

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. *Economic effects*

Very little is known about the economic impacts of the program since its main intent is to ameliorate the effects of necessary physical changes. An independent study by the Bureau of the Census indicated that 94 percent of the families displaced from urban renewal areas ended up in standard housing meeting Census Bureau criteria for such housing. However, that study also indicated that there was a cost to the improvement in housing quality—the median proportion of income spent for rent increased from 25 percent to nearly 28 percent.

Two studies of the economic impact of relocation on small business have been published:

"Rebuilding Cities: The Effects of Displacement and Relocation on Small Business," Basil G. Zimmer, Quadrangle Books, Inc.

"The Impact of Dislocation from Urban Renewal Areas on Small Business," William N. Kinnard, Jr., and Zenon S. Malinowski, The University of Connecticut.

10. *Economic classification of program expenditures.* (Shown as part of Urban Renewal Projects.)

REHABILITATION LOANS AND GRANTS

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

One of the principal problems involved in trying to make rehabilitation an effective tool of urban renewal has been the difficulty of property owners in obtaining the necessary financing to bring their buildings up to the standards for the area. Rehabilitation cannot be successful on a piecemeal basis; all, or the great majority of the properties in the area must be brought up to standard if there is to be any long-term effect. In some cases, lending institutions have been unwilling to make credit available in blighted or deteriorated areas. In other cases, the cost of such credit was too high for low-income owners to afford. In still other cases, the financial costs of any borrowings, no matter how low, would make rehabilitation impossible for some families. To meet these financing needs, the Congress has authorized programs of direct Federal low-interest-rate loans and grants to make rehabilitation feasible in areas designated for urban renewal action.

2. *Operation*

Direct contact with the property owner requiring rehabilitation loan or grant assistance is maintained by the local public agency carrying out urban renewal activities in the area concerned. That local public agency provides advisory services to the property owner to determine the nature and extent of needed rehabilitation, the estimates of cost, and the value of the property. The local officials assist the property owner in preparing the necessary loan and grant applications and also gather the necessary additional data needed, such as credit checks, appraisals, etc. The applications are forwarded to the appropriate HHFA regional office for review and approval.