



NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

NEWS RELEASE

For Immediate Release: September 7, 1982

FEDERAL CUTBACKS HIT HOUSING PROGRAMS IN N.C.

North Carolina has lost \$66.8 million in federal funds to local housing programs this year, says the N.C. Center for Public Policy Research in the August issue of its magazine, N.C. Insight. Most of this reduction occurred in federal funds that previously subsidized new construction of low-income housing and of single-family homes.

As part of a special housing issue of N.C. Insight, author Priscilla Cobb examined three types of housing programs which receive federal funds from the U.S. Department of Housing and Urban Development (HUD) -- new construction, rehabilitation and maintenance, and planning and technical assistance. The amounts of the cutbacks and their impacts are as follows:

New Construction: Total funding for five federal programs that subsidize construction of low-income housing dropped from \$110.2 million in FY 81 to \$40.6 million in FY 82, a 63 percent decline. HUD's Public Housing Program -- which has subsidized the construction of almost 40,000 low-rent housing units in N.C. through local housing authorities -- received 93 percent less funds. The "Section 235" home ownership program, which has subsidized the purchase of more than 3000 single-family homes in North Carolina since 1976, was also almost totally eliminated.

Rehabilitation and Maintenance: The total amount of federal funds available for rehabilitation and maintenance actually increased slightly in FY 82, from \$102.9 million to \$106.5 million. Most of this increase came under the Community Development Block Grant (CDBG) program, which spends money for housing rehabilitation, as well as other kinds of local projects such as water and sewer improvements and economic development efforts.

Planning/Technical Assistance: Funds for planning and technical assistance in housing were reduced about \$800,000 from \$1.0 million to \$0.2 million. The "Section 701" Program, which paid for the housing plans developed by the state in 1972 and 1977, was totally eliminated.

In commenting on the cutbacks, Center director Ran Coble said, "Last April, we released a report called Federal Budget Cuts in North Carolina, but that report concentrated only on the loss of federal funds affecting the state government budget. This latest research on losses in the housing area shows that North Carolina's counties and cities will also lose \$66.8 million in housing money that came directly to the localities from the federal government." Coble said the cutbacks in Fiscal Year 1982 represent a 31 percent reduction from what these same programs received in FY 1981.

The 11 programs examined by the Center do not include further Reagan Administration proposals for next year, which would represent a 41% reduction nationally in federal funds for all HUD housing assistance programs. North Carolina would be particularly affected by the proposed 67 percent cut in Farmer's Home Administration (FmHA) housing programs, since this state received more FmHA money (\$175 million) than any other state in the country last year.

The N.C. Center for Public Policy Research is a private nonprofit corporation formed to study state government policies and practices. In addition to publishing N.C. Insight, the Center also publishes major research reports on significant policy issues affecting the state. The April report on federal budget cuts analyzed the effects of the \$241 million loss that occurred in North Carolina at the state level during FY 1981.

For more information, call Beth Briggs at 919-832-2839.

FEDERAL FUNDS COMMITTED FOR HUD PROGRAMS IN NORTH CAROLINA
Fiscal Years 1981 and 1982

	Funds Committed (millions of dollars)		Percent Change ²
	FY 1981	FY 1982	
<u>New Construction Programs¹</u>			
Public Housing	57.4	4.1	- 93
Section 8 New Construction/ Substantial Rehabilitation	12.5	4.1	- 67
Section 202	13.8	12.9	- 7
Government National Mortgage Association (GNMA)	8.4	19.0	+126 ³
Section 235 Home ownership	18.1	.5	- 97
Total New Construction subtotal	110.2	40.6	- 63%
<u>Rehabilitation/Maintenance Program</u>			
Community Development Block Grant (CDBG)*	64.3	67.5	+ 5
Section 312	1.4	.4	- 71
Public Housing Modernization	16.0	16.1	+ 1
Public Housing Operating Subsidies	21.2	22.5**	+ 6
Total Rehabilitation/ Maintenance Subtotal	102.9	106.5	+ 3%
<u>Planning/Technical Assistance Programs</u>			
Section 701	.6	00.0	-100
Section 107	.4	.2**	- 50
Total Planning/Technical Assistance Subtotal	1.0	.2	- 80
TOTAL FEDERAL FUNDS COMMITTED FOR HUD PROGRAMS IN N.C.	214.1	147.3	-31%

*Includes "entitlement" and "small cities" funds.

**Funds anticipated but not yet committed in full.

Source: Greensboro Area Office of the U.S. Department of Housing and Urban
Development (HUD).

Footnotes

¹This listing includes rental assistance, mortgage purchase, and loans for new construction, but not loan insurance programs.

²The percent changes are calculated from whole numbers since using the rounded figures yields slightly different percentages.

³These funds are committed on a project-by-project (not state-by-state) basis through a lottery. Although funding for the program was reduced by 9 percent nationally between FY 81 and FY 82, through "the luck of the draw" North Carolina received a large increase.