

(The following information was submitted for the record:)

USE OF THE SUPPLEMENTAL GRANT

Once the amount of the supplemental grant authorized by section 6(c) of the demonstration cities bill is computed, the total amount of the grant is generally available to the city to be used at its discretion for any project or activity which is included as part of the city demonstration program.

Except in the one situation described below, the supplemental grant funds may be used to (1) assist cities to provide their required share of the cost of projects or activities which are part of the demonstration program and are funded under existing Federal grant-in-aid programs, and (2) provide funds to carry out other, nonfederally assisted, projects or activities (including projects or activities of the type eligible for Federal assistance under existing grant-in-aid programs), undertaken as part of the demonstration program.

However, the supplemental grant funds provided may not be used as the required local share for any project or activity for which Federal financial assistance under an existing grant-in-aid program was contracted to be made prior to the date on which an application is made for funds to plan a demonstration program.

For example, assume a loan and grant agreement had been signed with respect to a particular urban renewal project before the city made application for funds to plan a demonstration program. If this urban renewal project is included as part of the city demonstration program, the non-Federal contribution to it may be included in the base for determining the amount of the supplemental grant available to the city, even though the project was approved and even funded under the urban renewal program before the application for planning funds under the demonstration program was made.

However, the supplemental grant funds may not be used to repay the required local share of this urban renewal project. It must be used for other projects and activities which are part of the demonstration program.

This limitation applies only to projects for which Federal financial assistance under an existing grant-in-aid program was contracted to be made before the application was made for funds to plan a demonstration program. It would not affect a particular project merely authorized (as by referendum or by action of some governing body), or even scheduled. The limitation applies only if financial assistance for that project has actually been contracted for under an existing Federal program before the application for planning funds under the demonstration cities bill was filed.

Mr. ST GERMAIN. The language I was talking about—

Secretary WEAVER. I know.

Mr. ST GERMAIN (continuing). Programs on which Federal financial assistance is being provided. And that is the explanation I got out of your supplement.

A summary of one bill says "will provide that no grants may be made under this title with respect to development projects for which a Federal grant has been made or a contract with assistance has been entered into under the legislation referred to in clause 1 of section 105 prior to"

Secretary WEAVER. That is the other bill, that is the metropolitan development bill, sir, not this bill.

Mr. ST GERMAIN. This doesn't apply to both?

Secretary WEAVER. No. This applies to the metropolitan development bill.

Mr. FOARD. It is a provision to prevent projects which are already committed from getting the advantage of the incentive grant for metropolitan planning.

Secretary WEAVER. This has no relevance to the demonstration cities.

Mr. ST GERMAIN. It has no relevance to the demonstration cities.

Secretary WEAVER. No.