

# **federal register**

**FRIDAY, FEBRUARY 27, 1976**



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**PART III:**

**DEPARTMENT OF  
HOUSING AND  
URBAN  
DEVELOPMENT**

**Office of Assistant Secretary  
for Community Planning  
and Development**

**COMMUNITY  
DEVELOPMENT  
BLOCK GRANTS**

**Applications and Criteria for  
Discretionary Grants**

Title 24—Housing and Urban Development  
**CHAPTER V—OFFICE OF ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

[Docket No. R-76-292]

**PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS**

**Applications and Criteria for Discretionary Grants**

On October 30, 1975, there was published in the FEDERAL REGISTER (40 FR 50664) an interim rule covering application requests and criteria for discretionary grants under Title I of the Housing and Community Development Act of 1975. Subpart E was revised to delete material specifically designated for Fiscal Year 1975 and no longer appropriate and to add policies or requirements for Fiscal Year 1976; to incorporate a series of technical and substantive amendments; to set forth a schedule for submission of preapplications for general purpose funds; and to establish a timetable by which applicants for urgent needs, inequities and new communities grants, as well as disaster grants, may begin submitting applications early in the fiscal year. Interested parties were given an opportunity to participate in the making of this rule by submitting, no later than December 31, 1975, written comments, data and suggestions.

The Department of Housing and Urban Development has received eight responses to the October 30, 1975, publication, in addition, the Department received letters from public interest groups, elected officials, and the general public, which, though not intended to respond specifically to the interim rule, addressed various aspects of Subpart E. All of these comments have been carefully reviewed and a change has been incorporated in the final regulations. The change and major comments are noted below.

Section 570.402(b)(1) is revised to modify the criteria for selection among preapplications for general purpose funds for metropolitan and nonmetropolitan areas. Specifically, the requirements previously set forth in § 570.402(b)(1)(i) and (ii) relating to determining the extent of substandard housing conditions for metropolitan areas on the basis of overcrowded housing and for nonmetropolitan areas on the basis of housing units lacking plumbing is eliminated. § 570.402(b)(1), now establishes a single criteria applicable to both metropolitan and nonmetropolitan areas for determining the extent of substandard housing. For Fiscal Year 1976 the substandard housing data indicator will be the sum of the number of overcrowded housing units and the number of housing units lacking plumbing and expressed both as an absolute amount and as a percentage of the total housing units in the unit of general local government. Because the data on housing conditions will be provided by HUD, it will not be necessary for applicants to revise preapplications or to submit additional data

or information. The one exception to this general rule concerns the availability of data for Indian tribes. The U.S. Census reports do not include data on all Indian tribes that are eligible applicants for discretionary funds. Consequently, when census data is not available, HUD may use other information, including that provided by the applicant, to determine the extent of substandard housing.

Comments were received objecting to the requirement contained in § 570.402(d) for including citizen participation in the preapplication phase. While the Department recognizes this element of the preapplication phase may entail timing and other problems for applicants, this requirement is necessary in that funding decisions are, in effect, made at the preapplication phase. To require active citizen participation only at the full application phase would, for all practical purposes, prohibit a citizen input in the local process of determining needs and selecting priorities.

In connection with the environmental review of these amendments to the regulations, a Finding of Inapplicability has been made under HUD Handbook 1390.1, 38 FR 19182. A copy of the Finding is available for inspection in the Office of the Rules Docket Clerk, Office of the General Counsel, Room 10245, Department of Housing and Urban Development, 451—7th Street, S.W., Washington, D.C. It is hereby certified that the economic and inflation impacts of these amendments have been carefully evaluated in accordance with OMB Circular No. A-107.

(Title I of the Housing and Community Development Act of 1974 Public Law 93-383; and sec. 7(d), Department of Housing and Urban Development Act (42 U.S.C. 3535(4)).

Accordingly 24 CFR 570, Subpart E, is amended as set forth below.

**Effective date.** This regulation shall be effective February 27, 1976.

WARREN H. BUTLER,  
 Deputy Assistant Secretary  
 for Community Planning and  
 Development.

Subpart E of Part 570 of Title 24 is revised to read as follows:

**Subpart E—Applications and Criteria for Discretionary Grants**

570.400	General.
570.401	Urgent needs fund.
570.402	General purpose funds for metropolitan and nonmetropolitan areas.
570.403	New communities.
570.404	Areawide projects [Reserved]
570.405	Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.
570.406	Innovative projects.
570.407	Federally recognized disasters.
570.408	Inequities funds.
570.409	Reallocated funds.

**Subpart E—Applications and Criteria for Discretionary Grants**

**§ 570.400 General.**

(a) **Applicability of rules and regulations.** The policies and procedures set forth in Subpart A, B, C, F, G, H, I, and

J of this Part shall apply to this subpart and to the funds described in § 570.104, except to the extent that they are specifically modified or augmented by the contents of this subpart, including specified exemptions described herein. The HUD Environmental Review Procedures contained in 24 CFR Part 58 also apply to this subpart, unless otherwise specifically provided herein.

(b) **Preapplications.** Preapplications are required for grants from general purpose funds for metropolitan and nonmetropolitan areas as described in § 570.402(b), and for areawide projects as described in § 570.404. The purpose of the preapplication is to determine how well an application will compare with similar applications from other jurisdictions, and to discourage full applications which have little or no chance for Federal funding before applicants incur significant expenditures for preparing full applications.

(1) **Submission requirements.** Preapplications shall be submitted on HUD forms to the appropriate HUD Area Office. The preapplication shall consist of a brief description of the applicant's community development needs, the activities proposed to meet those needs, and the general location and estimated cost of the proposed activities. The applicant's statement shall address the specific criteria under which it requests priority consideration for funding.

(2) **HUD review of preapplications.** HUD will review preapplications based upon the appropriate criteria set forth in this subpart, to determine how well an application is likely to compete with other applications for the same discretionary funds submitted by other jurisdictions. Applicants will be advised of HUD's determinations and judgments on the preparation, and of the availability of funds for that particular fiscal year.

(3) **Preapplication submission dates.** The Secretary will establish from time to time the earliest and latest dates for submission of preapplications for each fiscal year. For Fiscal Year 1976, the earliest and latest dates for submission of preapplications shall be as follows:

(i) **General purpose funds for metropolitan areas—**February 1, 1976 through March 15, 1976;

(ii) **General purpose funds for nonmetropolitan areas—**December 1, 1975 through February 13, 1976.

(iii) **Areawide projects—**[Reserved].

(c) **Applications.**—(1) **Submission requirements.** Applications shall be submitted on HUD forms to the appropriate HUD Area Office. Specific submission requirements are contained in the following sections of this subpart which describe each discretionary fund. To the maximum extent possible, documentation submitted in support of an application previously submitted for funding under this part will be accepted and need not be resubmitted with an application for a discretionary grant.

(2) **Application submission dates.** The Secretary will establish from time to time the earliest and latest dates for submission of applications for discretionary grants for each fiscal year. For Fiscal

Year 1976 the earliest and latest dates shall be as follows:

(1) **General purpose funds for metropolitan and nonmetropolitan areas**—To be established by each HUD Regional Office at the time a full application is requested after HUD review of the preapplication.

(ii) **Urgent needs fund**—July 1, 1975 through September 30, 1976;

(iii) **Secretary's fund:**

(A) **New communities**—September 1, 1975 through September 30, 1976;

(B) **Areawide projects**—(Reserved).

(C) **Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands**—not later than 75 days prior to the end of the current program year;

(D) **Innovative projects**—(Reserved).

(E) **Federally recognized disasters**—July 1, 1975 through September 30, 1976;

(F) **Inequities funds**—July 1, 1975 through September 30, 1976.

(d) **Meeting the requirements of OMB Circular A-95.** (1) **General.** All applicants under this subpart must comply with the procedures set forth in OMB Circular No. A-95. Federally-recognized Indian tribes are not subject to the regular A-95 requirements; however, they are encouraged to participate voluntarily in the A-95 Project Notification and Review System. HUD will notify the appropriate State and areawide clearinghouses of any applications from federally-recognized Indian tribes upon their receipt. For those discretionary grants not requiring a preapplication, the procedures set forth in Part I of OMB Circular No. A-95 shall apply.

(2) **Modified procedures—Grants involving preapplications.** The following special procedures apply to those discretionary grants for which a preapplication is required to be submitted to HUD.

(i) **Preapplications and notice of intent to apply.** A copy of the preapplication shall be submitted to the appropriate State and areawide clearinghouses at least 30 days prior to submission of the preapplication to HUD. Applicants are also urged to contact their clearinghouses for forms and instructions developed by such clearinghouses in order to facilitate the reviews. The preapplication submitted will serve as the notification of intent to apply for a Federal grant and the clearinghouses will have 30 days for review of the preapplication and response to the applicant.

(ii) **Full application review.** At least 30 days prior to submission of a full application to HUD, the applicant shall transmit the application to the appropriate State and areawide clearinghouses for review and comment unless the clearinghouses relinquish this requirement. They shall be provided 30 days for review and comments.

(e) **Letter to proceed.** In response to a request by a unit of general local government, the Secretary may, however, in cases of demonstrated need, issue a letter to proceed authorizing an applicant to incur costs for the planning and preparation of an application for funds available

under this subpart. Reimbursement for such costs will be dependent upon HUD approval of such application. Costs incurred by a recipient prior to notification of a funding approval or issuance of a letter to proceed by HUD are not eligible for assistance under this Part.

(f) **Review of applications for discretionary grants**—(1) **Acceptance of application.** HUD will accept an application for review, *Provided, That:*

(i) It has been received before the close of business on the final date established by HUD for submission of applications for each fiscal year;

(ii) The application is complete, as required in this subpart;

(iii) The required certifications have been properly executed; and

(iv) The applicant has attached or enclosed any comments or recommendations made by or through State and areawide clearinghouses or has stated that no comments or recommendations have been received.

(2) **Timing of review.** While the Secretary is not required by the Act to review and approve a discretionary grant application within any specified time period, the Secretary will make every effort to complete his review of all such applications within 75 days.

(3) **Notification to applicants.** The Secretary will notify the applicant in writing that the application has been approved, partially approved, or disapproved. If an application is partially approved or disapproved, the applicant will be informed of the specific reasons for partial approval or disapproval. The Secretary may make conditional approvals, as provided in § 570.906(e).

(g) **Program amendments.** Recipients shall request prior HUD approval for program amendments wherever the amendment results from changes in the scope or the objective of the approved program.

(h) **Performance report.** Except for new communities and innovative projects, each recipient shall, upon completion of the activities carried out with the discretionary grant, or upon submission of a subsequent discretionary grant application, whichever is earlier, submit a performance report as described in § 570.906(b), and shall meet the requirements of § 570.906(c) concerning notice of the availability of the report for examination by the public.

§ 570.401 Urgent needs fund.

(a) **Eligible applicants.** Eligible applicants are States, and units of general local government as defined in § 570.3(v). For the purpose of this section, the second sentence in § 570.3(v) includes those entities described in § 570.403(b) (1), (2) and (3).

(b) **Criteria for selection.** The Secretary shall make grants for the purpose of facilitating an orderly transition to the community development block grant program and to provide for urgent community development needs which cannot be met through the allocation provisions of § 570.102, § 570.103, and § 570.104(c), giving priority to the following:

(1) The analysis performed by the unit of general local government (and con-

curring in by HUD) of its ongoing projects or program undertaken pursuant to Title I of the Housing Act of 1949 indicates that the entitlement amount is: (i) Insufficient, over a three-year period beginning January 1, 1975, to complete the program or project plan as approved by HUD; or (ii) in any one of those three years the entitlement amount will be insufficient to maintain the progress schedules adopted locally for achievement of the program and the inability to maintain such progress will seriously and adversely affect the Federal interest in the project or program.

(2) A state or unit of general local government, as a result of cost increases due to circumstances beyond its control, has been unable to complete a previously approved project assisted under one or more of the following terminated categorical programs: (i) Water and sewer facilities under section 702 of the Housing and Urban Development Act of 1965; (ii) neighborhood facilities under section 703 of the Housing and Urban Development Act of 1965; (iii) open-space land under Title VII of the Housing Act of 1961; and the Secretary's analysis of the financial capacity of the unit of general local government indicates a lack of available resources locally or otherwise to finance completion of the project and the Federal investment in the project as of January 1, 1975 warrants the incremental Federal assistance required to complete the project.

(c) **Application requirements.** Applications for funds to meet urgent community development needs shall be submitted by States and units of general local government to the HUD Area Office serving the locality. The required documentation establishing the basis for grants under this section may be submitted to the appropriate HUD Area Office at any time during the fiscal year. Full applications shall be submitted only at the request of, and in a form prescribed by, HUD and shall provide the certifications required by § 570.903(e) except for (4) and (6).

§ 570.402 General purpose funds for metropolitan and nonmetropolitan areas.

(a) **Eligible applicants.** Eligible applicants are States, and units of general local government as defined in § 570.3(v), excluding metropolitan cities, urban counties and units of general local government which are included in urban counties as described in § 570.105(b) (3) (ii) and (iii). For the purpose of this section, the second sentence in § 570.3(v) includes those entities described in § 570.403(b) (1), (2) and (3).

(b) **Criteria for selection.** In selection among preapplications, priority will be extended to those preapplications showing at least one of the following conditions, and proposing activities which appropriately address these conditions:

(1) Extent of substandard housing conditions as represented by the sum of the number of overcrowded housing units as defined in § 570.3(4) and the number of housing units lacking plumbing; expressed both as an absolute

amount and as a percentage of the total housing units in the unit of general local government.

(2) The proportion and extent of poverty as defined in § 570.3(j) and expressed both as an absolute amount and as a percentage of the total population for the unit of general local government.

(3) An extraordinarily high rate of growth or a severe and rapid decline in population and economic activity, either one of these conditions resulting primarily from the impact of national policy decisions or direct Federal program decisions, and where the program is designed to offset or mitigate the effects of sudden spurts or declines in growth.

(4) Conditions which represent an imminent threat to public health or safety.

(c) *HUD review procedures.* Consistent with the criteria for selection in the preceding paragraph, each HUD Regional Office will establish a review and rating system for evaluating preapplications from applicants within its jurisdiction. Separate review and rating systems may be developed for each Area Office within a particular Region. Copies of the review and rating system may be obtained from the appropriate Regional or Area Office prior to submission of a preapplication.

(1) *Rating factors:* The review and rating system will provide for a rating of preapplications according to the following factors only:

(i) The degree to which the proposed activities directly address the criteria for selection described in § 570.402(b).

(ii) The degree to which the proposed activities primarily benefit persons of low and moderate income.

(iii) Consistency of the proposed activities with local and areawide plans.

(2) *Capacity of the applicant.* The review system will also give consideration to the capacity of the applicants to complete the proposed activity within a reasonable period of time and within the estimated cost. In evaluating the capacity of the applicant, HUD will review the performance and the status of completion of any other approved activities that may have been funded under this Part.

(d) *Scope of preapplication.* A preapplication may include any number of eligible activities, identified by priority, up to the maximum dollar amount established by the Secretary. A preapplication may be for any reasonable period of time necessary to complete the proposed activities. The applicant shall apply for discretionary funds in an amount, which together with other resources that may be available, will be adequate to complete the proposed activities. While a recipient remains eligible for discretionary grant funding in subsequent years, an applicant shall not assume that additional funding will be available in subsequent years to continue or expand activities. A preapplication may not, however, be only for planning purposes, as defined in § 570.200(a)(12). The applicant must meet all citizen participation requirements called for in § 570.303(e)(4) prior to submission of a preapplication.

(e) *Application requirements.* Full applications will be accepted only upon invitation from HUD, based on HUD's review of the preapplication. Addition of new activities or the substitution of different activities from those proposed in the preapplication will not be approved if such addition or substitution will alter HUD's rating of the preapplication. Full applications shall meet the application requirements of § 570.303.

(f) *Waiver of application requirements.* The provisions of § 570.304 shall also apply to applications under this section.

(g) *Applications submitted by States.* States (including the Commonwealth of Puerto Rico) may apply for general purpose funds for metropolitan and non-metropolitan areas to carry out eligible activities in metropolitan and non-metropolitan areas, respectively.

(1) Separate applications are required for nonmetropolitan areas and for metropolitan areas. A State may, at its option, submit separate applications for each metropolitan area for which it seeks funds or a single application for more than one metropolitan area, provided that such application clearly identifies the proposed cost attributable to each metropolitan area.

(2) The geographical area to be covered by the application shall be the jurisdiction of the unit or units of general local government in which the proposed activity or activities are to be located or carried out. This policy pertains particularly to the community development plan summary, as described in § 570.303(a), and the housing assistance plan, as described in § 570.303(c). The State application shall indicate that the housing assistance plan is not inconsistent with a housing assistance plan adopted by a unit of general local government if such plan exists and has been approved by HUD.

(3) A State may not apply for activities to be located in or carried out in metropolitan cities, urban counties or units of general local government which are included in urban counties, unless such funds have been reallocated in accordance with the provisions of § 570.107.

(4) A State may apply for activities to be carried out pursuant to State authority or pursuant to an agreement with one or more units of general local government.

#### § 570.403 New communities.

(a) *General.* This Section covers grants made in behalf of activities and projects to be undertaken in direct support of a new community (which term means a new community approved by the Secretary under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968), and reflected in a current new community development plan (the development plan which forms an attachment to each new community project agreement by and between each developer and the United States, as the same may be revised and amended from time to time).

(b) *Eligible applicants.* States, and units of general local government which

meet the definition contained in § 570.3(v) may apply under this subsection for grants made on the basis of the provisions of this section. For the purpose of this section, the second sentence in § 570.3(v) includes only:

(1) A State land development agency or local public body or agency with authority to act as a developer of a new community.

(2) Any community association (including any homes association), or other similar nonprofit organization established in a new community under covenants approved by the Secretary in connection with approved new community development projects, or any community authority established under State law for similar purposes, or any of the foregoing organizations otherwise approved by the Secretary which is legally and administratively qualified to carry to successful completion those projects for which grant assistance is sought by the applicant.

(3) A private new community developer or any subsidiary thereof organized in a form satisfactory to the Secretary: *Provided,* That a request has been made to an appropriate unit of general local government or a non-profit organization to apply for and serve as grantee for the direct benefit of the new community, and such request has been denied, or in the judgment of the New Communities Administration (NCA) of HUD, no acceptable response has been received within a reasonable period of time.

(4) A State or a local public body or agency as defined in Section 711(e) of the Housing and Urban Development Act of 1970.

(c) *Application requirements—(1) General.* The requirements set forth in this paragraph are designed to supplement application procedures and approval requirements of the new communities program under which applicants will have already provided substantial information to the Secretary.

(2) *Activities program.* The application shall be submitted on forms as approved by NCA and include a brief description of the activities and costs to be funded from the grants for the program year. The application shall identify separately any activities not previously submitted to and approved by NCA as part of Title IV or Title VII documentation. The estimated costs and general location of these latter activities are to be shown. The applicant shall also indicate the entity which will own the land, facilities or improvements acquired or constructed with funds provided under this Part.

(3) *Certifications.* The Applicant shall submit certifications in such form as NCA will prescribe, providing the assurances required under § 570.303(e) (1), (3), (5) if applicable, (7), (8), (11), (12) if applicable, and (13) if applicable, with respect to activities undertaken with funds under this Part.

(4) *Environmental review requirements.* (1) For activities proposed by an applicant eligible under § 570.403(b) (2) or (3), no new environmental review or clearances will be required by virtue of any such activity's proposed funding un-

der this part if the activity is a part of a previously approved project for which environmental review clearances have been completed, which clearances adequately covered such activity, and for which circumstances, including the availability of additional data or advances in technology, have not changed significantly.

If NCA determines that an additional review is required, environmental review shall be conducted by HUD pursuant to HUD Handbook 1390.1.

(i) For activities proposed by an applicant eligible under § 570.403(b), other than under § 570.403(b) (2) or (3), environmental reviews shall be conducted pursuant to 24 CFR Part 58.

(5) *Clearinghouse review.* Applicants must comply with the procedures set forth in OMB Circular A-95 (requiring review by a clearinghouse) only where the proposed Title I funded activities have not previously been the subject of clearinghouse review.

(6) *Performance report.* Progress in execution activities funded under the Act shall be reported to NCA as a part of the quarterly and annual reporting and review procedures.

(d) *Review and approval of applications.* All applications for grants to assist new community development projects pursuant to this section shall be submitted to NCA through the appropriate HUD Area Office.

(1) *Scope of review.* NCA will review the application, based upon data and information supplied by the developer of the new community project and other independent reviews conducted by NCA staff or others at NCA request, to determine pertinent facts and goals and their consistency with information contained in the Project Agreement, Development Plan, and other documents submitted by the developer or obtained by NCA in the project review process. The review will include application of the selection criterion in paragraph (d) (2) of this section.

(2) *Criterion for selection.* The criterion to be used in selecting among applications and activities is whether the grants are necessary to achieve new community objectives.

(e) *Exceptions to regulations.* (1) The provisions of Subpart F, Grant Administration, shall be applicable to recipients, except that a recipient under § 570.403(b) (2) and (3) shall not be required to comply with the competitive bidding requirements of subsections 3c (5), (6), and (8) of Attachment O of Federal Management Circular 74-7, "Procurement Standards," which is incorporated in § 570.587.

(2) The provisions of Subpart G, Other Program Requirements, shall be applicable to recipients, except as follows:

(1) A recipient under § 570.403(b) (2) and (3) which is not a "State agency" under Section 101(3) of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is not subject to the provisions of § 570.602(a), (b) and (c), regarding Titles II and III of such Act.

(ii) A recipient under § 570.403(b) (2) and (3) is not subject to the provisions of § 570.608 regarding the Hatch Act.

(f) *Program management.* Program management shall be accomplished within the framework of NCA project management, including the financial and physical progress reports required by NCA administrative procedures and the cost control system which NCA has developed specifically for grants pursuant to this section.

(g) *Remedies for non-compliance.* The provisions of §§ 570.911, 570.912, and 570.913 shall apply, except that the provisions of § 570.912, dealing with securing compliance through State governors, shall not apply to private developers, or prospective grantees controlled by private developers.

(h) *Ownership of land, facilities and improvements.* All land, facilities and improvements acquired or constructed with grant funds provided under this Part shall be publicly owned, and entities eligible under § 570.403(b) (2) (except a community authority described therein) or § 570.403(b) (3) shall dedicate any such land, facilities or improvements to a public body eligible under the first sentence of § 570.3(v) or under § 570.403(b) (1) or (4), pursuant to a dedication agreement in form and substance satisfactory to the Secretary; provided, that an applicant eligible under § 570.403(b) (2) may own and operate a neighborhood facility eligible under § 570.200(a) (2) if such facility will be available for public use to the same extent as a publicly-owned neighborhood facility.

§ 570.404 Arcawide projects [Reserved]

§ 570.405 Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(a) *Eligible applicants.* Eligible applicants are Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(b) *Criteria for funding.* Applicants may submit applications for discretionary grants for the full range of eligible activities described in § 570.200. The Secretary will establish for each fiscal year an amount for which each eligible applicant may apply. For fiscal year 1976, the following shall apply:

(1) Guam and the Virgin Islands shall each receive their hold-harmless amount as calculated pursuant to § 570.103(c). Guam and the Virgin Islands may also apply for funds to cover urgent needs not met by the hold-harmless amounts.

(2) The Secretary shall establish a funding level for American Samoa and the Trust Territory of the Pacific Islands, taking into account their needs and their local administrative capacity.

(c) *Application requirements.* Applicants shall meet the application requirements in § 570.303.

§ 570.406 Innovative projects.

(a) *Eligible applicants.* Eligible applicants are States, and units of general local government as defined in § 570.3(v). For the purpose of this section, the

second sentence in § 570.3(v) includes those entities described in § 570.403(b) (1), (2) and (3).

(b) *Criteria for selection.* (Reserved)

(c) *Application requirements.* (Reserved)

(d) *Reports.* In lieu of the annual performance report cited in § 570.906, recipients shall submit the following:

(1) *Outline for final project report.* Midway through completion of the project (or at an alternate point in time as specified by HUD) each recipient shall prepare a detailed outline of the final project report under guidelines provided by HUD.

(2) *Draft report.* The recipient shall submit to HUD, six copies of a draft of the final project report with all readily reproducible charts, tables, graphs, and appendices that are to be included in the final report. In addition, each recipient shall meet the requirements of § 570.906 (c) concerning notice of the availability of the report for examination by the public with the exception that reports need only be available to be copied by the public.

(3) *Final report.* The report shall describe in appropriate detail the objectives of the project and how they were met, the methods and techniques that were used, the types of problems encountered during project execution and the methods used to resolve them and the conclusions and recommendations that are to be drawn from the demonstration project. The final report shall be in a form and manner prescribed by HUD.

(e) *Records.* Recipients must comply with the requirements of § 570.907, excluding § 570.907(b). In lieu of this exception, recipients shall maintain records describing the process used to provide an opportunity for citizens to comment on the application.

§ 570.407 Federally recognized disasters.

(a) *General.* Grants under this section shall be for the purpose of meeting emergency community development needs caused by federally recognized disasters. For purposes of this section, "federally recognized disasters" means any hurricane, tornado, storm, flood, high-water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, drought, fire, explosion, or other catastrophe in any part of the United States which (1) in the determination of the President, pursuant to the Disaster Relief Act of 1974 (49 U.S.C. 5121n), (i) causes damage of sufficient severity and magnitude to warrant major disaster assistance under such Act, above and beyond emergency services by the Federal Government, to supplement the efforts and available resources of States, local governments and disaster relief organizations in alleviating the damage, loss, hardship, or suffering caused thereby, or (ii) requires Federal emergency assistance to supplement State and local effort to save lives and protect public health and safety or to avert or lessen the threat of a major disaster, or (2) in the determination of a Federal agency

requires disaster or emergency assistance pursuant to the statutory authority of such Federal agency.

(b) *Eligible applicants.* Eligible applicants are States, and units of general local government as defined in § 570.3(v). For the purpose of this section, the second sentence in § 570.3(v) includes those entities described in § 570.403(b) (1), (2) and (3).

(c) *Criteria for funding.* Within the limits of available funds, applications will be funded on the basis of the following criteria:

(1) Severity and magnitude of the federally recognized disaster, with priority given to needs caused by Presidentially declared major disasters.

(2) Community development needs identified which are essential for the immediate restoration or maintenance of community health, safety, or economic stability and resources are not available from other sources to meet these community development needs in a timely fashion.

(d) *Eligible activities.* The activities eligible for assistance under this section are the same as those listed in § 570.200, but only to the extent that funds to meet emergency community development needs cannot be provided under the Disaster Relief Act of 1974 (see 24 CFR Part 2205 and HUD Handbook 3300.5 and 3300.6) or by other Federal programs. Applicants proposing activities which might be assisted by other Federal programs are encouraged to follow the procedures of § 570.607. Section 570.607 procedures must be followed whenever public services or flood or drainage facilities are proposed.

(e) *Application requirements.* An application must be submitted to the appropriate HUD Area Office within 120 days after either the Presidential declaration or other Federal recognition that disaster or emergency assistance is required. Applications for grants under this section shall meet the application requirements of § 570.303 with the following modifications:

(1) The community development plan summary required by § 570.303(a) and the Community Development Program required by § 570.303(b) shall specifically describe and identify the emergency community development needs caused by the disaster and the activities proposed to meet those needs.

(2) The Community Development Program shall indicate the applicant's priorities for funding.

(3) The housing assistance plan required by § 570.303(c) shall identify separately those housing conditions and needs directly related to the disaster or emergency.

(4) The applicant shall provide the certifications required by § 570.303(e) except for (4) and (6).

Applicants that are entitlement recipients may elect to submit an amendment to their approved application incorporating the information required by this paragraph.

#### § 570.408 Inequities funds.

(a) *General.* Funds are available under this subpart to correct in whole or in part inequities resulting from the allocation provisions of Section 106 of the Act.

(b) *Eligible applicants.* Eligible applicants are States, and units of general local government as defined in the first sentence of § 570.3(v).

(c) *Criteria for selection.* The Secretary shall make grants to eligible applicants, giving priority to the following:

(1) Funding under this subpart is necessary to correct a technical error in the computation of a locality's entitlement amount.

(2) Funding under this subpart is needed by an applicant, meeting the criteria as specified in § 570.401(b) for urgent needs funds.

(3) Funding under this subpart is necessary to compensate for the fact that the applicant's hold harmless amounts as calculated pursuant to § 570.103(c) is significantly lower than the average amount of funds approved by HUD for applicable programs in such governmental unit during the fiscal years immediately preceding and immediately following the base period of Fiscal Years 1968 through 1972, and the applicant is subject to the phase-in provisions of § 570.102(c).

(d) *Application requirements.* Applicants requesting funds under criterion (2) shall meet the application requirements of § 570.401(c). All other applicants shall meet all application requirements in § 570.303.

#### § 570.409 Reallocated funds.

(a) *General.* This section governs the reallocation of funds as required by the provisions of § 570.107. In accordance with § 570.107 (a) and (b), any amounts allocated to metropolitan cities, urban counties, or other units of general local government for basic grants or hold-harmless grants in metropolitan areas or nonmetropolitan areas which are not applied for, or which are disapproved by the Secretary as part of the application review or program monitoring process, will be reallocated as set forth in subsection (f). As required by § 570.107(c), the following shall constitute the policies to be employed in the reallocation of funds appropriated for Fiscal Year 1975.

(b) *Timing of reallocation.* Any amounts appropriated for Fiscal Year 1975 which become available for reallocation as of August 15, 1975, will be reallocated no later than October 15, 1975.

(c) *Eligible applicants.* States and units of general local government, as defined in § 570.3(v), are eligible to apply for reallocated funds. For the purpose of this section, the second sentence in § 570.3(v) includes those entities described in § 570.403(b) (1), (2), and (3).

(d) *Criteria for selection.* Reallocated funds will be used to make grants to eligible applicants with urgent needs, including those with entitlements as well

as others with special needs arising from urban renewal closeout activities. The term "urgent needs" as used in this section means those urgent needs described in § 570.401(b). In selecting among applications, the Secretary will give priority first, where reallocated funds will be sufficient to complete a HUD-approved urban renewal project (including a neighborhood development program) within Fiscal Year 1976, a water and sewer project, a neighborhood facilities project, or an open-space land project, and second, where reallocated funds in conjunction with funds provided under § 570.401 will be sufficient to complete one of the above-mentioned projects.

(e) *Application requirements.* (1) Applicants seeking grant assistance for the completion of ongoing urban renewal projects shall submit the analysis called for in § 570.401(b)(1). Applicants seeking grant assistance for the completion of a water and sewer, neighborhood facility, or open-space land project shall submit documentation which indicates how the applicant meets the criteria of § 570.401(b)(2). Communities considering applying for reallocated funds are urged to contact the appropriate HUD Area Office for more specific instructions regarding submission requirements.

(2) In selecting among applicants, the Secretary will consider all analyses and applications submitted for urgent needs funds under § 570.401 as of August 15, 1975. Final applications shall be submitted only when requested by the Secretary.

(f) *Priorities for reallocation of funds.* (1) *Metropolitan areas.* Any amounts which become available for reallocation from appropriations for Fiscal Year 1975, will be reallocated in accordance with the following priorities: (i) to the same metropolitan area; (ii) if reallocated funds are available after meeting the urgent needs in that metropolitan area, to other metropolitan areas in the same State; and (iii) if reallocated funds are available after meeting the urgent needs in that State, to other metropolitan areas in other States.

(2) *Nonmetropolitan areas.* Any amounts which become available for reallocation from appropriations for Fiscal Year 1975, will be reallocated in accordance with the following priorities:

(i) To the nonmetropolitan area in the same State; and (ii) if reallocated funds are available after meeting the urgent needs in that State, to the nonmetropolitan areas in other States.

(3) *Additional considerations.* In determining to which metropolitan area or areas funds shall be reallocated under paragraphs (1)(ii) and (iii), and to which State or States funds shall be reallocated under paragraph (2)(ii), the Secretary shall give priority consideration to the metropolitan areas or States where the greatest unmet urgent needs exist.

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