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Impact Of Federal Programs
On Economic Development,
Employment, And Housing
In New Bedford, Massachusetts

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BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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JAN. 11, 1972



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

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Dear Senator Brooke:

This is our report in response to your request dated February 10, 1971, that we examine into the major Federal programs designed to deal with the unemployment and housing problems in New Bedford, Massachusetts. D 1707

Representatives of Federal, State, and local organizations have not been given an opportunity to formally comment on this report; however, the information developed during our review has been discussed with them.

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

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Arto".

Comptroller General
of the United States

The Honorable Edward W. Brooke
United States Senate

BEST DOCUMENT AVAILABLE

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ABBREVIATIONS

CAA	Community Action Agency
CRP	Community Renewal Program
CREATE	Commonwealth Resources for Economic Advancement, Training, and Education
CEP	Concentrated Employment Program
DES	Division of Employment Security
EDA	Economic Development Administration
GAO	General Accounting Office
HUD	Department of Housing and Urban Development
JOBS	Job Opportunities in the Business Sector
LPA	Local Public Agency
MCA	Model Cities Administration
MDTA	Manpower Development and Training Act
MNA	Model Neighborhood Area
NAB	National Alliance of Businessmen
NDP	Neighborhood Development Program
NYC/OS	Neighborhood Youth Corps out-of-school program
OEO	Office of Economic Opportunity
PSC	Public Service Careers program
SBDC	Small Business Development Center
SMSA	Standard Metropolitan Statistical Area
STEP	Supplemental Training and Employment Program
WIN	Work Incentive Program

D I G E S T

WHY THE REVIEW WAS MADE

At the request of Senator Edward W. Brooke of Massachusetts, the General Accounting Office (GAO) reviewed the major Federal programs designed to deal with the unemployment and housing problems in New Bedford, Massachusetts, including economic development and community action activities which were related to the problems.

FINDINGS AND CONCLUSIONS

New Bedford is the fourth most populous city in Massachusetts. The city's population in 1970 was about 102,000, a decrease of 700 from 1960. About 8,400 immigrants entered the city during the 1960's.

The city's unemployment and housing problems are deep seated and defy quick solutions.

Although efforts have been, and are continuing to be, made to expand the city's economic base, the city's economy has continued to lag significantly behind that of the State and of the Nation and there is little evidence that current efforts will significantly improve the situation. The dimensions of the city's other problems, such as housing, are interrelated directly to the city's economic situation.

In New Bedford:

- The unemployment rate has been consistently and substantially higher than the State and national rates.
- Wages in manufacturing have been consistently lower than the State and national averages.
- Many low-income individuals are underemployed.
- There is a considerable need for subsidized housing.
- The housing stock is aged and many houses are deteriorating.

The basic problem is how to attract new industries and/or to encourage expansion of existing industries, especially those paying higher wages, which will create jobs and improve average earnings.

For fiscal years 1965 through 1971--the period GAO reviewed--the Federal Government committed about \$135 million in grants, excluding income security and veterans' benefits, for the betterment of the physical,

economic, and social conditions of New Bedford. Of these funds, only about \$67 million had been expended as of June 30, 1971, because many of the projects had not been completed at that date.

Economic development and employment

The city has utilized various Federal programs to aid in economic planning, attracting new industries, expanding or maintaining existing industries, and training manpower. Also the Community Action Agency has been active in this area. (See pp. 32 to 34.)

The programs of an economic development nature had had little effect on the city's economic condition as of September 1971, since the major projects had not been completed and/or since there was difficulty in disposing of commercial-industrial sites for development. The projects' potential effect on the employment situation could not be measured. Their major benefit, in the long run, may be the maintenance of the city's economic base by aiding in the revitalization of existing industries. (See pp. 18 to 24.)

Although the Model Cities Program had been in effect for 20 months, the economic development projects included in the plan had not been started because anticipated funds, other than Model Cities supplemental funds, did not become available. (See pp. 25 to 27.)

The manpower programs in New Bedford have provided participants with varying degrees of skill training and education and with temporary incomes to assist them in meeting minimum living expenses. (See pp. 28 to 31.)

The manpower programs, however, generally were not designed to create additional permanent jobs. In an economic climate such as that of New Bedford, the job opportunities are limited and the manpower programs, in general, can be expected only to enhance the participants' capabilities to compete for existing jobs or to enhance their chances of obtaining employment elsewhere if they choose to leave the New Bedford area.

The public service jobs, which were created pursuant to the Emergency Employment Act of 1971, offer some help; but their impact will be small because of the relatively low funding level. Also the permanence of the jobs is dependent upon whether the jobs can be retained when the period of Federal participation (maximum of 2 years) ends. (See p. 32.)

The various federally assisted programs in the city have provided and will provide auxiliary benefits by creating temporary jobs for those involved in the execution of the projects and programs.

The search for solutions must continue

Many avenues have been explored at Federal, State, and local levels to improve the economic situation in New Bedford. When one considers the limited achievements to date, it is apparent that more emphasis should be given to some of the efforts previously made and that new approaches should be tried.

Much of the responsibility for arriving at approaches toward solving these problems rests upon the city and its business and professional community. Federal, State, and local agencies should be prepared to provide further assistance. Federal agencies, however, will have to consider the relative needs, such as are indicated by the severity of unemployment and poverty, of other communities in the Nation before establishing the level of financial and other assistance to be authorized for the New Bedford community. Similarly, within the State of Massachusetts, economic development planning must take into consideration other economically depressed communities that are in competition with New Bedford for economic assistance.

GAO suggests that previously established plans and objectives be reexamined and revised, when necessary, in view of the experience to date and the prospects for increasing economic activities. These data should be used in the search for solutions, which should be pursued along several lines including:

- Exploring the possibilities of whether further Federal assistance could become available in the form of grants and loans to renew areas, construct public facilities, and finance businesses.
- Placing Federal contracts with area firms to stimulate additional employment.
- Creating jobs by locating federally supported facilities or Federal offices in the area.
- Financing additional jobs under the Emergency Employment Act.
- Offering State- or city-supported low-rent facilities to attract industry.
- Providing tax incentives, possibly through enactment of State legislation, to attract additional business activities.
- Intensifying efforts to coordinate the activities of the various development organizations in the city and continuing to involve the Community Action Agency, to more effectively focus on and pursue the city's overall economic objectives.

Housing

Since the latter half of the 1960's, the city has given priority to housing problems and has obtained significant resources to help overcome the problems. The programs instituted included subsidy housing for low- and moderate-income families (see pp. 40 to 42) and renewal, rehabilitation, and conservation of slum, blighted, and deteriorating residential areas (see pp. 48 to 51). The Community Action Agency has been active in the housing area. (See pp. 63 to 65.) 323

The tangible results through June 30, 1971, were limited because most of the projects had not been completed.

Successful and timely completion of the approved projects should make a substantial positive impact by helping to conserve the city's existing housing stock, by improving the environment of the projects' neighborhoods, and by providing needed subsidy housing. Until the economic status of the city's residents significantly improves, substantial public financial assistance will continue to be needed to alleviate the city's housing problems.

There was a considerable period of time between Federal Government authorization of subsidy housing projects and their availability for occupancy. Many of the factors causing time lags are inherent in the process, but one major factor has been the insufficiency of vacant land zoned for multi-family use. (See pp. 43 to 47.)

Little progress had been made in the Model Cities Program. Established housing objectives may have been too ambitious, and there has been a lack of a concerted, systematic, and coordinated effort to work toward solutions of problems in the Model Cities area. The many participating organizations were aware of these problems and were taking steps to resolve them. (See pp. 53 to 61.)

There is a need for improved coordination among city agencies concerned with housing matters. (See pp. 62 and 63.)

Because of the continual aging of the already-aged housing stock, the general inability of the residents to afford new housing, and no perceptible improvement of the city's economic condition, GAO believes that all available means of expediting existing housing projects and stimulating housing starts should be explored and translated into action programs to help alleviate the city's housing problems.

Developing a definitive and
workable plan of action

New Bedford, at the time of GAO's review, was developing a Community Renewal Program. The Department of Housing and Urban Development requires that numerous factors be considered in the city's reviewing, evaluating, and establishing the programs. During its review GAO identified a number of considerations which it believes are necessary prerequisites to the development of a definitive and workable plan of action for New Bedford, including:

- Identifying and periodically reassessing the types of housing needed at each income level, taking into account data on family sizes and patterns, age groups, immigration trends, etc.
- Delineating the appropriate Federal and State subsidy housing programs needed and available for low- and moderate-income families.
- Identifying and resolving institutional barriers to economical housing construction, such as zoning restrictions for multifamily housing or obstacles to new low-cost construction techniques.
- Studying the local property tax structure to see whether some form of incentive is feasible.

- '--Obtaining or organizing sponsors for housing projects.
- Coordinating planning and action among the various local agencies involved in housing, renewal, and conservation activities to provide a unified effort in meeting the city's housing problems.

RECOMMENDATIONS OR SUGGESTIONS

The New England Federal Regional Council; the Small Business Administration; and the Economic Development Administration, Department of Commerce, should advise and guide the State and local governments in reassessing New Bedford's economic development plans and objectives and in pursuing the various possibilities for increasing economic activities outlined above. (See p. 36.)

The Secretary of Housing and Urban Development, in assisting the city of New Bedford in its formulation and implementation of the Community Renewal Program, should ensure that adequate attention is given to the above-listed considerations. (See p. 67.)

CHAPTER 1

INTRODUCTION

Pursuant to a request of February 10, 1971, from Senator Edward W. Brooke, we have inquired into the effectiveness of the major programs designed to deal with the unemployment and housing problems in New Bedford, Massachusetts, and with the economic development and community action activities which are related to these problems.

CHARACTERISTICS OF NEW BEDFORD

New Bedford, with a population of 102,000, is the fourth most populous city in Massachusetts and the most populous in the New Bedford Standard Metropolitan Statistical Area (SMSA).¹ Between 1960 and 1970 the city's population decreased by 700. Changes in the population include, in addition to those resulting from births and deaths, about 14,000 people having moved from the city to the surrounding suburbs or other communities and about 8,400 having immigrated from foreign countries. (See apps. I and II.)

Data available from the Immigration and Naturalization Service, Department of Justice, show that about 40 percent of all immigrants who entered New Bedford during the 2 years ended June 1970 listed such occupations as laborer, service worker, craftsman, and foreman. The remaining 60 percent of the immigrants were classified as housewives, students, children under 14 years of age, and retired persons.

About one third of the population falls below the Office of Economic Opportunity poverty levels, and about 16 percent of the total number of families in the city are on public assistance. During fiscal year 1971 a total of \$23.7 million was spent by Federal, State, and local governments for public assistance.

¹SMSA consists of the city of New Bedford and the surrounding towns of Achusnet, Dartmouth, Fairhaven, Marion, and Mattapoisset.

For the most part, recipients of public assistance were members of minority groups and the elderly. The minority population of the city numbers about 11,350, as follows:

Cape Verdians	7,000
Blacks	2,500
Puerto Ricans	1,700
Other	150

Cape Verdians originated from the Cape Verde islands owned by Portugal. They are a brown race, as opposed to blacks, and are the result of intermarriages of Africans and Portuguese. About 15 percent of the total population is 65 years of age or older.

In the early 1900's New Bedford's economy centered around one industry--textiles. Between one third and one half of the city's population was reported to be employed in the textile industry at the peak of activities in 1919. In the 30-year period from 1929 to 1959, however, employment in cotton textile manufacturing, the largest single category in the industry, fell from 26,000 to 2,000.

The recent economic history of New Bedford has been one of chronic and persistent unemployment. From 1960 to 1970 the average annual unemployment rate of SMSA was substantially higher than the rates of the State and the Nation. (See app. III.) For the first 9 months of 1971, the unemployment rate continued to exceed the State and the national rates.

SMSA has about 3,000 firms and a civilian work force of about 65,000. Manufacturing industries employ about 45 percent of the workers. From 1960 to 1970 the average weekly earnings of manufacturing employees were considerably below the average earnings of such workers elsewhere in the State and in the Nation. (See app. IV.)

There were 36,568 dwelling units in the city in 1970, a decrease of 57 units from 1960. Of these, 35,423 were occupied and 779, or 2 percent, were vacant and available for occupancy. Tenants occupied about 58 percent and owners occupied about 42 percent of the units. About 70 percent of the units were in structures having two or more units.

Most of the housing is more than 40 years old--85 percent was built prior to 1930 and 3 percent was built during the 1930's. About 1,100 private and public housing units were built between 1960 and 1970.

In July 1970 civil disturbances occurred in the black and Puerto Rican sections of New Bedford. Subsequent reports on the disturbances--one by a fact finder appointed by the Governor and one by the State attorney general--attributed the causes of the disturbances to high unemployment, below-standard housing, inadequate recreational facilities, an unresponsive educational system, and poor police community relations. In October 1970 the New England Federal Regional Council issued a report on the funding of Federal programs in New Bedford that contained, in some instances, assessments of the programs. We have considered these reports as they pertain to the problems of unemployment and housing.

The Regional Council is an interagency group of regional directors responsible for the administration of major groups of Federal assistance--Department of Health, Education, and Welfare; Department of Housing and Urban Development; and Department of Transportation; Manpower Administration of the Department of Labor; and the Office of Economic Opportunity. The Council was established to improve Federal interagency coordination among interrelated programs and to promote greater Federal, State, and local government collaboration. The Council has three basic objectives.

- Identifying conflicts in agency policies and program operating practices which limit the effectiveness of Federal assistance programs.
- Designing coordinated and consistent agency actions to improve the effectiveness of Federal programs.
- Directing, as individual program managers, the necessary actions within the respective agencies of each to strengthen program coordination and to monitor and evaluate implementation.

FEDERAL FINANCIAL ASSISTANCE

The Federal Government has provided significant amounts of grants and loans for various programs in the city. From July 1964 through June 1971, the Federal Government committed \$135 million in grants for various programs, excluding income security and veterans benefits, in New Bedford but only about \$67 million had been expended as of June 30, 1971, since many of the projects had not been completed at that date. In addition, about \$3 million in loans were made during this period and about \$225,000 was spent to maintain administrative offices in the city.

The Federal assistance by program function was, as follows:

<u>Program function</u>	<u>Authorized</u>		<u>Expenditures</u>	
	<u>Grants</u>	<u>Loans</u>	<u>Grants</u>	<u>Loans</u>
	—————(000 omitted)—————			
Community development and housing	\$ 83,530	\$1,194	\$24,308	\$1,194
Education and manpower	25,805	-	22,456	-
Natural resources	4,100	-	1,314	-
Commerce and transportation	21,316	2,168	19,115	2,168
General government	<u>128</u>	<u>-</u>	<u>128</u>	<u>-</u>
Total	<u>\$134,879</u>	<u>\$3,362</u>	<u>\$67,321</u>	<u>\$3,362</u>

Further breakdowns of these programs by agency are contained in appendix V.

CHAPTER 2

OVERVIEW

THE PROBLEMS

New Bedford's unemployment and inadequate housing problems are deep seated and defy quick solutions. Economically, the city has never recovered from the loss of most of its textile industry. Interwoven with New Bedford's economic and unemployment problems is the inability of the residents to afford needed housing at a price level at which it can be provided without public assistance. The movement of the more affluent residents to the surrounding suburbs and other areas has been largely offset by the influx of immigrants and citizens of Puerto Rico who generally require low-cost housing.

Indications are that many among these two groups found some employment at low pay in the highly seasonal apparel industry and in other labor intensive manufacturing establishments.

Any assessment of the employment and housing situation in New Bedford must recognize that nearby communities have an impact on these matters. Residents of the area near New Bedford can be expected to compete for available jobs and possibly, for housing in the city just as New Bedford residents may be looking for jobs and housing in neighboring communities. Thus, although Federal and State programs are largely focused on a particular city such as New Bedford, they will have some, but not a readily quantifiable, effect on the surrounding area.

IMPACT OF FEDERAL ASSISTANCE

Federal grants amounting to \$135 million, excluding income security and veterans benefits, were committed to programs for the betterment of the physical, economic, and social conditions of New Bedford over the 7-year period ended June 1971. Inherent in many such programs, however, is the fact that the planning and execution of projects take years to accomplish. Only \$67 million, or about 50 percent of the funds committed, had been expended by June 1971.

The major economic development projects have not yet been completed, and their potential effect on reducing unemployment cannot yet be measured. The projects are intended not only to create additional jobs but also to retain existing industries and jobs.

In the absence of local economic expansion and creation of additional permanent jobs, the manpower programs have provided training to participants which would enable them to compete for existing jobs or to enhance their chances of obtaining employment elsewhere if they choose to leave the New Bedford area. The programs also have provided participants with temporary incomes toward meeting living expenses.

New Bedford's housing stock is old and few vacancies exist. Many Federal housing programs were initiated in the latter half of the 1960's; the State of Massachusetts also is providing housing assistance. The programs' tangible results through June 30, 1971, were limited since most of the housing and renewal projects had not been completed. Some of the authorized subsidy housing has been provided, but there is considerable delay between authorization of projects and availability of completed units for occupancy. A major factor in the delay has been an insufficiency of vacant land zoned for multifamily use.

Little progress was made in the Model Cities Program during the first 20 months of its 5-year plan. Housing objectives seemed too ambitious, and the efforts that were made to improve the housing situation were not well coordinated. Economic development projects included in the plan had not been started because anticipated funds had not become available.

In summary, although progress in the improvement of housing is slow, projects are under way which, once completed, can be expected to have a substantial positive impact on New Bedford. The outlook is not yet clear that current projects can achieve substantial economic expansion in the city and significant reduction in the number of unemployed and underemployed. The substantial funds which have been expended in the community for the various programs and projects have had the secondary effect of providing some additional temporary employment and relief.

WHAT MORE CAN BE DONE TO IMPROVE THE SITUATION?

The effort to improve the local economy must be coordinated within the city; and the New England Federal Regional Council, in cooperation with the Small Business Administration and the Economic Development Administration of the Department of Commerce, needs to assist the State and the local government in further developing, planning, executing, and redirecting economic development activities. Aside from the financial and other assistance that is being provided to the area under governmental programs, possibilities for stimulating employment include placing Federal contracts with area firms, locating federally supported facilities or Federal offices in the area, and financing additional jobs under the Emergency Employment Act. The State and/or city might also contribute to local economic development in such forms as low-rent facilities and tax incentives. Federal and State agencies faced with decisions to provide economic development assistance will also have to consider the relative needs of other communities before establishing the level of assistance for New Bedford.

In developing a definitive and workable plan of action, the City of New Bedford, with the assistance of the Department of Housing and Urban Development, should consider numerous factors. Considerations which we believe are necessary include: (1) identifying and periodic reassessment of the type of housing needed by income level, taking into account data on family size and patterns, age groups, immigration trends, etc., (2) delineating of the appropriate Federal and State subsidy housing programs needed and available, (3) identifying and resolution of institutional barriers to economical housing construction, such as zoning restrictions for multifamily housing or obstacles to new low-cost construction techniques, (4) providing tax and other incentives to make more housing available, and (5) obtaining or organizing sponsors for housing projects. There is a need also within the city to coordinate the activities of the various organizations involved in planning and managing housing activities.

Finally, the Community Action Agency as an advocate of bettering the conditions of the poor also has an important role in identifying their needs in the housing, economic development, and employment areas and in working toward the solution of problems.

CHAPTER 3

ECONOMIC DEVELOPMENT AND EMPLOYMENT

New Bedford's economy has lagged significantly behind that of the State and of the Nation. The efforts of the city and various local organizations to expand the city's economic base have not significantly improved the relative economic condition of the city.

The basic problem is how to attract new industries and/or to encourage expansion of existing industries, especially those paying higher wages, which will create jobs and improve average earnings.

From 1960 through 1970 the average annual unemployment rates for the New Bedford SMSA ranged from 5.9 to 9.4 percent of a civilian work force that ranged from 60,400 to 66,500. The SMSA unemployment rates during this period exceeded the State rates by 34 to 66 percent and exceeded the national rates by 37 to 79 percent. (See app. III.) For the first 9 months of 1971, the New Bedford SMSA monthly unemployment rates generally continued to exceed substantially the State and national rates. The actual rates may be higher since many individuals may have dropped out of, or may never have entered, the work force but would work if adequate inducements and suitable jobs could be found.

The specific unemployment rates for the city were not available; however, the rates were believed to be higher than the rates for the New Bedford SMSA. The available data concerning the unemployed indicate that males predominate, that most of them have less than high school education, and that the number of those in the under-22-year age group is disproportionate in relation to their number in the population.

Moreover, many lower income individuals in New Bedford were underemployed.

From 1960 through 1970 the gross average weekly earnings of production workers on manufacturing payrolls in the New Bedford SMSA--about 45 percent of the employed in 1970--were from 17 to 22 percent lower than the average

earnings of such workers throughout the State and from 22 to 28 percent lower than the national average. (See app. IV.) Employment in other industries in relation to total employment was about 19 percent in the wholesale and retail trade; 9 percent in Government; 8 percent in service industry; 7 percent in domestic service, self-employment, or unpaid family work; and the remaining 12 percent in agriculture, construction, finance, insurance, real estate, transportation, and utilities.

The city has utilized various Federal programs to aid in economic planning, attracting new industries, expanding or maintaining existing industries, and manpower training. Since 1965 about \$35 million in Federal funds have been expended for such programs in New Bedford. This expenditure has had little effect, as of September 30, 1971, in improving the relative economic condition. The reasons are:

- The major economic development projects have not yet been completed and/or there was difficulty in disposing of the commercial-industrial sites for development.
- The development projects' major benefit, in the long run, may be the maintenance of the city's economic base by aiding in the revitalization of existing industries.
- The planned Model Cities economic development projects have not been started.
- Manpower training generally does not create jobs but merely makes participants better able to compete for those jobs that are available and provides participants with temporary income to assist them to meet minimum living expenses.

Public service jobs, created pursuant to the Emergency Employment Act of 1971, offer some help in alleviating unemployment, but the impact will be small unless the funding levels are considerably higher than currently authorized. Also the duration of the jobs created is dependent upon whether the jobs can be retained when the period of Federal participation (maximum of 2 years) ends.

The many federally assisted programs in the city have provided auxiliary benefits by creating some jobs during the execution of the projects and in operating the programs themselves.

The following sections of this chapter contain our specific comments on the economic development activities and manpower training programs.

ECONOMIC DEVELOPMENT ACTIVITIES

Provision of industrial-commercial sites

The major programs for economic development were to provide commercial-industrial sites with supporting facilities to aid in the attraction of new enterprises, the promotion of expansion of existing enterprises, and the retention of existing enterprises. Disposition of the land for commercial-industrial development, however, has been a time-consuming process for various reasons including the fact that potential developers have opted for other communities, changes in economic conditions, and lack of interest in locating on the land offered. Although the projects are not complete and their long-term benefits cannot as yet be assessed, there are indications that in general the projects' major benefit may be characterized as maintenance of the economic base by aiding in the revitalization of existing industries.

The major projects for which Federal assistance was provided from July 1965 through September 30, 1971, were as follows:

	Federal funds authorized July 1965 through <u>September 1971</u>	Expenditures as of September 30, <u>1971</u>
South Terminal and North Terminal urban renewal projects	\$33,239,989	\$24,894,977
Construction of North Terminal bulkhead	3,100,000	3,100,000
Expansion of industrial park	<u>517,000</u>	<u>328,700</u>
Total	<u>\$36,856,989</u>	<u>\$28,323,677</u>

As of September 30, 1971, (1) only 40 percent of the land in the South Terminal urban renewal project and none of the land in the bulkhead project had been sold for development and (2) the land in the North Terminal urban renewal project and in the expansion of the industrial park was not ready for redevelopment.

The city organizations directly involved in economic development are, as follows:

--The Redevelopment Authority which administers the urban renewal projects.

--The Harbor Development Commission which has responsibility to promote commercial-industrial development of the water-front area, excluding the urban renewal areas, and which is the sponsor of the North Terminal bulkhead project.

--The Industrial Development Commission which has the responsibility for attracting new industry to the city, including the industrial park.

One common activity of the above entities is to attract new industries, but they did not act in concert to meet the city's overall economic objectives. We noted, for example, that the Harbor Development Commission refused in August 1971 to allow a foreign company to locate in the North Terminal bulkhead project area on the basis that the company might compete with local concerns, but subsequently the Redevelopment Authority voted to sell land in one of its project areas for the use of the same foreign company.

A need for a unified, coordinated development effort in the city was cited in 1969 by a consultant to the city. The city council adopted a resolution in October 1971 that the Redevelopment Authority, the Industrial Development Commission, and the Harbor Development Commission should look into the feasibility of pooling their resources in a concerted effort to attract new industries to New Bedford.

Although a unified effort should improve the effectiveness of these organizations, it must be recognized that the community may have to provide more inducements to attract new industries or to promote expansion of existing industries. These inducements can take various forms and may include helping companies obtain reasonable financing of their ventures and contributing to plant investment through such means as tax abatements.

The activities of the nonprofit Greater New Bedford Industrial Foundation have been steps in this direction. The foundation was incorporated in 1955, and its purposes are to aid local industries and to attract new industries by providing financial assistance. The initial capital was provided by local businesses. Although the foundation has a broad charter, its financial activities have generally been concentrated on developing the New Bedford Industrial Park. Its current financial resources are rather limited--about \$600,000 of capital.

Urban renewal projects

The initial thrust of the city's urban renewal efforts was to treat primarily industrial-commercial blighted areas because such treatment was expected to contribute to economic development and expanded employment opportunities. The South Terminal and North Terminal project areas were primarily industrial-commercial in character before clearance and redevelopment is to be primarily industrial-commercial after clearance.

The industrial-commercial redevelopment areas of the projects covered 129.9 acres--South Terminal, 106.4 acres, and North Terminal, 23.5 acres. (The housing aspects of these projects are discussed in the succeeding chapter of the report.) The Federal share of net project costs is 75 percent, and the remainder is to be borne equally by the State and the city.

A major objective of the South Terminal project was to revitalize the fishing industry by providing space for expansion and modernization of the New Bedford fish-processing firms, for boat docking, and for related services for the fishing industry. In December 1971 the Redevelopment Authority estimated that the South Terminal project would require an additional 2 years to complete. (An urban renewal project is considered complete after final disposition of the land, not redevelopment on the land.) The remaining project work is primarily concerned with completion of project improvements and the disposition of the land.

The plan for the South Terminal project, approved for execution in December 1965, called for relocation of the

fish processors from one area to another area, and the Redevelopment Authority reserved the land for these processors and any other New Bedford processors. By December 31, 1970, the reserved land had been cleared, necessary site improvement had been provided, and the land was ready for redevelopment. As of July 1971 two processors had exercised their rights; reservation of the remaining land was lifted; and the land was being offered to any developer. No additional sales of this land had been made as of November 30, 1971.

The North Terminal urban renewal project's major commercial objective is to provide suitable land for development of a retail shopping center. A consultant's study made in 1966 concluded that such a center was needed to revitalize the downtown business area so that it could compete with suburban shopping centers because there was a trend to shop in the suburbs. In September 1968 a developer was given exclusive rights to develop the commercial area. The plans provide for one or two large department stores and other retail, commercial, and office facilities. In December 1971 the Redevelopment Authority advised us that the project, which was approved for execution in May 1969, would be completed in 1976.

North Terminal bulkhead project

The North Terminal bulkhead project consisted of the constructing 1,000 feet of bulkhead, dredging a 22-acre maneuvering basin to a depth of 30 feet, creating 19 acres of land by filling in behind the bulkhead, constructing access roads, and providing public utility systems. The project was approved by the Economic Development Administration (EDA), Department of Commerce, in November 1966, on the basis of the city's estimate of the economic impact to be generated (900 jobs with a \$5 million payroll) by two tuna industry firms which had indicated interest in locating on the bulkhead. The total project cost was \$5.5 million, of which \$3.1 million was funded by the Federal Government--\$2.9 million from a direct grant from EDA and \$0.2 million through the New England Regional Commission--and the remainder, \$2.4 million, was funded by the city and State.

Although EDA awarded the grant to the city in November 1966, actual construction of the bulkhead did not start

until December 1968 because of delays encountered by the city in (1) obtaining certification from the Federal Water Pollution Control Administration that the sewage from any facility on the bulkhead would be properly treated and (2) acquiring railroad property adjacent to the bulkhead.

Construction of the bulkhead was completed in December 1970, but the land had not been disposed of for redevelopment as of November 30, 1971. The outcome of the disposition activities were, as follows:

- In early 1966 one of the tuna firms decided against building a processing plant in New Bedford because its potential suppliers (Japanese vessels) had drastically curtailed their fishing activities in the South Atlantic Ocean.
- According to a former city official, negotiations continued with the second tuna firm until November 1969, at which time the firm indicated that it was considering a southern city for location of a new plant.
- Since 1967 attempts have been made to get other firms to locate on the bulkhead area, but none of the land had been sold as of November 30, 1971.

Expansion of industrial park

The New Bedford Industrial Park consists of about 380 acres, of which approximately 310 had been sold as of September 1971. The land was owned or held on option by the Greater New Bedford Industrial Foundation, a nonprofit trust founded in 1955 by local businessmen to develop and promote an industrial park. The first firm moved into the park in 1960, and since then about one firm a year has moved to the park. Currently 14 firms employing 1,100 people occupy the park. Of the 14 firms, five firms employing about 300 people relocated from within the New Bedford area. Employment at the 14 firms ranges from a low of four to a high of 310.

EDA has provided a grant of \$517,000--50 percent of the cost--to construct roads, water distribution and drainage facilities, and sewers for the development of a 135-acre

expansion of the park. The remaining 50 percent of the cost is being funded by the city. The expansion, approved by EDA in August 1969, is expected to be completed in January 1972. The approval by EDA was based on an estimate that the project would result in about 1,500 jobs in the expanded section of the park.

On the basis of past experience and the proximity of other planned or existing industrial parks in the New Bedford area, it may be some time before the full economic benefits of the expansion of the industrial park are realized. Moreover, the ultimate impact upon New Bedford's unemployment problem will depend upon the extent to which the expanded area of the park is occupied by new firms as opposed to firms relocated from within the New Bedford area.

Small business assistance programs

The following three programs were established to provide counseling and management guidance and to help in obtaining financing for owners or potential owners of small businesses.

- The Small Business Development Center (SBDC), funded by the Office of Economic Opportunity (OEO), was organized by the Community Action Agency in June 1965. The center went out of existence in August 1967 when a new project, Commonwealth Resources for Economic Advancement, Training, and Education (CREATE), was established. The area covered by SBDC included the New Bedford SMSA and the towns of Westport, Freetown, Rochester, and Wareham. During SBDC's period of operation, administrative costs amounted to \$134,118.
- Project CREATE, funded by EDA and sponsored by the Commonwealth Service Corps, a State commission, operated from August 1967 to January 1971 and covered both the Fall River and the New Bedford areas. Administrative costs during its period of operation amounted to \$221,395. Project CREATE went out of existence in January 1971 because of EDA's policy of limiting the duration of funding to 3 years for any one project.
- In September 1971 the Business Opportunities Development Center began operations and was funded by the Federal Government through OEO (about \$33,000), the Federal Regional Council (\$50,000), and the New England Regional Commission (\$50,000).

Available records show that the SBDC and CREATE projects, in the areas serviced, (1) generated 329 loans totaling about \$4.3 million, of which 143 loans totaling \$2.6 million were from the Small Business Administration, (2) created about 900 jobs, (3) conducted seminars, workshops and lectures for small businesses, and (4) provided individual counseling services.

Model Cities economic
development activities

The New Bedford Model Cities Program, which had been in operation for about 20 months as of September 30, 1971, was not meeting its economic development goals. The proposed economic development projects were not started because the anticipated funding from EDA did not become available.

The program was established by the Congress to demonstrate that the living environment and general welfare of people living in slum and blighted neighborhoods can be substantially improved through a comprehensive and coordinated Federal, State, and local effort.

A local Model Cities Program consists of (1) a 5-year plan which describes the needs of the city in terms of the projects required to make substantial impact on the social, economic, and physical problems of the city and (2) action year programs which outline projects or activities to be initiated during each program year.

In June 1968 the Department of Housing and Urban Development (HUD) awarded New Bedford a \$128,650 grant to develop a 5-year comprehensive plan for a 560-acre target area. In January 1970 HUD approved the city's 5-year Model Cities plan.

The plan's economic development activities were aimed at (1) strengthening small business in the model neighborhood, with particular emphasis on increasing minority participation, through the existing EDA project, CREATE, and (2) stimulating growth in the fishing industry which would directly affect the job situations of many model neighborhood residents. To accomplish the latter, New Bedford planned to develop a marine action center which would provide a means for determining new products, and ways to market them, for the city's fishing industry and which would develop a program for future expansion of the industry to include the new products and practices.

The economic development activities planned for the first action year--February 1970 through January 1971--were:

- To decentralize operations of CREATE by having personnel stationed and operating in the model neighborhood area (MNA). The proposed funding of the MNA operation for the first action year was \$30,000 to be provided by EDA.
- To initiate and develop the marine action center primarily by having a consultant research successful marketing techniques practiced elsewhere and translate the resulting material into practical marketing help to the city's seafood concerns. The estimated cost for 18 months was \$119,917, of which \$20,000 was to be funded by Model Cities supplemental funds, \$89,917 by EDA, and \$10,000 by private sources.

We were advised by the HUD Acting Regional Administrator for Model Cities that EDA did not participate in the review and approval of the economic development facets of the Model Cities plan.

EDA in November 1969 stated that it would not fund the then-existing project CREATE operations after September 1970 because of a policy of limiting any one project to a 3-year duration. (The project was able, however, to continue operating through January 1971 with the funds provided.) No funds were provided to decentralize CREATE operations to the MNA.

The marine marketing study was not funded by EDA because it believed that the economic benefits from the proposed project could not be realized in the near future and because it was taking favorable actions on those projects which it believed offered the greatest immediate potential for creating new jobs, offering more year-round work, or increasing earnings of low-income families.

For the second action year--February 1971 through January 1972--the only economic development activity planned was a marine marketing study which was to be funded with \$10,000 of supplemental funds and an unspecified amount of private funds.

As of September 30, 1971, the marine marketing study had not started. The Director of the Model Cities

Administration (MCA) advised us that attempts to obtain private funds had not been successful.

Various Federal interagency studies--performed for the purpose of examining into the manner in which the Federal response to all the model cities can be strengthened--showed a need for certain improvements in the administration of the Model Cities Program, including interagency participation and coordination in developing and approving plans and in funding of projects. For example, in September 1969 an interagency study team concluded, in part, that:

- Review and approval of comprehensive Model Cities plans were primarily carried out only by HUD even though this function was important in establishing a true interagency approach to the Model Cities Program.
- Federal funds were inadequate to meet the needs of all model cities; the Federal agencies were reluctant to redirect their priorities toward meeting those needs; there was not an adequate system for setting aside categorical grant funds for model cities; and overly rigid application of individual Federal program guidelines prevented the funding of desirable Model Cities projects.

Since the MNA in New Bedford is a low-income area and the dimensions of some of the other problems in the area are directly related to income, it appears that economic development is one of the key elements of a comprehensive program of improving the general welfare of the people in the MNA. We believe therefore that HUD, in cooperation with other responsible Federal agencies and the city, should (1) ascertain whether the planned economic development programs are the ones needed to obtain the economic objectives of the 5-year Model Cities plan and (2) assist in obtaining the necessary funding for the programs selected.

MANPOWER TRAINING PROGRAMS

The manpower programs in New Bedford have provided participants with varying degrees of skill training and education and with temporary income to assist them to meet minimum living expenses. The programs, however, were not generally designed to create additional permanent jobs.

The nine major manpower training programs which operated in New Bedford during fiscal years 1965 through 1971 were as follows:

- The Concentrated Employment Program (CEP), started in October 1968, was to provide disadvantaged target-area residents with the necessary services to obtain employment. In most instances training was provided by private or public agencies under sub-contracts with CEP. The training included both remedial education and vocational training, such as automobile repair, welding, and typing.
- Manpower Development and Training Act (MDTA) courses were started in August 1965 to provide unemployed and underemployed persons with institutional and on-the-job training. Training was conducted in such vocations as automobile repairman, welder, machine operator, cook, nurse's aid, clerk, and fisherman.
- The Work Incentive Program (WIN), started during September 1968, was to move recipients of Aid to Families with Dependent Children from the welfare rolls into meaningful permanent productive employment through appropriate training and related services. The training has been for such vocations as hairdressing, clerical, nursing, cooking, and electronics.
- Neighborhood Youth Corps out-of-school program (NYC O/S) started during January 1965. The purpose of the program is to provide poor, out-of-school youths--in recent years 16 and 17 years of age--with work experience, remedial education, and training to increase their employability or encourage their return to school. (Also in-school and summer NYC programs were operated in New Bedford.)

- The Supplemental Training and Employment Program (STEP) was started during August 1970. The purpose of STEP is to provide unemployed manpower training program graduates and persons unemployed since December 1969 with short-term (13 to 26 weeks) meaningful work experience.
- Operation Mainstream was started during July 1967. The program's objective is to provide poor unemployed or underemployed adults over 22 years of age with training and work experience.
- The Public Service Careers (PSC) program was started during June 1970. The program's objective is to provide disadvantaged persons with employment and training in public agencies and to upgrade such persons already employed by public agencies.
- Job Opportunities in the Business Sector (JOBS), National Alliance of Businessmen (NAB), program was started in July 1969. The program is designed to assist disadvantaged persons achieve self-sufficiency through on-the-job training in private enterprise.
- JOBS Optional Program was started during January 1971. The program's objective is to offer employers the opportunity to hire and train disadvantaged and nondisadvantaged persons for permanent employment in jobs that provide an opportunity for advancement.

During the 7-year period, the nine manpower programs had enrolled 4,519 persons--predominantly male. At June 30, 1971, 796 were still enrolled and, of the 3,723 who had left the programs, 1,608 were reported to have obtained employment. About \$6.3 million of Federal funds and \$600,000 of local funds or services were expended for these programs.

The reported accomplishments and Federal expenditures, by program, as of June 30, 1971, follow.

Program	Total enrollment	Terminations through June 30, 1971			Enrolled at June 30, 1971	Expenditures at June 30, 1971
		Obtained employment upon termination	Did not obtain employment	Un-known		
CEP	1,750	733	773	-	244	\$3,339,411
MDTA	938	489	449	-	-	951,780
WIN	507	50	258	-	199	151,069
NYC O/S	791	260	188	261	82	1,243,317
STEP	389	39	121	-	229	296,700
Mainstream	104	35	58	-	11	271,792
PSC	7	-	-	-	7	6,714
JOBS/NAB	1	1	-	-	-	16,285
JOBS/Optional	32	1	7	-	24	-
	<u>4,519</u>	<u>1,608</u>	<u>1,854</u>	<u>261</u>	<u>796</u>	<u>\$6,277,068</u>

Although the JOBS/NAB program was allocated about \$400,000 for 500 training slots for fiscal year 1970, the program actually had only one participant, who was trained as a typist. The New Bedford NAB office was opened in July 1969 and was closed in August 1970 after only one contract was awarded. Department of Labor and NAB regional and local officials told us that the New Bedford JOBS/NAB program was unsuccessful because of a lack of capability of the local NAB and lack of interest on the part of the business community. The NAB regional executive told us that he had been unable to find a new director for the New Bedford program and that there were no immediate plans to reopen the office.

Forecasts made by the State's Division of Employment Security (DES) in December 1970 showed a continuing need for manpower training programs in New Bedford. DES forecast that 6,150 unemployed and underutilized disadvantaged poor people in the city would have need for manpower services during fiscal year 1972. These persons were categorized--1,600 as unemployed, 350 as part-time workers, 3,350 as low-waged full-time workers, and 850 as persons not in the labor force who should be.

It was forecast also that 800 poor persons who did not meet all the criteria for being disadvantaged, 5,400 persons close to the poverty level, and 11,750 other persons would need manpower assistance.

In New Bedford present job opportunities are limited, and therefore the manpower programs can be expected to enable the participants to compete for existing jobs or to enhance their chances of obtaining employment elsewhere if they choose to leave the New Bedford area.

Unless there is marked improvement in the ability of the city to attract new businesses and jobs, the net result of even expanded manpower training will be no different from past results.

JOBS UNDER THE EMERGENCY EMPLOYMENT ACT

The Emergency Employment Act of 1971 established a 2-year program to provide unemployed and underemployed persons with employment in jobs providing needed public services in cities, counties, and States.

In August 1971 the Department of Labor, which administers the act, allocated \$661,700 to New Bedford for fiscal year 1972. With these funds and local contributions of \$73,500, the city expected to create 110 public-service-type jobs, of which 66 had been filled as of November 26, 1971. In August 1971 the Department also allocated \$56,700 fiscal year 1972 funds to the State for jobs to be filled by residents of that city. The State, as of December 2, 1971, had filled the nine jobs that were to be created.

In October 1971 the Department allocated to New Bedford \$369,400 more from fiscal year 1972 funds because the city's unemployment rate was more than 6 percent. With these funds the city expected to create 53 jobs, of which none had been filled as of December 1, 1971.

The program should be beneficial in alleviating some unemployment since it is designed to create jobs, but the impact will be small unless the funding levels are considerably higher than currently authorized. The duration of the jobs created, however, is dependent upon whether individuals can be retained in the jobs when the period of Federal participation (maximum of 2 years) ends.

COMMUNITY ACTION AGENCY

The Community Action Agency (CAA)--called Organized New Bedford's Opportunity Research Development, Incorporated--has been successful in enrolling target area residents in manpower training programs and providing them some day-care services. Its efforts to attract business firms to the area, however, were not successful.

In 1969 CAA listed low wage rates and a high unemployment rate due to the large number of seasonally operated industries as major causes of poverty and established manpower development as its first priority for the year. To

deal with the problems of unemployment and underemployment, CAA planned to:

- Rehabilitate and train 1,300 target-area residents under existing manpower training programs.
- Encourage three or four firms to provide on-the-job training.
- Attempt, in cooperation with other local organizations, to bring firms into New Bedford which could offer skilled and higher wage jobs.
- Establish day-care centers for children, which would permit housewives to work.

About 1,150 unemployed and underemployed were enrolled in training programs, but CAA was not able to persuade firms to provide on-the-job training. Also efforts to induce firms to move to New Bedford were unsuccessful. Two centers were established to care for children whose mothers were enrolled in training programs but not for children whose mothers were working.

In 1970 CAA was concerned that (1) the disadvantaged were not able to get meaningful jobs because they lacked sufficient education, (2) incomes received by household heads were low because they held jobs offering low wages, and (3) insufficient day-care facilities precluded mothers from receiving training or going to work. CAA established employment training and security as its fourth priority. The CAA planned to:

- Train 1,200 target-area residents through the existing manpower training programs.
- Encourage four or five firms to participate in the JOBS/NAB program.
- Encourage three or four stable firms that offered higher wages to move to New Bedford.
- Establish two or three day-care centers.

--Establish employment outreach stations in each of its neighborhood centers in conjunction with CEP and DES.

About 582 residents were enrolled in training programs; CAA was able to encourage one firm to participate in the JOBS program, but was unable to encourage any firms to move to New Bedford; one day-care center was established to care for children whose mothers were either enrolled in training programs or working; and representatives of CEP and DES were placed at the neighborhood centers.

CONCLUSIONS AND RECOMMENDATION

The city's economy has continued to lag significantly behind that of the State and of the Nation, and there is little evidence that current efforts will significantly improve the situation.

The basic problem is how to attract new industries and/or to encourage expansion of the existing industries, especially those paying higher wages, which will create jobs and improve average earnings. Aside from this effort New Bedford has been, and must continue to be, concerned with maintaining its existing business establishments.

Much of the responsibility for arriving at approaches toward the solving of these problems rests upon the city and its business and professional community. Federal, State, and local agencies should be prepared to provide further assistance. Federal agencies, however, will have to consider the relative needs, such as are indicated by the severity of unemployment and poverty, of other communities in the Nation before establishing the level of financial and other assistance that should be authorized for the New Bedford community. Similarly, within the State of Massachusetts, economic development planning must take into consideration other economically depressed communities that are in competition with New Bedford for economic assistance.

As the experience in New Bedford has shown, the availability of Federal, State, and local assistance will not in itself necessarily be sufficient to provide for the essential increase in business activities because there are many other factors which business firms consider before making a

decision to expand or to locate in a particular area. One of the most fundamental considerations is the availability of an adequately trained labor force. The manpower training programs in New Bedford could have increased value once economic development is enhanced to a point where firm commitments are obtained from business enterprises to expand or to locate in the area because the training could then be structured to provide to such enterprises individuals having the educational background and skills needed.

In any endeavors to alleviate New Bedford's economic problem, areawide planning should not be ignored since the labor supply competing for jobs in the city goes beyond the city limits, and conversely city residents are competing for jobs in neighboring communities.

The search for solutions must continue

We recognize that many avenues have been explored at Federal, State, and local levels to improve the economic situation in New Bedford. When one considers the limited achievements to date, it is apparent that more emphasis should be given to some of the efforts previously made and that new approaches should be tried.

We suggest that previously established plans and objectives be reexamined and revised, where necessary, in view of the experience to date and the prospects for increasing economic activities. These data should be used in the search for solutions, which should be pursued along several lines.

1. Exploring the possibilities of whether further Federal assistance could become available in the form of grants and loans to renew areas, construct public facilities, and finance businesses.
2. Placing Federal contracts with area firms to stimulate additional employment.
3. Creating jobs by locating federally supported facilities or Federal offices in the area.

4. Financing additional jobs under the Emergency Employment Act.
5. Offering State- or city-supported low-rent facilities to attract industry.
6. Providing tax incentives, possibly through enactment of State legislation, to attract additional business activity.
7. Intensifying efforts to coordinate the activities of the various development organizations in the city and continuing to involve CAA, to more effectively focus on and pursue the city's overall economic objectives.

Recommendation

We recommend that the New England Federal Regional Council, particularly the representatives of HUD, the Department of Labor, and OEO, who are among its members, and the Small Business Administration and the Economic Development Administration, advise and guide the State and local governments in the reassessment of New Bedford's economic development plans and objectives and in pursuing the various possibilities for increasing economic activities outlined above.

CHAPTER 4

HOUSING

New Bedford's housing stock consists of about 37,000 units, of which 85 percent is over 40 years old. Until the latter half of the 1960's, housing was not emphasized as a priority need in New Bedford.

On the basis of surveys, the city planners estimated that there were 7,600 substandard housing units in 1968 and that there would be a need for 5,800 new housing units and for rehabilitation of 30 percent (11,600 units) of the existing housing stock during the 1970's. There were no definitive surveys of the number of low- and moderate-income families in need of subsidized housing; however, at June 25, 1971, about 1,900 applicants were on the waiting list for public housing compared with 240 in September 1967.

Only 2 percent, or 780 units, of New Bedford's total housing stock were vacant in 1970. Some housing experts have cited 5 to 7 percent as a desirable vacancy rate. Of the occupied units, 42 percent were owner occupied and 58 percent tenant occupied. About 70 percent of all housing units were in structures having two or more units.

City officials and businessmen told us that the following conditions were primary causes for the serious situation in New Bedford.

- Demolition of housing primarily as a result of highway and urban redevelopment projects. (About 1,280 dwelling units were demolished from 1960 to 1970.)
- Normal deterioration of the existing housing stock.
- Low private housing construction activity. (About 1,040 units were constructed from 1960 to 1970.)
- No public housing constructed from 1956 through 1969. (During the 21 months ended September 30, 1971, 184 units of public housing were constructed.)

- Changes in family formation patterns, such as the tendency of young people to establish independent households.
- The movement into New Bedford of large numbers of immigrants. (During fiscal years 1960 through 1970, about 9,300 entered New Bedford, of which about 6,860 entered since 1965.)

A variety of housing programs have been instituted in New Bedford. They include subsidy programs to provide low-rent housing for low- and moderate-income families and renewal, rehabilitation, and conservation activities to treat slum, blighted, and deteriorating areas. MCA and the CAA also have been active in the housing area.

The programs' tangible results through June 30, 1971, were limited since most of the housing and renewal projects had not been completed. Successful and timely completion of the approved projects should make a substantial positive impact by helping to conserve the city's existing housing stock, by improving the environment of the projects' neighborhoods, and by providing needed subsidy housing.

It must be recognized, however, that replacement of much of the city's aged housing stock eventually will be needed, which presents an acute problem because the residents generally are unable to afford new housing and because there is no perceptible improvement of the city's economic condition on the horizon. Until the economic status of the city's residents significantly improves, substantial public financial assistance will be needed continually to alleviate the city's housing problems.

We also noted that:

- There was a considerable period of time between Government authorization of subsidy housing projects and their availability for occupancy. Many of the factors causing time lags are inherent in the process, but one major factor has been an insufficient amount of vacant land zoned for multifamily use.

--Little progress had been made in the Model Cities housing activities. Established objectives may have been too ambitious, and there was a lack of a concerted, systematic, coordinated effort to work toward solutions of housing problems in the Model Cities area.

--There was a need for improved coordination among city agencies concerned with housing matters.

The following sections of this chapter contain our specific comments on the providing of subsidy housing; the treating of slum, blighted, and deteriorating residential areas; the Model Cities housing programs; the need for improved coordination among the various city organizations concerned with housing matters; and the role of the CAA as an advocate of improving the housing situation for the poor.

SUBSIDY HOUSING FOR
LOW- AND MODERATE-INCOME RESIDENTS

Former and current city officials advised us that, between 1956 and 1966, no additional subsidy low-income rental housing was requested since it was believed that sufficient low-income housing was available.

The Economic Environment Study of New Bedford, dated April 1970 and prepared by a consultant for use in the city's proposed Community Renewal Program (CRP),¹ stated that there was a demand for housing in the city but at a price level below that which the private construction industry would require. The study stated also that the city's housing problem stemmed directly from the inability of the residents to pay for the existing high cost of construction.

As of June 30, 1971, the Federal- and State-assisted rental housing for low- and moderate-income persons authorized for New Bedford totaled 3,659 units, of which 52 percent, or 1,897 units, were occupied or available for occupancy. Also 25 low-income families have been given Federal financial assistance to enable them to purchase houses.

Prior to 1965 Government subsidy programs for low- and moderate-income persons were channeled primarily through a local housing authority. Starting in the midsixties many Federal programs were created to encourage and expand the involvement of the private sector in sponsoring low- and moderate-income housing development.

The Federal housing subsidy programs for low- and moderate-income persons in New Bedford were:

¹CRP is a communitywide renewal strategy covering the full range of renewal actions required to meet a locality's needs and a staged program for action for the ensuing 5- to 10-year period, commensurate with the resources available to the community, to meet renewal needs.

- Public Housing Program: HUD makes annual contributions to the New Bedford Housing Authority, the local housing authority, to assist it in acquiring ownership or lease of housing units for rental to low-income families.
- Rental Housing Assistance Program (section 236): HUD provides mortgage interest subsidies to the private or nonprofit owner of a project that are to be passed on, in the form of reduced rent, to low- and moderate-income tenants.
- Homeownership Assistance Program (section 235): To enable low-income families to become homeowners, HUD makes periodic payments to the lender, which reduces the effective interest paid on the mortgage by the low-income owner.

The State of Massachusetts also has made subsidy payments to provide housing for low- and moderate-income persons in New Bedford by providing:

- Financial assistance to the Housing Authority to acquire ownership of housing for rental to low-income persons.
- Below-market-interest-rate loans to private or nonprofit sponsors for construction or rehabilitation of housing for rental and/or sale to low- and moderate-income families.

The time periods in which the Federal- and State-assisted rental units were authorized or planned and their status at June 30, 1971, follow.

<u>1941 through 1956</u>	<u>Authorized or planned</u>	<u>Status at June 30, 1971</u>	
		<u>Occupied or avail- able for occupancy</u>	<u>Not available for occupancy</u>
Public housing:			
Federally as-			
sisted	900	900	-
State assisted	<u>405</u>	<u>405</u>	-
	<u>1,305</u>	<u>1,305</u>	-
 <u>1966 to June 30, 1971</u>			
Public housing:			
Federally as-			
sisted	1,910	592	1,318
State assisted	300	-	300
Section 236 housing	<u>144</u>	<u>-</u>	<u>144</u>
	<u>2,354</u>	<u>592</u>	<u>1,762</u>
Total	<u>3,659</u>	<u>1,897</u>	<u>1,762</u>

The city has notified HUD that it will need 874 additional public housing units for 1971 and 1972.

As of June 30, 1971, 15 low-income families had purchased houses under the section 235 Homeownership Assistance Program-- six new and nine existing houses. Also Model Cities supplemental funds were used to make 10 low-interest-rate loans to enable low-income families to make downpayments on houses as of September 30, 1971.

Project delays

The Federal programs to provide subsidy housing for low- and moderate-income persons have been revised over the years to help reduce the time lag between Government authorization and availability for occupancy of the housing.

For example, the Public Housing Program originally provided financial assistance to the LHA only to acquire ownership of housing, but the program was amended in 1965 to allow the LHA to lease housing. Also the means of acquiring ownership have evolved over the years so that the LHA now may acquire ownership by (1) constructing when the LHA acts as the developer (conventional), (2) acquiring existing or newly completed structures from the private market (acquisition), or (3) letting contracts to private developers and purchasing the development after completion (turnkey).

The Federal public housing projects in New Bedford, however, have still taken, in many instances, a considerable period of time between Government approval and availability for occupancy. The following table shows the number of federally assisted public housing units authorized, acquired, and available for occupancy, by LHA ownership or lease, from 1966 through June 30, 1971.

<u>Year</u>	<u>Ownership</u>			<u>Leased</u>		
	<u>Authorized</u>	<u>Acquired</u>	<u>Available for occupancy</u>	<u>Authorized</u>	<u>Leased</u>	<u>Available for occupancy</u>
1966	300	-	-	50	-	-
1967	-	-	-	-	-	-
1968	-	-	-	575	316	125
1969	985	-	-	-	230	271
1970	-	84	84	-	-33 ^a	80
1971 to June 30	-	-	-	-	110	32
Total	<u>1,285</u>	<u>84</u>	<u>84</u>	<u>625</u>	<u>623</u>	<u>508</u>

^aDenotes net number of units withdrawn from leasing arrangements.

Of the ownership units authorized in 1966--150 for the elderly and 150 for families--it was not until 1970 that the first housing units became available for occupancy. In 1970, 50 units (turnkey) for the elderly became available for occupancy; in August 1971, 100 units (conventional) for the elderly became available for occupancy. The remaining 150 units (turnkey) for families were expected to become available for occupancy in 1972.

Housing Authority officials, former and present, informed us that the delays in the turnkey projects had been caused by (1) the Authority's cautious approach to guard against possible abuse since they were the Authority's first turnkey projects, (2) local citizens' opposition to the 150 family units, and (3) the city council's denying zoning changes for the family units, which resulted in the need to obtain a new location.

We also were advised that the 100 units for the elderly, constructed under the conventional method, had been delayed because the method was slow, the site in the urban renewal project was not ready until 1969, building specifications were changed, and a strike occurred during construction.

Of the 985 units of ownership housing authorized in 1969, 34 units were acquired by direct acquisition in 1970 and about 400 units were under construction and were expected to be available for occupancy in 1972. Housing Authority officials advised us that the remaining units were being delayed for the most part because of citizen opposition, zoning problems, and planning difficulties.

Regarding leased housing, conversion of a hotel to 112 units of housing for the elderly is contemplated and the units were to be available for occupancy in August 1971. Early in calendar year 1971, the Housing Authority entered into an agreement to lease the hotel after it is converted by the owner to housing units. As of September 30, 1971, conversion had not started because the owner had not submitted the final plans and specifications to the State agency which is to finance the conversion.

Some of the subsidized housing projects were, or are, planned to be located in urban renewal project areas, which

is time consuming since the land must be acquired, cleared, and provided with site improvements prior to construction. Subsidy housing planned for other locations, however, often required requests for zoning changes, variances, or special permits, which are very time consuming and often nonproductive because of citizen opposition.

Zoning problems

The problem of opposition by the local citizens to low-income family housing in their areas has been compounded by an insufficient amount of vacant land zoned for multifamily (three or more dwelling units in a structure) use--most subsidized housing is of the multifamily type.

A 1970 study by the City Planning Department showed that, of the city's 10,993 acres, only 419 acres (4 percent) were zoned multifamily and that approximately 8 percent of this acreage, or 34 acres, were undeveloped. The study showed also that actually less than 34 acres were available since some of the land, by current standards and expectations, was undesirable for residential use. A representative of the Governor, in a 1970 report on the city's July 1970 civil disorders, expressed concern that the zoning ordinance restricted multifamily housing.

The city's zoning ordinance was adopted in 1924 and was amended on numerous occasions. According to the City Planner, however, the ordinance as amended did not reflect existing conditions and needs, nor did it include current concepts about what was desirable in land development controls. Therefore the City Planning Department drafted a completely new ordinance and submitted it to the city council in 1968. The document was undergoing review by the council, but none of the suggested provisions had been enacted as of September 30, 1971.

The City Planner informed us that more acreage would be available for multifamily housing if the proposed zoning ordinance were enacted. The proposed provisions would provide for five types of residential zones, three of which would be for multifamily housing. In contrast the existing ordinance provides for three residential zones, one of which is for multifamily housing.

The Economic Environment Study of New Bedford, dated April 1970 and prepared by a consultant as part of the city's CRP, stated that there was a lack of new modern multifamily housing and concluded that a demand for such housing (non-subsidized) existed.

The City Planning Department, in its draft CRP housing report, concluded that it was more economical to provide multifamily housing than to provide single family units because of economies in construction (for example, use of common walls) and because of more intensive land use.

Thus the early adoption of modern zoning ordinances seems critical to enhancing the development and completion of low- and moderate-income housing projects.

RENEWAL AND CONSERVATION ACTIVITIES

The city's current emphasis on projects of a conservation and rehabilitation nature to treat slum, blighted, and deteriorating residential areas is essential, in our opinion, while the city is endeavoring to meet its housing needs. This approach not only obviates the social and financial problems resulting from relocation but also enables the city to preserve, at a time when needed most, the housing worth saving.

HUD is authorized to provide Federal assistance to localities for rehabilitation or redevelopment of slums and blighted areas. Except in special cases, Federal grants defray two thirds of net project costs. In New Bedford the Federal share for urban renewal projects has been three quarters because it is an economically depressed area, and for other conservation projects the Federal share has been two thirds. The local share is being borne by the city and the State. HUD also provides 100 percent of the relocation and rehabilitation grants and loans.

Several approaches have been developed to treat slum, blighted, and deteriorating areas. These include conventional urban renewal (clearance and/or rehabilitation), concentrated code enforcement,¹ and demolition² projects. Another form of renewal support is demonstration grants to develop and test new or improved renewal techniques.

Financial aids to assist owners and tenants in rehabilitating properties in renewal areas include grants up

¹Concentrated code enforcement is a 3-year preventive program designed to arrest decline of an area where an urban renewal project is not warranted but where a concerted community effort is needed to conserve existing properties. Its principal objective is to restore the stability of neighborhoods by effective code enforcement and by the provision of adequate supporting facilities and services.

²Demolition of structures which are structurally unsound or unfit for human habitation after the local governing body has exhausted legal procedures to secure remedial action by the owners.

to \$3,500 to property owners and low-interest loans up to \$12,000 a dwelling unit to owners or tenants of properties. Special loan and mortgage insurance programs also are available to assist in financing rehabilitation of housing in renewal areas.

As of September 30, 1971, New Bedford had had seven renewal and conservation projects covering an area of about 600 acres, exclusive of the citywide demolition grant effort. The projects authorized, the HUD approval dates, and the Federal grant reservations and share of expenditures at September 30, 1971, were as follows:

	<u>Planning</u>	<u>Execution</u>	<u>Federal capital grant reservation</u>	<u>Federal expendi- tures</u>
Urban renewal:				
South Terminal	June 1964	Dec. 1965	\$19,332,834	\$17,277,106
North Terminal	Nov. 1965	May 1969	13,907,155	7,617,871
West End	Aug. 1969	Apr. 1971	13,745,655	792,035
Concentrated code enforcement:				
Sycamore	-	Feb. 1968	671,728	636,398
Model Cities	-	June 1971	313,000	11,871
Demolition	-	Jan. 1967	58,080	58,080
Demonstration:				
Waterfront historic feasibility study	-	Sept. 1965	<u>72,986</u>	<u>72,986</u>
Total			<u>\$48,101,438</u>	<u>\$26,466,347</u>

As of September 30, 1971, the Sycamore concentrated code enforcement, demolition, and demonstration projects were complete.

The initial thrust of the city's renewal efforts was two urban renewal projects for the clearance of blighted, primarily commercial and industrial, areas for primarily commercial and industrial redevelopment in the South Terminal project area and for commercial, industrial, and residential redevelopment in the North Terminal project area. The city selected these areas because the projects would

contribute to economic development and expanded employment opportunities. An indeterminate amount of the grant funds for the two projects was to be expended for residential housing purposes. (The commercial and industrial aspects of these projects are discussed in the proceeding chapter.)

Since 1968 the city has started three primarily residential projects of a rehabilitation and conservation nature: an urban renewal rehabilitation project in the West End which is one of two areas scarred by the 1970 disturbances and two concentrated code enforcement projects--Sycamore and Model Cities.

Various studies made by the City Planning Department, consultants, and others during the late 1960's show that most of the city's housing stock was old, that a large number of housing units needed rehabilitation, that a considerable number of units were overcrowded, that private construction was limited, and that a demand for housing existed but the residents' income level was such that the demand was below the price level that the private construction industry would require. It generally was concluded that residential renewal locally had to be predominately through rehabilitation. Rehabilitation is a difficult, complex job, however, which involves many problems.

In concentrated code enforcement projects, the properties must be brought up to local housing and building code standards through persuasion or legal action. In urban renewal rehabilitation projects, 75 percent of the properties must be brought up to property rehabilitation standards, which are generally higher than code standards and under which conformance by the owner is on a voluntary basis; the remainder of the properties must be brought up to at least code standards.

A substantial number of structures are planned to be rehabilitated in the West End urban renewal rehabilitation and the Model Cities concentrated code enforcement projects, both of which were started in 1971. The West End and Model Cities areas can be characterized by three salient features.

1. Residents have low incomes.
2. Most of the households in the areas are renters.

3. Many households pay more than 25 percent of their incomes for rent.

The economic feasibility of widespread rehabilitation depends on such matters as whether the costs of substantial rehabilitation can be absorbed by the owners or will result in increased rentals, whether low-income tenants can pay the increased rentals, and whether such costs can be borne or shared by the available public aids.

For example, the director of the concentrated code enforcement project contacted 10 of the 14 owners of rental property in the Sycamore concentrated code enforcement project area who had received rehabilitation loans. The rental property of the 10 owners contained 14 dwelling units. They advised the director that rents would be, or had been, raised by about 25 percent for four of the 14 dwelling units as a result of rehabilitation costs.

Program results

The planned numbers of housing units to be demolished, constructed, or rehabilitated in the applicable project areas in relation to the actual performance of these activities at September 30, 1971, were as follows:

	Housing units					
	Demolition		Construction		Rehabilitation	
	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>
Urban renewal:						
South Terminal	527	527	244	100	-	-
North Terminal	597	287	620	-	-	-
West End	456	-	456 ^a	-	601	1
Concentrated code enforcement:						
Sycamore	17	17	-	-	1,400	1,328
Model Cities	-	-	-	-	1,006	13
Demolition	<u>166</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,763</u>	<u>997</u>	<u>1,320</u>	<u>100</u>	<u>3,007</u>	<u>1,342</u>

^aRepresents minimum construction planned. Plan provides for a maximum of 742 units.

As of September 30, 1971, there was a net reduction of 897 dwelling units.

Through September 30, 1971, Federal costs incurred for relocating residents and businesses in the project areas were about \$1.7 million. The records showed that 253 families, 288 individuals, and 191 businesses had been assisted in relocating. The records showed also that at least 89 percent of the families and 68 percent of the individuals had been relocated to standard housing. Details on relocations are provided in appendix VI.

The New England Federal Regional Council, in a study conducted in 1970, pointed out that, when substandard low-income housing was razed for an urban renewal project, low-income replacement housing was the last segment of the project to be started, that temporary relocation was not deemed adequate by those affected, and that an additional strain was placed on existing housing.

MODEL CITIES HOUSING ACTIVITIES

Although planning for the Model Cities Program started in June 1968 and although the program had been in operation for about 20 months as of September 30, 1971, there was very little improvement of the housing situation in the Model Cities neighborhood area (MNA) in relation to the program's housing objectives. Aside from indications that these objectives may have been too ambitious, there was a lack of a concerted, systematic, coordinated effort to work toward solutions of problems in the MNA.

We noted:

- Delays resulting from changes in program requirements and in approaches to treating certain slum, blighted, and deteriorating areas within the MNA.
- A lack of effective and coordinated actions in the nonprofit Housing 70 Corporation's approaches to provide housing assistance to the MNA residents.

Participating organizations generally recognized the need for improvements.

Housing objectives and accomplishments

The data submitted to HUD by the Model Cities Administration (MCA) in May 1969 show that the MNA, which is located in the oldest part of the city, includes 7 percent of the developed land area of New Bedford and 15 percent of the city's population. Immigration as a result of changes in the law in 1965 caused a 12- to 18-percent increase in the MNA's population. The characteristics of the MNA residents were low educational attainment levels, high unemployment rate, many underemployed persons, and low median family incomes. About 45 percent of the families paid in excess of 25 percent of their incomes for housing; 40 percent of the 5,614 dwelling units in the target area were substandard; 72 percent of the units were tenant occupied; and nearly all structures were built prior to 1939.

In January 1970 HUD approved the city's 5-year Model Cities plan which placed primary emphasis on housing, education and economic development, including employment.

The housing objectives of the 5-year plan are to upgrade the housing, to reduce the density in crowded three-story tenements, to increase the number of homeowners, and to decrease the number of families which are paying more than 25 percent of their incomes for housing.

The basic strategy planned to accomplish these housing objectives was through concentrated code enforcement projects; an urban renewal project; 100 units of leased housing; and creation of a housing office to administer housing assistance programs, to coordinate housing activities, and to provide loans and grants as well as technical assistance to residents. In addition, complementary urban design assistance to deal with environmental deficiencies is planned through a program of beautification and of open-space improvement.

The housing objectives of the two action year programs, February 1970 through January 1972, and the related accomplishments through September 30, 1971, follow.

	<u>Objectives for two action years</u>	<u>Accomplishments for 20 months through Sept. 30, 1971</u>
Rehabilitation of housing	400 units	27 units
Conversion or rehabilitation of substandard vacant structures to standard structures	175 units	None
Demolition of dilapidated structures	Not specified	56 structures
Increase in homeownership	60 units	8 units
Decrease in number of low-income families paying housing costs in excess of 25 percent of incomes	714 families	9 families

To accomplish the housing objectives, the two action year programs provided for operating a housing office to provide a comprehensive service to residents in all housing matters, concentrated code enforcement projects for three

areas in the MNA, initiation of an urban renewal project for another area in the MNA, and systematic code enforcement¹ in the MNA.

¹Systematic code enforcement is the city's inspection and enforcement of the State's minimum standards of fitness for human habitation to cover the entire city on a cycle basis.

Delays in resolution of approach
to treat deteriorating areas

The 5-year Model Cities plan designated three separate areas in the MNA for concentrated code enforcement and one area for urban renewal treatment.

HUD, however, advised the city in June 1969 that the proposed plan required modification for the following reasons.

- One of the areas was too far deteriorated to be treated by concentrated code enforcement and should come under urban renewal treatment.
- The second area recently had undergone systematic code enforcement and therefore should not be subjected so soon thereafter to concentrated code enforcement.
- The third area, in part, was too deteriorated to be treated by concentrated code enforcement, and the remainder of the area was then undergoing the city's systematic code enforcement.

In March 1971 the city submitted an application for a grant of \$754,122 for concentrated code enforcement treatment for portions of two of the above areas--75.6 acres containing 784 structures having 2,357 dwelling units. In June 1971 HUD approved a grant of \$313,000 for a 1-year period, rather than the requested 3 years, with renewal options for the second and third years dependent upon project accomplishments.

The area--five city blocks--proposed for urban renewal treatment was to be a Neighborhood Development Program (NDP) project. An NDP project differs from a conventional urban renewal project in that it is carried out in annual increments (portions of the total area planned for renewal treatment) and is funded accordingly rather than for the total project. The advantages of an NDP project, as cited by HUD, are that it combines planning and execution periods, that it is faster, and that it reduces citizen dissatisfaction by achieving programmed results in a 12-month period. The NDP project was to start during the first action year.

As a result of HUD's position that one of the areas proposed for concentrated code enforcement treatment during the first action year was too deteriorated for such treatment, the city decided to include this area with the NDP project area under a conventional urban renewal project covering an area of 25 city blocks. In April 1970 the Redevelopment Authority submitted to HUD an application for a survey and planning grant for the proposed conventional urban renewal project.

In July 1971 HUD rejected the application and advised the Redevelopment Authority to resubmit an application for an NDP project. An official of the HUD Boston Regional Office advised us that the delay in responding to the application had been caused by funding problems within HUD and by a change in HUD's renewal philosophy from the conventional approach to the NDP approach.

The city intends to submit an application for an NDP project covering an area of five city blocks at an estimated cost of \$1.5 million. As of September 30, 1971, the application had not been submitted. An official of the Redevelopment Authority advised us that the application would be submitted after certain problems concerning financing and conflicting statutes were resolved.

Lack of effective actions
and coordinated approach
by Housing 70 Corporation

The 5-year Model Cities plan proposed that a housing office be established in New Bedford to focus on the MNA housing problems and to help fulfill the plan's housing objectives. In its conditional approval of the plan in November 1969, HUD stipulated that a sponsoring organization other than MCA be obtained for the housing office. Consequently the nonprofit Housing 70 Corporation was established in January 1970, and key staff members were hired in May and June 1970.

The corporation, under contract to MCA and funded with Model Cities supplemental funds, was to:

- Provide residents of the MNA with counseling and technical assistance in the areas of financing, construction, design, rehabilitation techniques, and legal services.
- Stimulate private participation in the improvement of MNA housing.
- Establish and administer several housing approaches proposed in the Model Cities plan.
- Coordinate all housing activities that apply to the MNA.

As of September 30, 1971, the corporation's records showed that it had expended about \$656,000 but had accomplished little in relation to its major purposes. The corporation's efforts resulted in:

- Rehabilitation of two buildings containing five dwelling units by making two rehabilitation loans and one rehabilitation grant.
- Assistance to 10 MNA families to acquire homeownership by making 10 homeownership downpayment loans. The net increase in homeownership, however, was only eight families since two of the former owners are now tenants in the buildings they formerly owned.
- Provision of temporary emergency housing for families affected by the 1970 civil disorders by purchasing and operating four mobile homes.

In addition, the corporation had purchased 2.7 acres of land and expected to purchase additional land to be redeveloped for low- and moderate-income housing containing about 80 dwelling units.

HUD and MCA were aware that the corporation was not meeting its purposes and that the corporation's efforts were not adequately organized and directed. During our discussions with various local representatives, we were given the following reasons for the corporation's limited effectiveness.

1. The stated goals and objectives were unrealistic.
2. The program approaches were not pursued vigorously by the corporation.
3. The staffing of the corporation was delayed, and then the staff immediately was faced with providing emergency temporary shelter.
4. There were no legal enforcement powers to prompt rehabilitation efforts.
5. There was a lack of leadership and/or technical capacity in the corporation to develop programs to meet existing objectives.
6. The board of directors was ineffective in policy matters, organization, program planning, and evaluation.
7. There were confusion and a lack of resolution of issues related to control and direction of the project with respect to the responsibilities of the corporation's board, MCA, and the Mayor's office.

HUD and MCA initiated steps in July 1971 to redirect the corporation's activities and to reevaluate its role in the MNA.

In urban renewal and concentrated code enforcement projects, HUD recognizes that a coordinated use of persuasion, along with housing code enforcement procedures, provides a means to get property owners to bring their structures up to at least code standards.

The first action year program provided for systematic code enforcement to be in effect in the MNA during that year. The action year, which was scheduled to start in July 1969, started in February 1970. Systematic code enforcement was in effect in the MNA during 1969 and was not scheduled again for that area until 1972.

The corporation made housing inspections and provided its rehabilitation services when requested. The inspections were scattered throughout the MNA, and some of the corporation's inspections were made in areas to be treated by concentrated

code enforcement administered by another organization which also would make inspections and which would provide similar rehabilitation services.

The need for definitive planning and better coordination also was evident in the corporation's execution of the South Water Street project--a project for new housing in one of the more deteriorated sections of the MNA.

- The project was conceived by MCA in June 1970, and the corporation was not involved in the initial planning.
- There was confusion on how many dwelling units could be built in the project area (estimates ranged from 40 to 200 units).
- The first invitation for proposals, issued to potential developers in March 1971, was withdrawn because of recent changes in the city ordinance that permitted more types of materials to be used in construction.
- The second invitation for proposals was made in June 1971. It stated that construction would be financed through a State agency. No commitment, however, had been obtained from the agency. The specifications must meet the Federal Housing Administration's minimum requirements which are not compatible with all the State agency's objectives.
- Because of alleged irregularities in the actual bidding procedure, the four bids under the second invitation were rejected by the Mayor.
- Mortgage interest reduction payments under HUD's section 236 program were contemplated, but there had been no coordination with HUD to see whether the project would qualify.
- The project's architectural consultant then recommended that the proposals not be resolicited and that the corporation be the developer.
- The corporation was reluctant, however, to assume the role as developer. As of September 30, 1971, the

corporation had tentatively selected a developer but had not yet obtained the necessary approval from the Mayor.

As of September 30, 1971, about \$330,000 had been expended for the project (not including relocation costs of \$13,000), more properties were being acquired to accommodate up to 80 units, 16 structures containing 33 dwelling units had been demolished, and other structures were planned to be demolished as the occupants were relocated. Yet it has been unknown since the first taking of options as to how the land will be developed, who the developer will be, what the project design will be, how many units will be constructed, what the final area size will be, who ultimately will own the development, and who will manage it.

COORDINATION AMONG CITY AGENCIES
CONCERNED WITH HOUSING MATTERS

There are many city agencies or independent organizations directly and indirectly involved in housing matters. These entities include the Planning Department, Building Department, Division of Minimum Housing Standards, Housing Authority, Redevelopment Authority, concentrated code enforcement organization, and Model Cities Administration which has under contract the nonprofit Housing 70 Corporation.

There are no formal procedures for coordinating many of the entities' activities; they rely mainly on informal relationships.

We noted that these entities often planned and functioned independently of each other, which limited the effectiveness of their activities, such as the housing activities in the MNA discussed in the preceding section. Because the entities' activities are interrelated and have an effect upon the city's overall housing situation, coordinated planning and action are essential to effectively meet the city's housing needs. Such a condition was not evident when an additional strain was placed on existing housing because low-income housing was razed during urban renewal at a time when little or no replacement housing was being built to compensate for such loss.

Although urban renewal was needed and will benefit the city after redevelopment is completed, it seems to us that the renewal activities could have been planned and coordinated with subsidy housing activities so that (1) the two activities could have been timed to complement each other and (2) the city's housing problems would not have been compounded.

The lack of coordination among the various entities often has been cited by HUD, the New England Federal Regional Council, city officials, and consultants. Many proposals have been made to improve coordination, including merger of some of the entities into a new agency to provide unified administration of the components' activities.

As part of developing a CRP, HUD requires a community to review and evaluate its experience in carrying out urban renewal projects or related activities, such as public housing projects and code enforcement programs, which should be utilized as a basis for the community to develop improvements in its administrative structure for urban renewal. A July 1969 consultant report on this matter in New Bedford contained certain observations and suggestions for obtaining more effective coordination of the city's housing activities, such as centralization of control through (1) specific delegated responsibility to one of the entities or to someone in the Mayor's office or (2) merger of some of the entities into a new agency.

COMMUNITY ACTION AGENCY

The function of the CAA is to focus public attention on the conditions and needs of the poor. We could not find any indication that the CAA, from its inception in 1964 to 1969, had taken any action regarding the housing situation. CAA officials advised us that during that period they did not consider the shortage of low-income housing to be a significant problem. As a result of a survey made by a CAA consultant in February 1969, the CAA identified inadequate housing as the first priority problem of the residents of the target areas in its programs for 1970.

In May and August 1969, the CAA organized two demonstration marches, one to the city hall and one to a specific location in the city, to dramatize the need for rezoning this area to permit construction of multifamily housing. Similar demonstrations were planned for 1970 but were not held. CAA officials advised us that they had been instrumental in getting a substantial number of residents to attend a public hearing held by the Committee on Ordinances of the City Council late in 1969 to show their support for rezoning three areas in the city. The city council subsequently refused to rezone the three areas.

In 1971 the CAA planned to organize the poor around the issue of rezoning and hoped to convince the city council to rezone a specific area to allow multifamily construction. The CAA, however, had not initiated any action on this matter at the completion of our review.

The CAA established other goals, in addition to zoning, for 1970 in an attempt to focus attention on the housing problem. These goals and the extent to which the CAA claimed accomplishments toward attaining these goals are as follows:

1. Six housing organizers were to be trained in various aspects of housing development.

The CAA, through a delegate agency, trained three physical and three social housing organizers to perform such functions as physical inspection of housing and teaching good housekeeping techniques.

2. Two tenant associations were to be formed.

Four public housing tenant associations were formed in 1970 to improve tenant-landlord (Housing Authority) relationships which could benefit up to 900 families occupying the projects. CAA officials informed us that functions performed by the associations were reviewing rent computations, eliminating signed blank leases, and getting appliances for dwelling units.

3. Four neighborhood housing information and assistance stations were to be set up.

A neighborhood "housing bank" was set up at each of the four neighborhood centers, listing the available housing and the needs for the applicable target area. In addition, a central bank for all four target areas of the city was formed at the North Terminal urban renewal office, which listed the inventory as well as housing needs for each of the neighborhood banks.

4. Greater use was to be made of the communication media to keep target area residents informed of housing developments.

The CAA made extensive use of radio announcements, flyers, newspapers, and training and technical assistance staff to inform target residents of housing developments in 1970.

5. Assistance was to be given in the rehabilitation of 20 dilapidated houses.

To reduce the cost of rehabilitation to the \$3,500 maximum limitation, the CAA planned to use manpower program trainees to assist in housing rehabilitation. Concentrated code enforcement officials informed us that CEP trainees had assisted in the rehabilitation of one house in the Sycamore project.

6. Neighborhoods were to be beautified in the south, south central, west, and north sections of the city.

Beautification was accomplished as part of the Model Cities Program.

7. Discrimination was to be avoided in the sale or rental of housing, particularly as it concerned welfare recipients.

The CAA Legal Services official informed us that most cases of discrimination against welfare recipients had been referred to and handled by the Massachusetts Commission Against Discrimination.

CONCLUSIONS AND RECOMMENDATION

Timely and effective execution of the existing subsidy housing, renewal, and conservation projects should help to alleviate some of the city's housing problems. The current emphasis on projects of a conservation and rehabilitation nature to treat slum, blighted, and deteriorating areas should be continued while the city is endeavoring to meet its housing needs. Replacement of much of the city's aged housing stock eventually will be needed.

Because of the continual aging of the already-aged housing stock, the general inability of the residents to afford new housing, and no perceptible improvement of the city's economic condition on the horizon, we believe that all available means of expediting existing housing projects and stimulating housing starts should be explored and translated into action programs to help alleviate the city's housing problems.

Attaining the housing objectives of the Model Cities Program is a difficult, complex job, especially in view of the housing and economic conditions in the MNA and of indications that objectives established were unrealistic. The results of our review show that the lack of adequate planning, coordination, and execution has plagued the Model Cities housing activities since their inception. Ultimate success depends to a great extent on continuous support and commitment by HUD, on coordinated planning of proposed projects, and on close coordination during execution among HUD and the State and various local organizations involved. The many participating organizations are aware of these problems and are actively taking steps to resolve them.

Developing a definitive and workable plan of action

At the time of our review, New Bedford was developing a CRP. HUD requires that numerous factors be considered in the city's review, evaluation, and establishment of programs. During our review we identified a number of considerations which we believe are necessary prerequisites to the development of a definitive and workable plan of action, including:

1. Identifying and periodically reassessing the types of housing needed at each income level, taking into account data on family sizes and patterns, age groups, immigration trends, etc.
2. Delineating the appropriate Federal and State subsidy housing programs needed and available for low- and moderate-income families.
3. Identifying and resolution of institutional barriers to economical housing construction, such as zoning restrictions for multifamily housing or obstacles to new low-cost construction techniques.
4. Studying the local property tax structure to see whether some form of incentive is feasible.
5. Obtaining or organizing sponsors for housing projects.
6. Coordinating planning and action among the various local agencies involved in housing, renewal, and conservation activities to provide a unified effort in meeting the city's housing problems.

The CAA, as an advocate of bettering the conditions of the poor, should have an important role in identifying the above-described housing needs, in exploring alternatives to providing needed housing, and in promoting coordinated efforts to implement housing programs.

Recommendation to the Secretary of HUD

We recommend that the Secretary of HUD, in assisting the city of New Bedford in its formulation and implementation of the CRP, ensure that adequate attention is given to the above considerations.

CHAPTER 5

SCOPE OF REVIEW

Our review was directed primarily toward evaluating the impact of federally aided programs on the employment and housing situation in New Bedford. Most of our work was done at organizations in New Bedford. Our work was done also at various Federal, State, and local governmental offices and at other organizations which we considered necessary to complete our evaluation.

Our review included an examination into pertinent legislation, policies, and procedures and an examination of documents, records, studies, and reports related to the programs reviewed. We also conducted numerous interviews with current and former city officials; Federal, State, and regional officials; and other officials and community representatives knowledgeable of the programs being reviewed. Our review of the programs did not include verification of financial transactions. For the most part we relied on financial and statistical data provided to us and did not attempt to make independent verification of such data.

POPULATION CHANGES IN NEW BEDFORD, MASSACHUSETTS

JANUARY 1, 1960, TO JANUARY 1, 1970

Population January 1, 1960	102,477
Excess of births over deaths January 1, 1960, to December 31, 1964	2,801
Immigration January 1, 1960, to December 31, 1964	<u>1,996</u>
	107,274
Out-migration January 1, 1960, to December 31, 1964	<u>-7,098</u>
Population January 1, 1965	100,176
Excess of births over deaths January 1, 1965, to December 31, 1969	2,131
Immigration January 1, 1965, to December 31, 1969	<u>6,383</u>
	108,690
Out-migration January 1, 1965, to December 31, 1969	<u>-6,913</u>
	<u>101,777</u>
<u>Summary of changes from January 1, 1960, to January 1, 1970</u>	
Population January 1, 1960	102,477
Excess of births over deaths January 1, 1960, to December 31, 1969	4,932
Immigration	<u>8,379</u>
	115,788
Out-migration	<u>-14,011</u>
Population January 1, 1970	<u>101,777</u>

APPENDIX II

NUMBER OF IMMIGRANTS ENTERING NEW BEDFORD

FISCAL YEARS 1960 THROUGH 1970

<u>Fiscal year</u>	Total immigrants (note a)	<u>Portuguese immigrants</u>
1960	630	Not available
1961	503	do.
1962	471	do.
1963	336	do.
1964	245	do.
1965	251	do.
1966	1,111	do.
1967	1,422	do.
1968	1,346	1,152
1969	1,773	1,604
1970	<u>1,211</u>	1,099
	<u>9,299</u>	

^aDoes not include Puerto Ricans, which were about 2 percent of total population in 1970.

AVERAGE ANNUAL UNEMPLOYMENT RATES
 FOR NEW BEDFORD SMSA, COMMONWEALTH
 OF MASSACHUSETTS, AND UNITED STATES
 1960 TO 1970

<u>Year</u>	<u>New Bedford SMSA</u>	<u>Massachusetts</u>	<u>United States</u>
1960	8.2%	5.0%	5.5%
1961	9.4	5.8	6.7
1962	7.7	5.4	5.5
1963	7.8	5.8	5.7
1964	7.8	5.7	5.2
1965	6.8	4.8	4.5
1966	6.0	4.2	3.8
1967	6.8	4.1	3.8
1968	5.9	4.1	3.6
1969	5.9	3.8	3.5
1970	8.6	5.6	4.9

APPENDIX IV

GROSS AVERAGE WEEKLY EARNINGS OF PRODUCTION WORKERS
ON MANUFACTURING PAYROLLS FOR NEW BEDFORD SMSA,
COMMONWEALTH OF MASSACHUSETTS AND UNITED STATES
1960 TO 1970

<u>Year</u>	<u>Earnings</u>		
	<u>New Bedford</u>	<u>Massachusetts</u>	<u>United States</u>
1960	\$ 64.37	\$ 81.96	\$ 89.72
1961	67.30	85.55	92.34
1962	70.14	89.16	96.56
1963	71.73	91.16	99.63
1964	74.48	94.56	102.97
1965	79.54	98.74	107.53
1966	84.24	104.60	112.34
1967	87.55	108.00	114.90
1968	94.67	114.40	122.51
1969	99.20	120.69	129.51
1970	100.54	126.62	133.73

FEDERAL FUNDING, BY AGENCY,
 IN NEW BEDFORD, MASSACHUSETTS
 FISCAL YEARS 1965 THROUGH 1971

<u>Agency</u>	<u>Authorized</u>		Estimated expenditures through <u>June 30, 1971</u>	
	<u>Grants</u>	<u>Loans</u>	<u>Grants</u>	<u>Loans</u>
	----- (000 omitted) -----			
Department of Agriculture	\$ 372	\$ -	\$ 372	\$ -
" " Commerce	5,603	434	4,651	434
" " Health, Educa- tion, and Welfare	6,145	-	5,446	-
Department of Housing and Urban Development	80,692	1,194	21,855	1,194
Department of the Interior	104	-	79	-
" " Justice	128	-	128	-
" " Labor	10,315	-	7,674	-
" " Transportation	15,714	-	14,464	-
Environmental Protection Agency	3,995	-	1,235	-
Office of Economic Opportu- nity	11,811	-	11,417	-
Small Business Administra- tion	<u> -</u>	<u>1,734</u>	<u> -</u>	<u>1,734</u>
Total	<u>\$134,879</u>	<u>\$3,362</u>	<u>\$67,321</u>	<u>\$3,362</u>

APPENDIX VI

NEW BEDFORD, MASSACHUSETTS

RELOCATIONS UNDER FEDERAL GRANTS AS OF SEPTEMBER 30, 1971

	Federal re-location cost	Families relocated to			Individuals relocated to			Business relocations		
		Standard housing	Sub-standard housing	Unknown	Standard housing	Sub-standard housing	Unknown	Re-located outside SMSA	Re-located within SMSA	Dis-continued operations
Urban renewal:										
South										
Terminal	\$1,003,872	124	6	5	65	16	3	14	92	33
North										
Terminal	665,132	91	4	12	128	11	63	8	72	77
West End	6,139	6	2	-	1	-	-	-	1	-
Concentrated code:										
Sycamore St.										
West	96	-	-	-	-	1	-	-	-	-
Model Cities										
South	-	-	-	-	-	-	-	-	-	-
Demolition	<u>6,778</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>3</u>	<u>-</u>
Total	<u>\$1,682,017</u>	<u>223</u>	<u>13</u>	<u>17</u>	<u>194</u>	<u>28</u>	<u>66</u>	<u>23</u>	<u>168</u>	<u>110</u>

BEST DOCUMENT AVAILABLE