

FUNDING OF URBAN RENEWAL AND
NEIGHBORHOOD DEVELOPMENT PROGRAM

PROJECTS

APRIL 29, 1969

The City of Atlanta is presently engaged in eight Urban Renewal Projects and five Neighborhood Development Program Projects (3 in execution, 2 in planning only). These projects are funded jointly by the City and the Federal Government. The funding arrangement calls for a contribution equal to one-third of the Net Project costs from the City with the remaining two-thirds being supplied by the Federal Government.

The City's share may be in the form of cash contributions or non-cash grants-in-aid, these grants-in-aid are demolition and removal work, project or site improvements, public and supporting facilities, and others such as credits from construction of public housings. At present, the eight Urban Renewal projects presently in execution are summarized as follows:

Net Project Costs	\$60 million ¹
Local Non-Cash Grants-In-Aid	20 million
Local Cash and Real Estate	
Credits	1 million

This points very emphatically to the fact that our present Urban Renewal program has been financed almost completely through the use of non-cash grants-in-aid. The results of this policy can be seen in the long delays encountered in the closing out of these projects, some of which date back into the 1950's.

The cash used for these projects has come from money set aside in the 1957 and 1963 General Obligation Bond Issues and totaling \$3.2 million. Therefore, we have, at present, \$2.1 million of unencumbered funds available from this source. Of this amount, \$1.7 is presently expected to be needed

¹Of this amount \$4.5 million or 7½% has been incurred as interest charges.

to meet the cash requirements of the Bedford-Pine Neighborhood Development Program Project in 1970.

The non-cash contributions of \$20 million are the eligible portion of total expenditures totaling about \$29 million and have some of the following forms.

School	\$11.4 million
Section 107 ² & Special Credits	1.3 million
Streets	4.7 million
Parks	.7 million
Water Improvement	.6 million
Sewer Improvements	.6 million
Special Facilities	.3 million
Traffic Improvements	.1 million
Other	<u>.3 million</u>
	\$20.0 million

Some of the problems encountered because of the use of non-cash contributions (94.8% of total city funding) as the City's source of funding Urban Renewal activities are:

1. Butler Street

A. Middle School with a total estimated cost of \$2 million has been delaying the close of this project, but should be under contract by August of 1969.

2. Rawson - Washington

A. Neighborhood Facilities Building with a total estimated cost of \$1 million of which \$150,000 will be an eligible project cost. This project is at present unfunded with the only possible source of funds being through Model Cities. It is presently planned for the City to purchase the land from the Housing Authority and hold this until a determination is made

regarding the use of Model Cities funds.

- B. Park with an estimated cost of \$240,000 of which \$33,000 will be eligible costs. No source of funding is presently ascertainable.

3. Rockdale

- A. Elementary School with an estimated cost of \$1.5 million and expected to be under contract by August of 1969.
- B. An expansion of the existing elementary school with an estimated cost of \$700,000 and at present unfunded.
- C. Park with an estimated cost of \$75,000 which is also presently unfunded.

4. Thomasville

- A. Elementary school with \$1.5 million estimated cost and expected to be under contract by August, 1969.
- B. Park with estimated cost of \$126,000 which is at present unfunded.
- C. Two primary schools with \$1 million estimated total cost and a middle school with an estimated cost of \$2 million are unfunded and no source is seen until at least June of 1971.

The advent of the Neighborhood Development Program has brought to an end the period during which the City could pledge an improvement and then wait until funding became available before completing it. Under the terms of an NDP agreement, the City must have completed or have under contract all non-cash grants-in-aid pledged for that particular year or contribute the required amount in cash.

Our present NDP projects were funded for 1969 from already existing improvements or supporting facilities amounting to a total City commitment of \$10.8 million. This supports a total Neighborhood Development Program of \$32.4 million.

The 1970 program is expected to have the following City requirements:

	Cash	Non-Cash
Bedford-Pine	\$1.7 million	\$.2 million
Model Cities	1.5 million	1.3 million
Edgewood	.1 million	.2 million
Vine City	<u>.1 million</u>	<u>.2 million</u>
	\$3.4 million	\$1.9 million
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This would support a total program of \$19.9 million and would increase greatly if the Edgewood and Vine City projects were expanded to a significant level of activity.

This means that to support the fairly light level of activity projected for 1970, the City will need approximately \$1.7 million. If any new areas are added or the level of activity increased this would increase from \$2.5 to \$4.0 million for 1970.

The possible sources of funds include:

1. General Funds - This source is already under considerable pressure and no relief is presently anticipated.
2. The G. O. Bonds already approved for issue in the amount of \$4 million annually. The financing of Neighborhood Development Programs from these bonds would require the use of almost this entire amount every year and could very likely become embroiled in legal tangles.
3. Another possibility is a special Neighborhood Development Program General Obligation Bond Issue of \$10 - \$20 million in 1970 with another issue 4 or 5 years later or the obtaining of voter approval to issue G. O. Bonds for this purpose in the amount of \$3-5 million per year.

This approach is naturally subject to the whims of the public, and, therefore, of uncertain dependability.

4. Perhaps the best method would be through the obtaining of a new revenue source, by state approval, such as a sales tax or a payroll tax of which a certain portion would be earmarked for Neighborhood Development Programs. Of course in the pursuit of a new source of revenue we are at loggerheads with the state and may not be able to obtain a satisfactory revenue source.

Regardless of the method you favor in obtaining the needed funds, it is imperative, if the City of Atlanta is to maintain its progressive image and to continue its dramatic development, that a source be found; because the continuation of a significant program of restoration and rehabilitation of the central core of Atlanta is a vital element in the continued evolution of our City.