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# Review Of Certain Aspects Of The Model Cities Program In Atlanta, Georgia B-171500

Department of Housing and  
Urban Development

**BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

AUG. 20, 1971

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-171500

Dear Mr. Thompson;

Pursuant to your request of April 26, 1971, we have examined into certain aspects of the Model Cities Program in Atlanta, Georgia. This work consisted of an examination into the legality of the inclusion by the Atlanta City Demonstration Agency (CDA) of a certain section of Atlanta, known as Adair Park, in the model neighborhood. We also obtained certain financial data on CDA operations and the administration of the Atlanta Model Cities Program.

During our review we met with you and members of your staff to discuss our findings and to provide you with detailed financial information on the Atlanta Model Cities Program. This letter report has been prepared pursuant to your request that we provide you with a brief written summary of the matters presented to you during those meetings.

A brief description of the Model Cities Program in Atlanta, information on the legality of including Adair Park in the model neighborhood, and data on the operation and administration of the program in Atlanta are presented in the following sections.

THE MODEL CITIES PROGRAM IN ATLANTA

In November 1967 the Department of Housing and Urban Development (HUD) selected the city of Atlanta to participate in the program. HUD awarded the city a grant of \$245,500 for the planning and development of a comprehensive 5-year program to concentrate and coordinate an attack on the social, economic, and physical problems of Atlanta's model neighborhood.

In May 1969 HUD awarded a supplemental grant of \$7,175,000 to the city for the implementation of its first year of program operations. In June 1970 HUD awarded another supplemental grant of \$7,175,000 to the city for the implementation of its second year of program operations.

In addition to these grants, financial support was provided by HUD to the city for its Model Cities Program under other programs, such as the Neighborhood Facilities Grant Program. The city also received financial assistance from other Federal agencies, the State of Georgia, and local public and private sources.

The city established CDA to administer the local program. As of April 30, 1971, the CDA budget for the first 2 years of program operations was \$22.9 million.

LEGALITY OF INCLUDING ADAIR PARK  
IN THE MODEL NEIGHBORHOOD

In your letter you questioned the legality of including Adair Park in Atlanta's model neighborhood, because a part of the Model Cities supplemental grant funds had been provided to the city on the basis of the number of residents in the Adair Park area of the model neighborhood and because these funds supposedly had not been used to provide services and benefits to those residents.

Information provided by the CDA showed, however, that, under certain Model Cities projects, services and benefits had been provided to the residents of Adair Park until such time as they requested that Adair Park be removed from the program. CDA records showed, for example, that Adair Park residents had utilized an intraneighborhood shuttle bus service provided under the program and had participated in a hot-meals program for senior citizens, a visual and performing arts project, and an employment-counseling program.

We noted that, in the fall of 1970, over 80 percent of the residents of the Adair Park area of the model neighborhood petitioned the Atlanta Board of Aldermen to take the necessary action to have Adair Park removed from the program. We understand that the residents took this action because they believed that, under a housing rehabilitation project in Adair Park, Model Cities housing inspectors had made unreasonable demands on Adair Park homeowners to make repairs to their homes prior to selling them so that potential buyers could qualify for Federal mortgage insurance. These residents indicated that these demands were an attempt to discourage them from leaving Adair Park and moving to the suburbs of Atlanta.

In response to the residents' request, the Board of Aldermen examined into this matter and in February 1971 concluded that, because the benefits under the Model Cities Program were varied and because the program in Atlanta had been active for only about 2 years, the Adair Park area should continue to be considered as a part of the model neighborhood.

The Board of Aldermen stated, however, that, because the residents of Adair Park had requested that Adair Park be removed from the program, Model Cities projects in process in Adair Park would be suspended and that no additional Model Cities projects would be initiated in Adair Park unless the residents specifically requested that a particular project be continued or initiated.

Prior to the Federal funding of specific Model Cities projects, HUD and representatives from other Federal agencies review projects proposed by CDAs for the residents of the model neighborhoods. HUD officials advised us that, although such reviews were made to determine whether the proposed projects met HUD Model Cities Program criteria, the selection of projects which was to be established or the degree of services which was to be provided to residents of individual sections of the model neighborhood--such as Adair Park--was a decision primarily for the local CDA.

In view of the above, we see no basis to question the legality of the actions taken regarding the Adair Park neighborhood.

FEDERAL AND CITY EXPENDITURES  
UNDER THE ATLANTA MODEL CITIES PROGRAM

CDA spent approximately \$306,900 for the planning and development of the Model Cities program in Atlanta. Of this amount, \$245,500 was provided by HUD and \$61,400 by the city. Our analysis of these expenditures showed that about \$257,200, or 84 percent, of the planning funds had been spent for three purposes: salaries, \$203,800; consultants and contractual services, \$35,900; and rental of office space, \$17,500.

As previously mentioned CDA budgeted about \$22.9 million for the first 2 years of program operations in Atlanta. Of this amount, about \$14.4 million, or 63 percent, represented HUD supplemental grant funds and about \$8.5 million, or 37 percent, represented other Federal funds and State and local funds. About \$400,000 of the \$8.5 million represented the city's contribution toward the administrative costs of the program.

CDA records showed that, as of April 30, 1971, \$8 million of HUD supplemental and city funds had been expended under the program. Our analysis showed that these funds had been expended for the following activities: educational programs and services, \$2.5 million; social services, \$1.4 million; employment

and economic development programs, \$1 million; and various other activities, \$3.1 million.

In our analysis of these expenditures by specific cost categories, we noted that CDA records showed that about \$4.4 million, or 55 percent, of the \$8 million, had been spent for personnel costs. The salaries and benefits of employees of local operating agencies, such as the Atlanta Board of Education, which administer certain Model Cities projects, accounted for about \$3.6 million of these expenditures. CDA staff salaries and benefits accounted for about \$800,000.

We noted that, as of April 30, 1971, about \$1.4 million of HUD supplemental grant funds had been expended for physical improvements in the Atlanta model neighborhood. These expenditures included architect fees and costs for property acquisition, land improvements, and construction.

Specific physical improvement projects completed or underway in the model neighborhood and funded, in part, with supplemental grant funds include the construction of (1) a junior high school at an estimated cost of \$6.3 million, (2) a \$1.5 million neighborhood facility which will include a gymnasium and other recreational areas and which will house public and private social service agencies, and (3) three Model Cities administration buildings at a cost of \$345,000.

Representatives of CDA advised us in June 1971 that CDA planned to spend \$100,000 of HUD supplemental grant funds for the construction of a swimming pool in the model neighborhood. They advised us further that no additional physical development projects were planned but that \$1 million of the HUD supplemental grant funds for the second year of program operations would be directed toward the construction of the junior high school discussed above.

With respect to the extent to which CDAs can employ consulting organizations, we have noted that, under existing HUD guidelines, CDAs have wide latitude in using such organizations to assist them in planning, developing, and implementing Model Cities projects and activities. With regard to your specific question concerning CDA's contracts with Frontiers Unlimited, Inc.--an Atlanta-based consulting firm--we noted that, at the completion of our fieldwork in June 1971, CDA did not have any contracts with the firm, but, according to CDA officials, CDA planned to enter into a contract with the firm at a later date.

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With regard to whether CDA, by hiring consultants, may be shirking the responsibilities which should be performed by its staff, CDA officials advised us that CDA did not have sufficient employees or the expertise to perform those services provided by consultants.

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We did not obtain written comments from any of the parties involved in this review; however, this report was based on information available in their files or furnished by them and was discussed informally with them.

We plan to make no further distribution of this report unless copies are specifically requested, and then copies will be distributed only after your approval has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,



Acting Comptroller General  
of the United States

The Honorable Fletcher Thompson  
House of Representatives