

of the community as a whole; however, on occasion the facility (particularly in the case of sewer or water facilities) may include service to commercial or industrial customers thereby permitting such customers to operate more efficiently or to expand their operations, or to make possible the establishment of new business operations.

(e) The principal benefit and the major objective of the program is that of assisting small communities to finance public works essential to the local health and welfare. This includes not only such basic needs as sewer and water systems, but the cultural, recreational, and other facilities that are also essential to the well-being of the people of a dynamic society. The effects of such projects are of an environmental nature. Technically, the projects involve structures rather than people, but these structures are designed solely to serve people. As such, their impact on human resources is great. Indirectly but undeniably, they improve the productivity of workers and enhance social attitudes. By the same token they stimulate business activity and otherwise increase the viability of the local economy.

(f) About 80 percent of the applications are received from communities in Southeastern and Southwestern States and about 95 percent of the applications are from communities with populations under 10,000.

(g) The program is generally limited to assistance to relatively small communities and is specifically confined to financing projects for which credit is not otherwise available on reasonable terms. These limitations act to restrict the program to a small fraction of the total national public works construction. Over the past 10 years, for example, the average annual public works financing under the program has been less than \$40 million, whereas total public works construction costs have averaged about \$15 billion per year and the gross national product has been advancing to the \$678 billion level reached in 1965. Within this framework the contribution of the program to the magnitude or rate of growth of the gross national product is of no direct measurable significance.

(h) It is estimated that the program will finance 113 projects with loans totaling \$30 million in fiscal year 1966. These projects will generate approximately 6 million man-hours of employment and a payroll of about \$18 million. The remainder (\$12 million) of the loan funds will be allocated to materials used in project construction.

10. *Economic classification of program expenditures.*

Program: Public facility loans.

Department or agency, and office or bureau: Department of Housing and Urban Development; Land and Facilities Development Administration [formerly in Community Facilities Administration].

In fiscal 1965 net approved loans of \$75.3 million were made to local governments.

NOTE.—In the national income accounts this program is classified as a government enterprise. In fiscal 1965 the net expenditures for this program were \$38.2 million.

ADVANCES FOR PUBLIC WORKS PLANNING

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

The program of advances for public works planning provides interest-free planning money. The objectives of this program are: