

GAO REPORT

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LOOKED AT 17 projects from early rounds. 11 were from first round.

Drew no conclusions and made no recommendations.

Made two arbitray decisions:

\*\*decided what they thought should be counted as private leverage.

Threw out anything that did not fit their concept. For example, threw out any money which was given to a city to be loaned to private sector, and repayed. (Lowell)

HUD counts the amount, discounted at 11%, because it will be paid back over time with interest.

EVEN WITH ALL GAO DISCOUNTED THE LEVERAGE IS STILL \$4.60 to \$1. better than any other program.

\*\*decided whether or not private was contingent on Action grants

\*\*\* CANNOT SAY THAT HUD DID NOT MAKE MISTAKES.

MANY PROJECTS AWARDED IN THE FIRST FEW ROUNDS WOULD NEVER BE MADE TODAY.

MADE POLICY CHANGES OVER THE PAST MONTHS TO TIGHTEN UP SELECTION PROCESS.

SEVERAL PROJECTS WHICH WERE RECENTLY TURNED DOWN IN MASSACHUSETTS WOULD HAVE BEEN FUNDED IN EARLY ROUNDS.

HUD IS BEING EXTREMELY TOUGH, EXTREMELY CAREFUL ABOUT BOTH LEVERAGE AND THE CONTINGENCY OF PRIVATE COMMITMENT ON THE UDAG FUNDS.

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GAO report was presented to a committee with no legislative jurisdiction over HUD

\*\*\* If we are going to change the legislative intent so drastically, this is not the forum.

We need to look at this issue in the authorizing committee, not let it be tacked on to a bill with no discussion and no hearings.