.³⁵

Table 4.2 summarizes the activities funded by the four entitlement cities included in the review. The largest share in each city is directed to "Activity 2—Public Works," ranging from over 80 percent in Osceola to over 66 percent in West Memphis.³⁶

The large allocation of funds for public works projects provides the basis for much conflict between community leaders and neighborhood groups and local officials. Many times, community leaders and neighborhood groups view public works projects selected by the city councils as unessential and benefiting the community in general rather than being directed toward the needs of low- and moderate-income residents.³⁷ In some cases, these target groups find it difficult to believe that public works projects selected are more essential than the need for housing rehabilitation.³⁸ Considering the conditions of housing in the four selected entitlement cities, this could be true. For example, in West Memphis, 16 percent of the housing lacked some or all plumbing facilities. For blacks this figure was 52.2 percent;³⁹ yet, no block grant funds were allocated for housing rehabilitation.⁴⁰ Similar situations exist in Osceola and Pine Bluff.⁴¹

Public officials and block grant administrators in the cities defend the public works priorities by arguing that some public works projects, such as drainage systems and sewer facilities, are needed to serve as a foundation for housing rehabilitation and other projects that communities desire.⁴²

Fund Allocation to Discretionary Cities (Small Cities)

The competition for funds in Arkansas involved in the discretionary program has had a great deal of influence on project selection and location. As pointed out in chapter 1, the area office ranks all preapplications based on a formula made available

²⁹ Transcript, vol. 5, pp. 67–68.

³⁰ Transcript, vol. 5, pp. 40–42.

³¹ See chapter 2.

³² See chapter 3.

³³ Transcript, vol. 2, p. 169; vol. 5, pp. 35–70.

³⁴ Transcript, vol. 4, pp. 334–36, 338, 352–60; vol. 6, pp. 128, 143, 159–60.

³⁵ Ibid.

³⁶ See table 4.2.

³⁷ Transcript, vol. 4, pp. 334–36, 338, 352–60; vol. 6, pp. 128, 143, 159–60.

³⁸ Ibid.

³⁹ See chapter 3.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Transcript, vol. 2, p. 220–61; vol. 5, pp. 35–73.

TABLE 4.2**Summary of Activities Funded Statewide and in Selected Cities Receiving Entitlement Funds, 1975-1977**

Activity	Arkansas		Little Rock		Pine Bluff		West Memphis		Osceola	
1. Acquisition of Real Property	\$ 4,273,812	5.2%	\$ 255,000	1.5%	\$ 65,000	1.0%	\$ 50,000	2.2%	\$ 47,500	1.6%
2. Public Works, Facilities, and Site Improvements	55,060,245	67.0	11,128,699	65.1	4,767,000	72.6	1,530,000	66.0	2,606,450	87.5
3. Code Enforcement	782,735	1.0	162,000	0.9	200,000	3.0	—	0.0	—	0.0
4. Clearance, Demolition, and Rehabilitation	736,912	0.9	300,000	1.8	—	0.0	37,500	1.6	—	0.0
5. Rehabilitation Loans & Grants	6,004,118	7.3	1,650,000	9.7	640,000	9.8	—	0.0	17,500	0.6
6. Special Projects for Elderly and Handicapped	355,652	0.4	170,000	1.0	—	0.0	—	0.0	—	0.0
7. Payment for Loss on Rental Income	600	0.0	—	0.0	—	0.0	—	0.0	—	0.0
8. Disposition of Real Property	2,000	0.0	—	0.0	—	0.0	—	0.0	—	0.0
9. Provision of Public Services	1,292,102	1.6	605,000	3.5	—	0.0	—	0.0	—	0.0
10. Payment of Non-Federal Services	2,417,749	2.9	—	0.0	—	0.0	340,000	14.7	—	0.0
11. Completion of Urban Renewal and Neighborhood Development	585,000	0.7	—	0.0	—	0.0	—	0.0	—	0.0
12. Relocation Payments & Assistance	348,800	0.4	—	0.0	—	0.0	—	0.0	9,000	0.3
13. Planning and Management Development	1,210,288	1.5	119,400	0.7	45,000	0.7	56,000	2.4	41,000	1.4
14. Administration	4,036,329	4.9	970,141	5.7	529,500	8.1	146,500	6.3	147,000	4.9
15. Continuation of Model Cities Activities	2,105,200	2.6	1,656,555	9.7	—	0.0	—	0.0	—	0.0
16. Contingencies/Other	2,999,778	3.6	73,000	0.4	313,500	4.8	156,500	6.8	109,962	3.7
Total	\$82,211,320	100%	\$17,089,795	100%	\$6,560,000	100%	\$2,316,500	100%	\$2,978,412	100%

Source: Data derived from analyses of Community Development Budget, Form HUD-7015-5 (11-75), U.S. Department of Housing and Urban Development.

by the HUD office in Washington, D.C. The officials of municipalities are extremely conscious of the point system in proposals submitted.⁴³

Even though the competition for discretionary funds in Arkansas is strong, it is not as competitive as in many of the heavily populated States, because the amount of funds set aside and granted under the hold-harmless provisions of the act are not as great in Arkansas.⁴⁴ The amount of discretionary funds available is rising as the amount of funds granted under the hold-harmless provisions declines.⁴⁵

The area office in Little Rock received 181 preapplications in 1978. Of these, 19 were not ranked. Among the reasons for their exclusion were: (1) lack of data; (2) previous grants received had failed to carry out the program or had failed to make the amount of progress the area office thought adequate; (3) audits of programs had found deficiencies that had been existing for a long time and the unit of government had not made a reasonable effort to correct.⁴⁶

The preapplication contains information regarding the intended use of the money, particularly with respect to who will benefit from the program. Other demographic information such as the degree of poverty and housing conditions is also included.⁴⁷

When asked about the extent that HUD depends on information submitted by local government to resolve data information conflicts, Warren McLaurry, Director of Community Planning and Development for the Little Rock Area Office, responded:

We have questions as to the methodology used or the sources and then we make trips to the field before we complete our rating and ranking system and check that data.

We go to the field and even make field surveys in some instances in order to determine if it is reliable data, and we did in a case or two last year. . . have to turn one down that looked eligible and it ranked high enough, but the methodology didn't pan out when we went to the field.⁴⁸

Responding to questions regarding charges by some officials of small cities that the ability of applicants to submit sophisticated data influences the

HUD officials in their ranking, HUD officials denied they took sophistication of data under consideration when making their decisions.⁴⁹

This point was further elaborated on by Regional Director Thomas J. Armstrong with the following testimony:

I have been working in HUD programs for quite a long time and the whole effort in the community development block grant program was to try to get away totally from what is commonly called "grantsmanship," where you know the fastest typewriter and the most expensive, best consultant gets the money. . . .

and we would do everything in processing our discretionary grant application, perhaps, particularly at the preapplication stage to determine where the greatest need is and to target those limited resources toward those greatest needs.⁵⁰

When asked by an Advisory Committee member whether HUD makes a determination that proposed activities actually further the statutory purpose or merely that the proposed activities are eligible, Mr. Armstrong replied:

That's a difficult thing to determine. We try to do both, but we have to make and we are required to make a determination that is legally eligible.

. . . You get into an area of pretty gross value judgment on the second issue as to whether or not the activity in a given circumstance really furthers the objectives of the legislation or not. We try to make that determination and quite often it is clear, but just as often it is a fuzzy kind of situation and there we rely—unless there is evidence to the contrary on a complaint filed by somebody from the local citizenry that the activity is clearly not achieving the objective, then we accept the certification.⁵¹

The decisionmaking process resulted in the awarding of 124 discretionary grants in the first 3 years of the program.⁵² Approximately 190 separate projects were approved during that period.⁵³

Table 4.3 illustrates the projects that were funded in the discretionary grant cities included in the hearings held by the Arkansas Advisory Committee.

⁴³ Ibid; vol. 1, pp. 80-84.

⁴⁴ Transcript, vol. 1, pp. 30-31.

⁴⁵ Ibid.

⁴⁶ Transcript, vol. 1, pp. 79-80.

⁴⁷ 42 U.S.C. §5304 (Supp. 1978).

⁴⁸ Transcript, vol. 1, p. 81.

⁴⁹ Ibid., pp. 82-84.

⁵⁰ Ibid., p. 83.

⁵¹ Ibid., pp. 86-87.

⁵² U.S., Department of Housing and Urban Development, *Community Development Discretionary Fund, Distribution by Project Type/Application Rating*. Little Rock Area Office, 1975, 1976, and 1977.

⁵³ Ibid.

TABLE 4.3**Summary of Funded Activities in Six Arkansas Cities Receiving Discretionary Funds**

City	Total Funds	FY	Project
Dermott	\$250,000	1977	Water-Sewer-Rehabilitation
	0	1976	Not Funded
	0	1975	Not Funded
Dumas	\$250,000	1977	Park Acquisition and Development, Street, Public Works
	0	1976	Not Funded
	0	1975	Not Funded
Wabbaseka	0	1977	Did not submit preapplication
	\$100,000	1976	Drainage, Fire Protection, Transportation, Water Well, Park
	0	1975	Not Funded
McGehee	0	1977	Not Funded
	0	1976	Not Funded
	\$100,000	1975	Storm Drainage Improvements
Forrest City	\$250,000	1977	Park
	0	1976	Not Funded
	0	1975	Not Funded
West Helena	0	1977	Not Funded
	\$150,000	1976	Street and Drainage Improvements
	0	1975	Not Funded

SOURCE: U.S. Department of Housing and Urban Development, Little Rock Area Office. CDBG Entitlement and Discretionary Funding Report, Computer Printout, dated Dec. 27, 1977.

Reviews

Once the application is prepared and approved by the city council, it is subjected to a series of reviews by various agencies before it is considered for approval or rejection by HUD. These reviews, known as A-95 reviews, are required by law and are conducted by the regional planning agencies and the State agency designated by the Governor.⁵⁴ In the case of Arkansas, the regional reviews are done by the planning and development districts (PDD) and metropolitan clearinghouse agencies, and the State reviews are done by the department of local services.⁵⁵ According to Ron Copeland, director of the Arkansas Department of Local Services, the department only conducts a review of each application; it does not approve or disapprove it.⁵⁶ Once the applications are reviewed, they are forwarded to the HUD area office with comments. The HUD area office makes the final decision on all applications for block grant funding.

Although a civil rights compliance section is forwarded to the reviewing agencies, they do not

monitor or review this section, other than seeing that it is completed.⁵⁷ However, each application is assessed as to its impact on low- and moderate-income persons in the community.⁵⁸ Several of the PDD administrators indicated that civil rights compliance should be the Federal Government's responsibility and not that of the reviewing agencies.⁵⁹

Several applications in the cities and towns included in this review have been questioned about the environmental impact and the degree that certain projects would benefit low- and moderate-income persons, but not one has been questioned about civil rights compliance.⁶⁰ The reviewing agencies argue that although they have specific mandates to review CETA and other Federal program applications for civil rights compliance, they have no such authority under HUD programs.⁶¹

⁵⁴ 42 U.S.C. §5304(e) (Supp. 1978).

⁵⁵ Ibid.

⁵⁶ Transcript, vol. 1, pp. 121-23.

⁵⁷ Transcript, vol. 2, pp. 125-60.

⁵⁸ Ibid.

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Ibid.

Grantee Performance Reports

Each city receiving block grant funds is required to submit grantee performance reports to the area office of HUD each year.⁶² These reports are prepared largely on forms provided by HUD but include accompanying narratives on selected subjects. These progress and impact reports to HUD are in the following areas: (1) progress on planned activities, (2) recipient assessment, (3) housing assistance, (4) status of environment reviews, (5) equal opportunity considerations, and (6) citizens participation.⁶³

A review of the reports submitted to HUD by the municipalities included in the hearings of the Arkansas Advisory Committee indicated that the projects were being implemented in a manner originally promised in the previous year's application.⁶⁴ Since, for the most part, these reports are reaffirmation of the assurances made in the original application, it is difficult for the HUD official to monitor them closely for their accuracy.⁶⁵

HUD's Role

According to HUD officials in Little Rock, the block grant program is based on the proposition that local governments know best how to handle their problems. HUD's involvement is limited to offering assistance only when requested by the local governments.⁶⁶ However, once the preapplications are received by HUD, they are evaluated on criteria determined in Washington. The applicants that qualify are invited to submit full applications. Mr. Zachritz, formerly the acting manager of the area office, admitted that HUD does not have the inhouse capability to review onsite each application for block grant funding. The area office admits that lack of this capability has undoubtedly resulted in the approval of projects that are questionable with respect to the degree that they benefit low- and moderate-income persons.⁶⁷

Although the rating system is very objective overall, there is some subjectivity involved. The rating system is developed in Washington and many times does not reflect local conditions. Moreover, HUD decisions are very dependent on information

provided by the local communities in the applications. Among the criteria used by the area office is whether or not the application is comprehensive, complete, and impacts low- and moderate-income persons. As to citizen participation, the city only has to indicate that public hearings were conducted. There is no requirement to indicate how large the turnout was or what the agenda was.⁶⁸

The applications are subject to approval by HUD's equal opportunity division, and it depends heavily on the assurances signed by the mayor of the municipality. Because of limited staff in the area office, the dependence on complaints received is also great.⁶⁹ Of the applications from the 10 cities included in the Advisory Committee's hearings, only projects in Pine Bluff, Forrest City, and West Memphis have been questioned by community groups as to their benefit to low- and moderate-income persons.⁷⁰

Objections

Some community leaders feel that HUD discourages objections to applications because the regulations allow them to accept objections only on the following grounds:

1. The city's description of needs and objectives is plainly inconsistent with available facts and data.⁷¹
2. The activities to be undertaken are plainly inappropriate to meeting the needs and objectives identified by the city.⁷²
3. The city's application does not meet the requirement of law. These objections must include the requirement and the grounds of the complaint.⁷³

With this narrow basis for objections to applications, some community leaders testifying said that the inability to secure information, especially that of a technical nature, made it difficult if not impossible to establish grounds for complaining to HUD. At best it discourages objections, they said.⁷⁴

Monitoring Equal Opportunity

Since most responsibility for monitoring equal opportunity programs lies in the area office and this

⁶² Warren McLaury, Director of Community Planning and Development, HUD area office, interview, Little Rock, Dec. 5, 1977.

⁶³ *Ibid.*

⁶⁴ *Ibid.*

⁶⁵ *Ibid.*

⁶⁶ *Ibid.*

⁶⁷ *Ibid.*

⁶⁸ *Ibid.*

⁶⁹ Katy Washington, Director of Fair Housing and Equal Opportunity, HUD area office, interview, Little Rock, Dec. 5, 1977.

⁷⁰ Transcript, vol. 4, pp. 348-95; vol. 6, 124-97.

⁷¹ *Ibid.*

⁷² *Ibid.*

⁷³ *Ibid.*

⁷⁴ *Ibid.*

office has a very limited staff, most monitoring activities are in response to complaints.⁷⁵ In most cases these complaints are made by citizens with the help of organizations such as the National Association for the Advancement of Colored People (NAACP), the Association of Community Organizations for Reform Now (ACORN), and the American Civil Liberties Union (ACLU). Testimony indicated that although people are aware that the funds are designed to be used for low- and moderate-income neighborhoods, the carrying out of the programs many times makes it impossible for the people to secure information to make intelligent decisions as to whether or not the city is in violation of the regulations.⁷⁶ Usually upon receipt of a complaint, the representatives of the area office write to the mayor requesting that the complainant be answered and the corrective action indicated.⁷⁷

Several witnesses appearing before the Arkansas Advisory Committee objected to this procedure, stating that their lack of confidence and inability to deal with local officials is the reason they complain to HUD in the first place.⁷⁸ If corrective action is needed, city officials are given 15 days to answer. If the action taken is not satisfactory to the complainant, the area office may send a team out to monitor the program. Monitoring teams have made investigations in several cities included in this report as a result of the inability of local governments and citizens filing complaints to reach agreement.⁷⁹

Katy Washington, Equal Opportunity Director of HUD's area office in Little Rock, described the monitoring and handling of complaints as follows:

A city submits an application for block grant funds and submits the required certifications. When that application comes to the FHEO for a review, we have the responsibility for reviewing that application and for accepting or rejecting those certifications based upon the information I have, as well as any information included in the application.

During the course of their review there are certain things required by a particular city. And one of those things is that they must comply with section 109 and Title VI⁸⁰ and that includes equal opportunity in all HUD-funded programs across the board.

In view of the fact that there is not adequate staff in the Little Rock area office to monitor each city in the State that makes application or specific assurances, then, of course, we have to ask for a document that would give me certain information.

She continued:

In that particular case that could be an affirmative action plan with reporting done periodically. So when that city comes in with their application for review—let's just take a city that I am aware of that does not have adequate representation of minorities in their city employment—and have not lived up to assurances made in the past, it is at that point that we can recommend to the director of the office that the city be conditionally approved until they make a promise that they are going to do something about the hiring situation in that particular locality. The area director can accept or reject the condition that FH and EO wishes to place on the grant.

If a project has already been funded it would take an entirely different process. At that point that the area office would refer it to the regional office and ask that a compliance review be done.⁸¹

The Equal Opportunity Director has made recommendations to the Area Director that the application be rejected because of deficiencies in the area of equal opportunity, but no application has been rejected for this reason in Arkansas.⁸² In some cases, applications have been accepted only on a conditional basis pursuant to improvements in the area of equal opportunity.⁸³

If the area office is not able to secure a satisfactory resolution of a complaint, a compliance review may be requested of the regional office. All reviews are conducted by the Fair Housing and Equal Opportunity Office in Dallas, Texas. The director of this office reports directly to the Fair Housing and Equal Opportunity Office of HUD in Washington, D.C. Complaints regarding fair housing and equal opportunity may not be acted on by the regional office

⁷⁵ Washington Interview.

⁷⁶ Transcript, vol. 4, pp. 348-95; vol. 6, pp. 124-97.

⁷⁷ Washington Interview.

⁷⁸ Transcript, vol. 4, pp. 348-95; vol. 6, pp. 124-97.

⁷⁹ Washington Interview.

⁸⁰ 42 U.S.C. §5309(a)(1974).

⁸¹ Transcript, vol. 1, pp. 67-68.

⁸² Leonard Chaires, Director, Regional Office of Housing and Equal Opportunity, interview, Dallas, Tex., Oct. 11, 1978.

⁸³ Ibid.

TABLE 4.4**Use of Minority Contractors in 24 Arkansas Cities that Received Community Development Block Grant Funds**

	1975	1976	1977	1978
Nonminority	\$1,257,536	\$7,367,274	\$12,809,404	\$3,649,459
Minority	0	0	0	0
Total	1,257,536	7,367,274	12,809,404	3,649,459
% Participation	0	0	0	0

SOURCE: U.S. Department of Housing and Urban Development, Fair Housing and Equal Opportunity Division, Region VI, Dallas, Texas. (This information is derived from the Grantee Performance Report that reflects only contracts over \$10,000. Accordingly, smaller contracts to minority contractors, often used in housing rehabilitation programs, are not included in the report because most contracts are for less than \$10,000.)

without concurrence of the Fair Housing and Equal Opportunity Office.⁸⁴ The regional office conducts the investigation and provides a report to the Washington office with its recommendations, which include its decision either for a finding of compliance or noncompliance.⁸⁵

If the finding is for noncompliance, the parties are authorized to enter into negotiations either for a voluntary agreement or, in the absence of finding an agreement, to impose sanctions authorized by the Washington office of Fair Housing and Equal Opportunity.⁸⁶

When questioned about the type of sanctions that may be used, Mr. Armstrong replied:

The only sanction that we have any authority to use is to cut off the flow of HUD funds to that particular recipient—which, by the way, is not an effective sanction because it cuts off the money to people who need it—because the complaint is usually based on the fact that the funds are not flowing to the low-income people as they should be or that it is not flowing to minorities as it should.

So it seems to me that the imposition of sanctions which totally cut off money is the remedy of the last resort because it is nonproductive to those who need the assistance.⁸⁷

No sanctions have resulted from compliance reviews in the State of Arkansas; however, funds have been reprogrammed in several instances. Of the eight cities considered in this report, compliance reviews have been done only in Pine Bluff.⁸⁸

⁸⁴ Ibid.

⁸⁵ Ibid.

⁸⁶ Ibid.

⁸⁷ Transcript, vol. 1, p. 20.

Minority Contractors

The failure of local governments to use minority contractors in the implementation of their projects is of great concern to HUD officials as well as to civil rights leaders and community groups in Arkansas. A report prepared by the HUD regional office revealed that no minority contractors have been used in the State during the life of the community development block grant program.⁸⁹ (See table 4.4.) Unlike many other Federal agencies, HUD does not have set-aside provisions for minority contractors in the competitive bidding procedure, and this makes it impossible to require that minority contractors be used by block grant recipients.⁹⁰

When asked about this record and HUD's efforts to correct it, the Regional Director replied:

The section of the act which you are talking about is section 3 of the old 1964 act that requires that minority contractors and neighborhood residents in the distressed area be given priority for both employment and contracts. We have had a great deal of difficulty enforcing it in that all the contracts are let by units of local government. In some communities, there are few contractors.

But in a highly competitive business without the capacity to set aside certain percentage of contracts, which we presently do not have. . . it is difficult for a small beginning contractor to compete with a large bondable contractor.⁹¹

The Regional Director pointed out that the regional office does have monitoring responsibility in this area and they do make an effort to encourage cities to utilize minority contractors, but he said he

⁸⁸ Chaires Interview.

⁸⁹ Transcript, vol. 1, pp. 33-39.

⁹⁰ Ibid., p. 33.

⁹¹ Ibid.

thought that some municipalities are only making "paperwork" efforts.⁹²

The situation regarding the use of minority sub-contractors in Arkansas is also dismal. For example, of the \$50 million awarded in contracts during the first 3 years of the program, only \$220,000 of the funds were paid to minority subcontractors. Most city officials testifying or interviewed indicated that they had not used minority contractors because they were not available and have not bid on block grant projects.⁹³

Civil rights and community leaders disagree. In testimony during the Arkansas Advisory Committee hearings, several witnesses indicated that the cities do not make an effort to provide the information needed to involve available minority contractors. In addition, they contended that HUD had done very little to encourage municipalities to seek and use minority contractors.⁹⁴

Wally Caradine, procurement and technical analyst of the Arkansas Business Development Corporation (ABDC), an organization funded by the Office of Minority Enterprise of the U.S. Department of Commerce whose major mandate is to aid minority businesses in seeking government contracts, testified that HUD had not sought their help in alleviating the problem. He said:

The city officials of these small cities will say that no minority contractors exist that can do the work, which is not true. . . . That's our role. One of our roles has been to identify these contractors and we have done it with our minority directory, and we can give out other information that pertains to their companies to anybody that requests this information.⁹⁵

⁹² Ibid.

⁹³ Transcript, vol. 2, p. 167; vol. 5, pp. 87-91.

⁹⁴ Transcript, vol. 3, pp. 292-319; vol. 4, p. 319; vol. 6, pp. 108-24.

⁹⁵ Ibid., p. 298.

⁹⁶ Ibid., p. 299.

⁹⁷ Transcript, vol. 1, p. 33; vol. 3, p. 314.

When asked specifically if HUD had ever contacted his organization regarding the availability of minority contractors, he replied:

Not to my knowledge. I have been working with the program for over 2-1/2 years. Let me say this, I don't know if most of you know it but we are one floor below HUD, the HUD office in Little Rock. . . and on some occasions HUD officials have asked for minority directories, but as far as I know that has been about the limit of our dealing with them.⁹⁶

HUD officials, community leaders, minority contractors, and officials of the Arkansas Business Development Corporation all agree that a minority set-aside⁹⁷ is probably the only way to guarantee that local municipalities will make a concentrated effort to use minority contractors. Officials of the ABDC pointed out that agencies such as the Army Corp of Engineers and the Economic Development Administration (EDA) are utilizing minority contractors and have been aggressive in seeking them because of the set-aside provisions.⁹⁸

According to Charles Henderson, executive director of the Arkansas Business Development Corporation, there are 18 licensed minority contractors in Arkansas.⁹⁹ State law provides that all contractors who perform commercial work in excess of \$20,000 must be licensed by the State.¹⁰⁰ As a result of the efforts of EDA to utilize minority contractors, EDA has funded the efforts of the ABDC to aid many of these contractors in seeking licenses.¹⁰¹

In addition to the concern aired regarding the failure of municipalities to use minority contractors under the block grant program, civil rights and community leaders said that officials were not monitoring contractors for equal opportunity in the hiring and promotion of minorities.¹⁰²

⁹⁸ Transcript, vol. 3, pp. 304-14.

⁹⁹ Ibid., p. 307.

¹⁰⁰ Ibid.

¹⁰¹ Ibid.

¹⁰² Transcript, vol. 4, pp. 348-95; vol. 6, pp. 124-97.



Findings and Recommendations

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

Finding 1

The recipient municipal governments studied in this report have not exhibited the commitment needed to carry out the citizen participation aspects of the community development block grant program (CDBG).

The Housing and Community Development Act provides an unprecedented opportunity for citizens groups in Arkansas to deal adequately 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 group persons.

Recommendation

1. We recommend that HUD give local civil rights groups and community organizations an opportunity to achieve these goals by strengthening the citizen participation aspects of the program through intensifying monitoring to assure that the citizen participation programs in each municipality are meeting the spirit as well as the letter of the law.

Finding 2

Most of the decisionmaking power in the block grant program lies in the hands of the local municipal governments. Blacks, who make up a large percentage of the poor population in the communities, are underrepresented on the governing bodies in the communities in this study.

Recommendation

2. In order to assure fair and equal representation on city councils in the State, we recommend that the Arkansas Legislature pass laws requiring the election of city councils by single-member districts with only the electorate living in the district voting for the representative.

Finding 3

Although HUD has the power of enforcement and the authority to require that deficiencies found in the administration of a local program be remedied, rarely has this enforcement power been used.

Recommendation

3. When HUD is unable to negotiate compliance from communities found in noncompliance, HUD should utilize all available mechanisms, including redirection or termination of funds.

Finding 4

There is a complete absence of the use of minority contractors within Arkansas in the CDBG program.

Recommendations

4.1 HUD should take appropriate measures to ensure that minority contractors are included in the CDBG program. This effort should include identifying minority contractors in the State of Arkansas.

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

4.3 HUD should place emphasis on the use of minority contractors, i.e., require more use of minority contractors in the application evaluation.

Finding 5

The housing assistance plans submitted with the preapplications show a high percentage of substandard housing units within most municipalities studied. However, a low priority is often established for the housing unit rehabilitation program by the applicant municipal governments.

Recommendation

5. Local governments should place a higher priority on the rehabilitation of substandard housing units in their communities.

Finding 6

In the block grant review process, a low priority is placed on civil rights assurance.

Recommendations

6.1 The A-95 review process should include referral to the Arkansas Human Relations Commission for civil rights review. The State legislature should provide funding to that commission for additional staff for this function.

6.2 In order that HUD not have to depend solely upon the respective communities for information and statistics related to civil rights compliance, the regional planning councils should be required to attest to the accuracy of such information contained in the application.

**Appendix A
Housing Profiles Of Selected Entitlement/Discretionary Cities Arkansas—1970**

Cities	Total Population	Black Population		Occupied Housing Year-Round		Occupied Housing Lacking Some or All Plumbing		Occupied Overcrowded Housing	
		Total	%	Total	Black	Total	Black	Total	Black
<i>(Entitlement)</i>									
Little Rock	132,482	33,134	25.8%	45,294	9,254	2.6%	4.5%	5.4%	19.0%
						1,168	419	2,430	1,754
Osceola	7,268	2,906	39.7%	2,219	816	25.3%	56.6%	17.0%	29.4%
						561	462	377	240
Pine Bluff	57,344	23,454	40.0%	19,697	6,285	12.4%	30.1%	6.7%	20.7%
						2,442	1,893	1,326	1,301
West Memphis	25,945	8,478	40.0%	7,758	2,177	16.0%	50.1%	14.8%	10.3%
						1,247	1,092	1,148	225
<i>(Discretionary)</i>									
Dermott	4,469	2,936	65.7%	1,442	816	35.4%	55.2%	14.6%	21.6%
						510	450	210	176
Dumas	4,744	2,125	44.8%	1,494	602	24.2%	51.5%	14.7%	28.4%
						361	310	220	171
Forrest City	12,521	5,425	43.3%	3,991	1,465	22.2%	50.9%	14.1%	27.8%
						886	745	564	407
McGehee	4,655	1,653	35.5%	1,680	507	14.7%	37.9%	9.0%	20.7%
						247	192	153	105
Wabbaseka	615	461	75.0%	166	105	40.4%	63.8%	27.7%	39.0%
						67	67	46	41
West Helena	11,005	4,441	40.4%	975	643	32.5%	44.0%	54.0%	54.9%
						316	283	527	353

Sources: U.S. Bureau of the Census, Census of Population: 1970 General Social and Economic Characteristics, Final Report, PC(1)-C5 Arkansas.
U.S. Bureau of the Census, Census of Housing: 1970 Detailed Housing Characteristics Final Report HC(1)-B8 Arkansas.

Appendix B



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FT. WORTH REGIONAL OFFICE
1100 COMMERCE STREET
DALLAS, TEXAS 75202

MAY 17 1979

May 14, 1979

REGION VI

IN REPLY REFER TO:

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:

Thank you for giving us the opportunity to review and comment on the draft of the Commission's report on Community Development Block Grant activities in the State of Arkansas. We share the concerns and hopes of the Commission to make our programs relate to the needs of low income persons and minorities.

We have marked up a copy of the report to reflect our observation of needed additions or corrections.

I have noted the last report on the overall use of minority contractors in HUD programs. This area has recently been placed under the Community Development operating staff as a Departmental goal and there has been considerable new interest being generated.

Although the overall use of minority contractors in Arkansas is still minimal, our efforts to encourage cities to utilize these contractors has not been entirely unsuccessful, as is indicated in the report.

A survey conducted last year of minority contractors participation in the Section 312 Rehabilitation Loan Program during the period October 1, 1977 to June 6, 1978, revealed the following:


Table with 3 columns: City, Number of Contractors, Total Dollars. Rows include Pine Bluff, Ark. (4 contractors, \$24,150), Texarkana, Ark. (1 contractor, \$15,100), and Little Rock, Ark. (16 contractors, \$312,866).

AREA OFFICES
DALLAS, TEXAS - LITTLE ROCK, ARKANSAS - NEW ORLEANS, LOUISIANA - OKLAHOMA CITY, OKLAHOMA - SAN ANTONIO, TEXAS

We are presently involved in a survey reflecting the period October 1, 1978, until the present. We are hopeful that our efforts in this area will reflect an increased use of these contractors. Our latest update for the period ending March 31 shows an additional \$792,000 thus far this fiscal year. We would appreciate this information being shown on Table 4.4, Page 67.

You will find an additional attachment which enumerates the pages upon which comments were made. If there is a need for any clarification, please have your staff contact Victor Hancock, 749-7466.

Sincerely,


Thomas J. Armstrong
Regional Administrator

Attachments

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