URBAN ECONOMIC DEVELOPMENT:

THE CASE FOR LINKAGE AND LEVERAGE

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INTRODUCTION

The intent of this research was to analyze the National Urban Policy and its Urban Development Action Grant Program. One of the key aspects of the Carter Urban Policy is the concept of linkage and leverage which can be found in the Urban Development Action Grant Program. The focus of this paper is the method by which linkage and leverage can be used to help to solve the economic problems of the Nation's cities.

The name of the game in federal funding is presently leveraging public dollars for increased private investment.

The causes of urban decline are not simple identifiable problems. To say that any one problem such as poverty has solely caused urban decline would be a gross over simplification.

However, the causes of poverty, unemployment, social injustices such as discrimination in housing and race have certainly contributed significantly to the overall decline of urban areas.

It is not the intention of this research to ponder upon the actual determinants of urban decline. The purpose is to describe a few of the more important causes of urban decline, and how economic investment can be used to turn back decline. In that light, the economic aspects of urban decline will be addressed.

In response to what had been identified and labelled as poverty in the 1960's in urban areas, the federal government initiated a barrage of welfare programs, always aimed at alleviating an existing situation. The Carter Administration's policy, i.e., the National Urban Policy, is designed to be different. The aim of the new policy includes encouraging private economic investment in the cities, thereby bringing social improvement through development.

This author agrees with the new Urban Policy in realizing that urban decline is an economic problem involving loss of business, taxes and thus resulting in unemployment and poverty. The Urban Development Action Program is geared to fight against loss of business, by encouraging development in the cities with public funding.

Understanding why cities are losing employment and tax base is important for planners, who must immerse themselves in the plight of cities and try to reverse economic decline. The economic decisions affecting cities are vital education tools that must be learned if planners are to be successful.

This paper is divided into three major chapters. Chapter One details the economic problems affecting cities and how the current administration hopes to deal with these problems.

In the next chapter the main component of the Urban Policy, the Urban Development Action Grant program is analyzed. The concepts of linkage and leverage for federal funding are discussed with examples of their uses given.

The final chapter contains conclusions about the Urban Policy and its programs.

CHAPTER ONE

BACKGROUND INFORMATION

1.0) Economic Problems of Cities

For the past two to three decades it has become exceptionally clear to planners that many cities in the United States are in a state of decline. More specifically, the older industrialized central cities have experienced widespread loss of capital investment as well as population to the surrounding suburbs. Today's older central city is characterized by job out-migration, unmet services, increasing governmental costs and an eroding tax base.[1]

Cities which have once housed America's middle and upper classes at the turn of the century are now prisons for the poor. Many reasons are given for the consistent movement away from the Nation's older central cities, thus resulting in capital disinvestment. Capital disinvestment occurs when out-migration of capital producing entities such as industry occurs in an area. Included among the reasons are highway construction and the widespread use of the private automobile, extension of sewer systems and the enactment of the Veterans Administration Act giving low interest loans for single family homes at the close of World War II.

Housing conditions within the central cities have deteriorated to a frightening level. Over the years government policies have consistently subsidized home ownership in the suburbs with the result being

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[1] Rep. Henry Reuss, Chairman of the House Banking Currency and Housing Committee. Speech before National Women's Democratic Club, 1977.

the encouragement of urban disinventment. Added to these problems the remaining residents must face discriminatory lending practices, such as "Redlining" which is the refusal of lending institutions to approve loans in certain geographical locations, typically in central cities.

Unemployment rates are consistently higher in central cities than outlying areas. Lower land costs, large vacant sites, and a trained employment base moving to the suburbs have all contributed to the unwillingness of businesses to locate in central cities. Many factories and businesses have left cities for the suburbs. Consequently, the economic bases of central cities have deteriorated.

Figures emphasizing the problems of cities relative to their surrounding suburbs were obtained from a study by the Urban Action Group, State of Michigan, in a report Cities in Transition prepared for Governor William Milliken, Lansing, Michigan, in December 1977.

During the period 1970 - 1975, the City of Detroit had a net loss of 248, or 19 percent, of its manufacturing firms. Of those, a net of 50 moved to Oakland County, 34 went to Wayne County, outside Detroit, and 20 went to Macomb County. Thus a clear picture is painted, the City of Detroit is losing businesses to its suburbs. One result of this out-migration of business has been the decline in Detroit's tax base relative to the rest of Wayne County. Detroit's per capita average tax base is only 56 percent of Wayne County's, $3813 vs. $6857. The economic loss to the city is reflected in diminished services, such as police and fire protection, substandard educational facilities and a decaying infrastructure.

Also, because the suburbs are constantly demanding increased government services as they continue to expand, the central city is put into a fiscal crisis. The financial crisis of the central city is caused by among other factors, the fact that the services of the central city are required continually to support the residents of growing suburbs.

As the suburban need for government services continues to expand the central city is required continually to provide those services no matter what the cost to the central city.

In a study undertaken by Peter Sassone and James Courtney of the College of Industrial Management at Georgia Institute of Technology, More Evidence of the Exploitation Thesis, the above statements are substantiated. The exploitation thesis as used in the study asks, "do suburban communities compensate the central city adequately for expenses it undertakes in their behalf?"[2]

Sassone and Courtney argued that an individual's income could be used as an index to measure well being. Income was chosen as an index because it was agrued that increased income is a valid measure of central city residents receiving private sector benefits from the suburbs. The argument presented suggests that as the suburbs are expanded, new job opportunities open up and thus competition for employment would certainly result in some central city residents' income rising. The results of the study show that in fact personal incomes did decline for central city residents while expenditures were increasing to the suburbs. Ultimately taxes are raised, thus making city life more expensive and less desirable; driving more people and businesses from the city.[3]

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[2] P. Sassone and J. Courtney, Suburban - Central City Exploitation Thesis: One City's Tale, National Tax Journal, June 1970, pp. 2 - 3.

[3] Urban Action Group, Cities in Transition, Lansing, Michigan, 1977, p. 57.

2.0) Federal Response

In response to what President Carter describes as the "deterioration of urban life" in the United States, the Administration has produced a National Urban Policy. The strategy of the policy was to rehabilitate cities that already have suffered significant economic and physical decay, and to prevent other cities in better health from experiencing the same social and economic problems in the years ahead.[4]

The National Urban Policy has been labelled a 'smorgasbord' of programs refined into a comprehensive urban policy.

It is appropriate at this point to discuss the National Urban Policy, as the main emphasis of this research is centered upon the use of linkage and leverage in the Urban Development Action Grant which evolved from the National Urban Policy.

The major elements of the Urban Policy fall into four categories: employment and economic development; fiscal assistance; community and human development; and coordination, streamlining and reorientation of all levels of government, federal, state and local.

The important category of employment and economic development consists of the following proposals:

1) a three year, $3 billion program of labor-intensive "soft" public works to rehabilitate and renovate public facilities.
2) Employment tax credits.
3) National Development Bank, to guarantee loans to businesses locating in distressed areas.

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[4] Congressional Quarterly, May 1978, p. 779.

4) Funding for successful community development corporations.
5) Special tax credits for companies willing to invest in distressed areas.
6) Air quality planning grants.

Under fiscal assistance the Urban Policy projects:

1) A new financial aid program to replace revenue sharing.
2) A change in the fiscal relief portion of the welfare reform proposal in Congress which would allow immediate financial aid to states.

The category of Community, Human Development contains funding proposals for the following programs:

1) An increase of $150 million for fiscal 1979 for Section 312 housing rehabilitation.
2) $50 million for inner city health clinics.
3) $150 million for social services grants.
4) $1.5 million for a "cities in schools" project.
5) $40 million for Urban Volunteer Corps.
6) $15 million for neighborhood self help fund.
7) $10 million for neighborhood crime prevention.
8) $12.4 million for community development credit unions.
9) $200 million for mass transit facilities.
10) $15 million for planning for solid waste recovery projects.

11) $20 million for a "livable cities" arts program to be run jointly by HUD and National Endowment for the Arts.

The last category, Federal, State and Local activities consists of:

1) $200 million in incentive grants to states to encourage planning for urban areas.
2) The creation of an InterAgency Coordinating Council to handle major urban projects.

An important word which repeatedly is attached to the Urban Policy is targeting. The Administration's logic is that the programs must be geared towards those areas with the greatest needs. Patricia Harris, Secretary of Housing and Urban Development (HUD) describes the concepts of targeting, "the Urban Policy was based on the targeting of need, rather than of cities."[5]

A problem of the Action Grant program is that it cannot possibly help every city, due to the severely limited resources. Thus, HUD must be extremely discriminating in its allocation of grants. The pressure from cities seeking grants for many worthwhile projects will be great. It would seem that "targeting" in fact becomes a political problem.

While the emphasis on targeting to greatest need can prove to finally get money where it is most needed, the administration has not come up with a practical working formula for its distribution. In order for federal monies to be disbursed some criteria are necessary for an allocation process.

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[5] Congressional Quarterly, April 1, 1978, p. 779.

The overall cost or increase in the federal budget for the new programs of the Urban Policy is not significant. President Carter maintains that; "For those who live in our urban areas, the gravest flaw in past federal policy was not that we failed to spend money. It was that too many of the programs were ineffective and too many that did work had their benefits cancelled out by other federal and state activities."[6]

The Urban Policy stresses the role of a partnership between federal, state, local units of government, and the private sector, with the federal government leading an urban help effort. The New Partnership will encourage States to redirect their own resources to support their urban areas more effectively. It will encourage local governments to streamline and coordinate their own activities. It will offer incentives to the private sector to make new investments in economically depressed communities. And it will involve citizens and neighborhood and voluntary organization in meeting the economic and social needs of their communities.[7]

Experience has proven that the partnership idea is innovative, in that for the past two decades it has always been the federal government's authority to identify problems, and initiate solutions for those problems. It is absurd to think that the federal government alone can solve local problems in the Nation's cities. By joining together, more resources are available to tackle urban problems.

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6 From President Carter's Message to Congress outlining the new National Urban Policy. March 27, 1978.

7 IBID

3.0) Investment and Economic Development

Careful analysis of the Urban Policy reveals that the federal government no longer considers the solution to the housing problem to be the panacea of the Nation's cities. There has been a shift in thinking, and employment is now the key.

Employment can be divided into two groups; 1) private, and 2) public. Private employment is employment by an investor-owned company. Public employment is employment by government. An example of a public employment program is the current Comprehensive Employment Training Act. It is this author's contention that public employment will not solve all the problems in the cities. American society, being a capitalistic society, must survive on capital investment. There must be incentives for private investment. Investment in cities should be in hard capital, i.e. factories and equipment; and in human capital, i.e. jobs and job training. Private sector employment must be the "linchpin" of true urban recovery and incentives for private investment are the key to a workable program of urban progress.[8]

This is not to say that the poor in the cities do not need assistance. However, welfare-type assistance is only a stop-gap measure and will not bring permanent investment into the cities.

Two of the policies of the new Urban Policy deal directly with employment and incentives. Policy No. 6 calls for the federal government to help expand business and job opportunities for the urban poor. Policy No. 7 commits the Carter Administration to offering strong

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[8] Congressional Quarterly, from a speech by Jerry Wurf, President of the American Federation of State, County and Municipal Employees, before the National Press Club, April 1978, page 791.

incentives for businesses and industries to remain, expand, or locate in economically troubled cities.[9]

The majority of money in the Urban Policy package is devoted to employment and the stimulation of private investment. The figures are:

Total Urban Policy Package....................	$8.3 billion
Employment and Private Investment.............	$7.2 billion

The employment portion consists of a large labor-intensive public works program, and employment tax credits for employers who hire CETA personnel.

The business incentive appears in the controversial National Development Bank proposal. The idea behind the Bank is to rebuild the private sector economic base of communities, with special tax incentives, and increases in economic development grants.[10] The Bank is to be run jointly by HUD, Department of Treasury, and Department of Commerce. The Bank's fiscal capacities would be:

- $550 million for front-end capital grants
- $2.2 billion for loan guarantees
- The ability to reduce loan interest rates to 2.5 percent.

It is interesting to note that while one of the major outcomes of the Urban Policy was the new partnership and coordination efforts of all the federal agencies involved in urban affairs, two departments, HUD and

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9 ASPO Planning Magazine, August 1978, p. 14.

10 Congressional Quarterly, April 1978, page 778.

Commerce consistently battled over control of the Urban Bank. A great deal of power of federal dollars will rest in the control of the Urban Bank. Neither HUD nor Commerce was willing to sacrifice any existing power or control to the other agency. The final result was a reorganization and the Department of Treasury was brought in to manage the financial aspects while HUD and Commerce share advisory positions.

Many adverse reactions to the limited amount of funding for the program came from Mayors and Governors around the country. New York Mayor Edward I. Koch complained of the housing component, "There's only $150 million for the whole country,... It's not enough for the state."[11] Vernon E. Jordan, President of the National Urban League, termed the program "disheartening" and a "missed opportunity."[12]

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11 Congressional Quarterly, April 1978, p. 782.

12 IBID

CHAPTER TWO

URBAN DEVELOPMENT ACTION GRANT

1.0) Description and Analysis

The Urban Development Action Grant (UDAG) program is a highly flexible economic development tool which seeks to create partnerships among government, the community and private industry to overcome problems of development. An initiative of the Carter Administration, it is a key element of the National Urban Policy and demonstrates the federal government's commitment to encourage private reinvestment in our Nation's cities.[1]

The UDAG program is authorized by Section 110 of Title One of the Housing and Community Development Act of 1977.

The purpose of the program is to aid cities to take advantage of otherwise unavailable opportunities through the use of federal monies to stimulate new or increased private investment. Examples of how UDAG monies can be used include: land clearance, infrastructure, building of all types of structures, rehabilitation, equity funding and loans and loan guarantees.

In Chapter One the importance of the partnership role between federal, state, local and community in the Urban Policy was discussed. This partnership ideology becomes evident in the UDAG program. Projects for UDAG funding mandate the use of both public and private resources. HUD gives as examples of such projects:

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[1] U.S. Department of Housing and Urban Development, Action Grant Information Booklet, Washington, 1978, page 1.

- a major company intends to leave a community, but will remain if the community provides land needed for expansion.
- a developer will undertake a major development if the community provides the needed public facilities and services.[2]

The UDAG program is different from the Community Development Block Grant program in that the Block Grant provides funding for basic economic development activities, while UDAG provides funding for innovative economic development possibilities while requiring private investment at the same time. Provisions of the proposed Action Grant program would make it possible for severely distressed cities to alleviate physical and economic deterioration in two ways: first, through specific economic development activities in areas of population out-migration and stagnating or declining tax base; and second, through reclamation projects in neighborhoods exhibiting housing abandonment or deterioration.[3]

Criticism of the Urban Policy as discussed in Chapter One is directed at the policy's lack of allocation criteria. This criticism is valid, as Congress has not yet passed some of the required legislation for many of the programs, such as the Urban Development Bank. However, Congress authorized $400 million annually for 1978, 1979 and 1980 for the UDAG program. Along with the funding, an allocation system was devised which includes eligibility criteria cities must meet in order to receive UDAG grants. The eligibility criteria specify cities and urban counties which have successfully carried out housing programs which meet the requirements for low and moderate income persons, and equal housing

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[2] IBID

[3] Urban Affairs Reports, March 3, 1977, page 783.

and employment opportunities for low and moderate income persons. The second criterion is physical and economic distress. The applicants must show that they meet HUD's criteria of a distressed community. Communities have been broken down into large cities with populations exceeding 50,000, and small communities with populations under 50,000. The basic $400 million is then allocated 75 percent for large cities, 25 percent for the remaining small cities.

A community must meet income, population growth rate, employment, condition of housing and poverty level criteria to be considered distressed. See Appendix A for the exact outline of federal distress standards applied for this grant.[4] The selection for grant awards will also take into consideration the type of project for which funds are applied. In other words, HUD will try to maintain some type of reasonable balance among commercial, industrial and neighborhood projects which it funds.

While the rationality behind maintaining a balance among the different type of projects is valid, HUD apparently has not followed its own guidelines in this respect. In a recent article in the Congressional Quarterly the first-round UDAG grants were criticized. The major criticisms are that the projects are not sufficiently responsive to the needs of urban dwellers, and the grants are geared more to the Snowbelt area of the Northeast and Midwest. Hotel projects are especially criticized by many organizations as being almost as far from reaching the Urban Policy goals as is possible. Out of a total of 45 grants in the first-round of UDAG, fifteen were for hotels and/or hotel parking-type centers.

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[4] U.S. Housing and Urban Development Department, The Action Grant Information Book. May 1978.

HUD defends these projects, in responses by Patricia Harris to critics of hotel projects, "Hotels are the best employers of low and moderate income and unskilled people I can think of..."[5] "Cities have a role as tourist centers and cultural centers, and there must be places to receive people coming to them..."[6] Jobs in the hotel industry for the unskilled involve menial-type labor, such as maids, dishwashers, bell-hops, etc.. These are not satisfying jobs, nor do they provide the worker with a skill to be used in the future. A large department store would employ many more individuals than a hotel-parking complex, as well as provide more meaningful employment with greater opportunities for future advancement.

According to the U.S. Department of Commerce, Bureau of Economic Analysis,[7] the hotel industry employs 51.8 people per million dollar gross output. The wholesale and retail trade industry employ 78.7 people per million dollar gross output. Gross output is used in this standard to mean the amount made by the particular industry per unit of time or in this case per year. From these figures, it is obvious that the Retail Trade Industry does in fact offer increased employment opportunities. HUD counters other suggestions with, "Hotels generate much needed dollars for inner-city economies. It's not a matter of poor people working for the rich... it's people with money bringing dollars into the city."[8]

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5 Congresssional Quarterly, May 13, 1978, page 1172.

6 IBID

7 Employment figures Michigan Employment Security Commission. Gross output figures 1972 census of Wholesale and Retail Trade.

8 Congressional Quarterly, May 31, 1978, page 1172.

The regional conflicts over the first-round UDAG grants are that the Sunbelt or West and Southwest states are complaining about not getting their fair share of the funds. The criticisms are that the eligibility criteria are geared more toward the types of problems experienced by cities located in the Snowbelt area. With such measures as growth rate the Northeast cities will show considerable distress, as Northern cities are not experiencing growth, while the cities in the southwest are growing due to a general growth in the area. However, there are many areas in many cities in the Sunbelt region that are in great need of economic help, and thus are penalized by the allocation criteria.

In order to ensure the private component in the public-private relationship required for UDAG funding, a commitment in the form of binding agreements must accompany an application.

The question arises as to whether speculative type ventures involving large private resources will be entertained by HUD for Action Grant funding. It is possible to foresee an instance in which a private developer is interested in a large tract of land, for possible future development of an unknown type. The community is seeking UDAG funding for sewers and water services to the vacant site for the developer. While HUD maintains that only planned projects with firm private commitments will be funded, there is no guarantee that the developer will not back out of the commitment subsequent to the services having been installed by the community. Legally binding commitments, while expensive to get out of, may in fact, be less expensive for a developer, than a disastrous project. Stronger controls over the commitments are necessary in the program, if the hypothetical situation outlined above is not to become a reality. One possible arrangement would be that in the above situation, if the developer chooses to simply hold the land for speculative purposes, rather than consider new alternatives, the land should forfeit to the community. The community then can resell the land rather than have it removed from the tax roll.

In addition to the eligibility criteria, the criteria HUD uses in the selection process includes:

1) The extent of financial commitment by other public and private groups.
2) The impact of the proposed project on the physical, economic, or fiscal decline of the community.
3) The extent to which new permanent jobs are created or existing jobs retained.
4) The extent to which the project offers the community an opportunity to meet priority needs which are consistent with its ongoing efforts to revitalize its economy or neighborhoods.
5) The feasibility of completing the project within a reasonable time and with the committed resources.
6) The extent of physical and economic distress in the community as measured by the distress criteria (see Appendix A).

2.0) Use of Linkage and Leverage

In obtaining funding from federal agencies, particularly under the UDAG program, the two key words are linkage and leverage. Linkage refers to the project impact, the tie-in or degree to which it is able to bolster or instigate other projects within the community. Leverage connotes a multiplier factor. The important question regarding leverage is, how many private dollars will the federal grant bring into the project? The leverage factor is extremely important as the federal agencies are approving projects with high leverage factors, all other things being equal. The leveraging concept is also very characteristic of the Carter Administration. The Administration is cost conscious and wants its money to buy or generate more than its original worth.

In the previous section of this paper, Description and Analysis of UDAG program, HUD's stress of downtown business developments such as hotel-parking projects was discussed. If the HUD philosophy of revitalizing cities is to rebuild the downtown business districts, then the leveraging concept requiring private investment is seen as an integral tool with which to achieve that end.

CHAPTER THREE

ANALYSIS AND CONCLUSIONS

1.0) Analysis of an Example

The concepts of linkage and leverage become much clearer and easier to understand when actual cases are reviewed. The first-round of action grants went to forty-five cities. While more current information concerning second-round grants was easier to obtain for purposes of this research, the City of Detroit has an excellent example using linkage and leverage in its first-round award.

Detroit received $1.2 million in action grant funds to purchase lands for three inner-city industries. In the end, these three firms will use this land to expand the plants. Although the land is by no means a gift to the industrial firms, the firms will repay the city for the land at below market prices. The trade offs in this case were as follows: by allowing the industries to acquire the needed land for needed expansion, the city is able to induce the industries to remain within the city rather than abandoning the city for the suburbs. Existing jobs are retained as well as new jobs added by the expansion. The lower price of the land makes the City of Detroit more competitive with its surrounding suburbs, which already have large quantities of vacant, less expensive sites.

The $1.2 million will purchase 12 acres of land. The three industries involved in the project have committed themselves to approximately $4.6 million in expansion operations. The expansions will create 120 new jobs, adding to an existing 157 persons now employed by the firms. In this case, each public dollar generated more than 3 dollars, or the 1.2 million generated 4.6 million in private capital.

In a recent correspondence for purposes of reasearch for this paper, the City of Pittsburgh, considered by many to be one of the best examples of using public leverage, suggested that regional proposals enhance the chances of both present and future funding. Multi-project proposals also in its experience seem to be more favored, as time, writing and expenses of both federal government and city are saved.

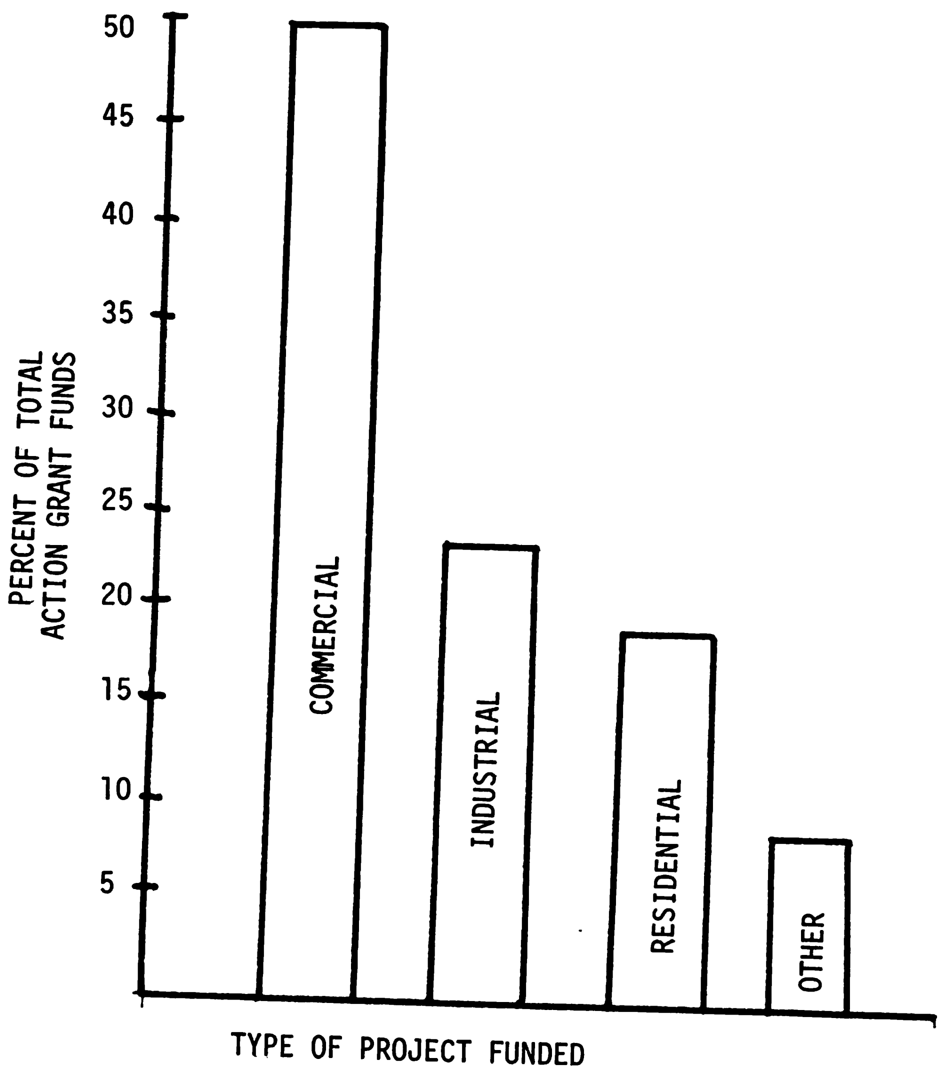
Analyzing the second-round action grants produced interesting facts for purposes of this research. Of a total of thirty-nine action grants 50 percent, or 19~~0~~ grants, were awarded for commercial projects; 23 percent, or 9 grants, were awarded for industrial projects; 19 percent or 7 grants were awarded for residential/ housing projects and 8 percent, or 3 grants, were awarded for other projects such as historic preservation or infrastructure (see Graph No. 1).

It is important to note that the largest portion of the second-round action grants were awarded for commercial projects. The Administration's philosophy is that commercial enterprises will revitalize the urban center, and by granting more funding for commercial projects, they are in fact following through with their programs. The type of commercial project which is ultimately funded will make a difference as to whether the investment will pay off. As stated earlier, hotel projects and parking lots will not make very much headway in reversing economic decline.

Continuing the analysis of the second-round action grants reveals the following data. Breaking the action grants up into their main component parts of federal dollars, the highest federal grant was $13.5

GRAPH NO. 1

Type of Project funded by total
amount of action funds available



million and the lowest federal grant was for $100,000. The average * federal grant was $2.794 million. The private investment ranged from a high of $63.215 million to a low of $305,000 with an average of $11.598 million. Of thirty-nine second-round grants only four had any state monies added, and nine had local monies added to the federal-private project.

The average leverage factor for the second-round grants is 4.15. This factor was obtained by dividing the average total investment by the average federal investment.

Employment is considered to be one of key elements of the UDAG program and the Urban Policy, so an interesting statistic should be how much the average job cost. By adding the total federal and private dollars and dividing by the total number of jobs, the cost per job is approximately $18,000.

It does not seem that this is a large figure when one considers that of the total jobs created by the program 80 percent are permanent, or retained. Also, the spinoff effect from creating or expanding capital investments creates additional jobs in related industries. Take for example the petroleum industry; for every job created, an additional 2.7 jobs are created in related industries.[1]

When people are employed they have more money to spend, therefore, more goods are purchased, further spurring the economy.

A summary of the thirty-nine second-round action grants appears in Appendix B. The summary contains for each city or community receiving an action grant the breakdown of federal-private investment, a description of the project, the numbers of jobs created, the leverage factor and the cost per job.

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[1] Michigan Energy Administration, Input-Output Table, 1970.

2.0) Conclusions

The most startling fact from the UDAG program is the average leverage factor of 4 to 1. Essentially what this means is that for every federal dollar spent on the UDAG program four private dollars are also being spent. This is an incredible amount of leveraging power and an exceptionally good return on federal dollar investment.

The key to the Urban Policy as discussed in previous sections of this paper is employment. As was found in Chapter Three Section 1.0, each job created by the UDAG program costs $18,000. While jobs are categorized into three types: 1) new permanent; 2) retained and; 3) construction, it is impossible from the currently available data to ascertain the price of new permanent jobs. The price per job rises to $22,000 if construction jobs, which are temporary, are ignored. This is still most inexpensive for permanent jobs.

One must not be too optimistic, however, about the overall effects of the Urban Policy. Of utmost importance to the success of the programs will be the type of capital investments made in the cities. Even with the federal dollar's ability to quintuple itself through the leverage factor, that money must be spent wisely. Parking lots, skywalks, historic preservation projects will not provide permanent employment and economic growth to the city.

Certainly the concept of leveraging public-private dollars has proved to be successful and has opened up exciting new potentials for reversing the decline of the cities. We must wait however, to judge the ultimate success Carter's Administration has using this tool.

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APPENDIX A

DEFINITION OF DISTRESSED COMMUNITIES

A. <u>Metropolitan Cities, Other Cities With Populations Over 50,000, and Urban Counties</u>.

Per capita income $1,424 or less net increase between 1969 and 1974.

Population growth -- 15.52 percent or smaller from 1960 to 1975.

Unemployment growth -- 7.08 percent or smaller in manufacturing and retail between 1967 and 1972.

Housing stock -- 34.15 percent or more constructed prior to 1940.

Poverty level -- 11.24 percent or more of city's population.

Community must meet three of six minimum standards (four of the six of the community's poverty level is less than half of the median).

B. <u>Small Cities (under 50,000)</u>.

Per capita income -- $1,424 or less net increase between 1969 and 1974.

Population lag/decline -- .31 percent or greater decline from 1970 to 1975.

Housing stock -- 34.15 percent or more constructed prior to 1940.

Poverty level -- 11.24 percent or more of city's population.

1) A city with a population of 2,500 to 25,000 must meet three of the four minimum standards (poverty level must also be equal to or greater than one half of the mediam for the metropolitan cities).

2) A city with a population less than 2,500 must demonstrate its capacity to carry out an Action Grant project, and must also meet the above distress standards.

3) A city with a population of 25,000 to 50,000 must meet three of the five standards (four if the applicant's poverty level is less than one half the median. The fifth standard is employment growth -- 7.08 percent or smaller in manufacturing and retail between 1967 and 1972.

Unique Distress Factor

be a fiscal, physical or economic condition that severely affects the vitality of the community.

have a basis for comparison with other communities in the state,

pertain to the period between 1970 and 1977

be based on data for the whole community

represent a condition other than those distress factors already counted for the community.

not be the result of Federal, State or local court actions.

A metropolitan city, or city over 50,000 or urban county, may be considered to have a unique distress factor, if the percentage of poverty is one and a half times greater than the median poverty level for all U.S. metropolitan cities. The absolute per capita income also must be below the median for all cities. If the community can meet these requirements, and if it can establish a unique distress factor (outlined above), it only has to meet two of the six previously mentioned economic and physical distress factors.

NOTE:

The description of second-round awards for states listed in Appendix B was obtained from the City of Pittsburgh, Pennsylvania. This list was compiled by the City Planning Department from contacts they have maintained throughout the UDAG award process.

In an effort to get some understanding of how the varying projects were living up to leveraging public and private dollars, the leverage factor for each grant award was computed by this author.

Another interesting statistic that was computed was the actual cost per job created by the resulting projects.

APPENDIX B

SECOND ROUND AWARDS
URBAN DEVELOPMENT ACTION GRANTS

Akron, Ohio has recieved an Action Grant to provide an environment conducive to the retention and expansion of industry in the Sweitzer Avenue area and to provide expanded employment oppurtunities. The Action Grant funds will be used to acquire remaining residential properties in the area and assemble the parcels for private acquisition, the construction of new facilities, expansion of existing plants, provision of parking, rehabilitation of existing structures and the purchase of new capital equipment. Action Grant funds: $5,000,000. Private funds: 14,202,000. State funds: $3,200,000. Local funds: $1,000,000. New permanent jobs: 813. Jobs retained: 225. Construction jobs: 50. Leverage factor: 3.7 to 1. Job cost $21500 each.

Atlanta, Georgia has recieved an Action Grant for development of a ten story merchandising/commercial building above the Ashby Street MARTA station. Action Grant funds: $3,726,000, to acquire air rights, develop a three-level parking garage and a pedestrian plaza. A non-profit developer, University West, will construct a Trade Mart on the upper levels with six floors of offices, a restaurant and commercial space. Private commitment: $8,750,000. This project will create the first minority merchandise mart in the nation. Jobs created: 520. Jobs retained: 60. Leverage factor: 2.3 to 1. Job cost: 22,300 each.

Auburn, Maine has recieved an Action Grant to revitilize its downtown business district. Through interest supplements, loan guarantees, and participation loans organized as a loan pool, Action Grants will help to stimulate private development of approximately 160,000 square feet of vacant or underutilized gross floor space in the downtown area. Nine local banks will extablish a pool of rehabilitation loans, acquisition and working capital loans to area residential owners and business operators at slightly longer terms and reduced (CDBC/Action Grant subsidized) interest rates. Action Grant funds will be used to support a comprehensive public improvements program involving the reconstruction of streets, sidewalks, parking lots, utilities, landscaping, lighting, street furniture, and innovative redevelopment of the riverfront area. Action Grant funds: $1,000,000. Private Commitments: $3,230,000 from local banks. State funding: $534,000 for street improvents. Local funds: $701,000 in Community Development Block Grant funds. Jobs created: 150. Jobs retained 10. Construction jobs: 150. Leverage factor: 4.47 to 1. Jobs cost: 28,100 each.

Camden, New Jersey has recieved an Action Grant to increase jobs and industrial development at its Delaware River port. Working through the Camden Municipal Port Authority, the City will acquire and prepare sites totalling 16 acres for the expansion of lumber and millwork industries. Action Grant funds will also be used to assist construction of a 60,000 square foot refrigerator warehouse holding frozen bulk cargo. With its own bonds, the Port Authority will purchase a $2,000,000 crane capable of moving container shipments and serving the refrigerator warehouse and lumber companies. Action Grant: $3,856,565. Private commitments: $6,477,000. Jobs created: 159. Jobs retained: 170. Construction jobs: 100. Leverage factor: 1.42 to 1. Jobs cost: 24,000 each.

Chicago, Illinois has recieved two Action Grants:

The first will assist in the restoration of historic properties in the South Loup Printing House Historic District to provide new, low cost housing stock. The Action Grant funds will be used for acquisition and clearance of a two block area for facade entrances and a mini-park to complement private rehabilitation of 457 units of housing. Action Grant funds: $1,000,000. Private funds: $15,500,000. New permanent jobs: 100. Jobs retained: 100. Construction jobs: 600. Leverage: 15.5 to 1.

The second Action Grant will assist in the completion of Phase III of the Brickyard neighborhood regional shopping center. The Action Grant funds will be used to assemble the site and subsequent resale for the private development of 250,000 square feet new retail space with additional common area and parking. Action Grant funds: $3,000,000. Private funds: $16,400,000. New permanent jobs: 865. Construction jobs: 3,062. Leverage: 5.5 to 1. Jobs cost: $4900 each. Jobs cost $20,400 each in the first Action Grant.

Cincinnati, Ohio has recieved an Action Grant for a neighborhood revitilization project that will include a major Kroger "super store", 198 units of elderly housing and 50 units of rehabilitated housing. Action grant funds: $2,684,646 to assist the city in site acquisition, relocation and site preparation. Private sector commitment: $10.2 million for construction of facilities. New permanent jobs: 92. Construction jobs: 200. Leverage factor: 3.8 to 1. Jobs cost: 43,500 each.

Baltimore, Maryland has recieved an Action Grant to complete Oldtown, a key part of its neighborhood redevelopment strategy in the heart of East Baltimore. The project will provide 288 units of new and rehabilitated housing for low and moderate income families. The Action Grant will provide the funding to write down the sales prices of all 288 units. At least 263 of these new homes will be sold at prices ranging from $15,680 to $19,000. The remaining 25 homes will be sold below cost at prices ranging from $29,000 to $32,480. As a joint venture, two local minority corporations will construct and market the homes. A second major goal of this project is to provide jobs and job training in the construction and rehabilitation industry for area residents. Former residents of Oldtown will be given first opportunity to purchase homes. The completion of Oldtown as a residential development and the continuing retail development surrounding Oldtown will create a neighborhood where services are within walking distance. Action Grant funds: $6,720,740. Local funds:830,054 in Community Development Block Grant funds. Jobs created: 165. Construction jobs: 234. Leverage factor: 2.2 to 1. Jobs cost: $27,000 each.

Boston, Massachusetts has received an Action Grant to fund three Business Revitilization programs and provide related site improvements in the Blue Hill Avenue neighborhood. Action Grant funds: $1.8 million to provide rebates or grants to businesses which undertake renovation, expansion or new construction within the Grove Hall and Dudley Street areas under local development programs. Private financial commitment: $6.6 million in the form of loans for business improvements will be made available by five Boston Banks: Unity Bank, The First National Bank of Boston, New England Merchants National Bank, Shamut Bank, and State Street Bank. Jobs craeted: 334. Leverage factor: 3.66 to 1. Jobs cost: $26800.

Cambridge, Massachusetts has recieved an Action Grant for public improvements in the East Cambridge-Lechmere Triangle neighborhood. Private investment of over $23 million in major commercial redevelopment will be leveraged. Action Grant Funds: $6.8 million for roadway improvements, canal dredging and open space development, a parking facility and partial restoration of the historic Bulfinch building. Private commitment: $23 million. Jobs created: 1120. Leverage factor: 3.4 to 1. Jobs cost: $26,800.

Denver Colorado has recieved an Action Grant for a comprehensive neighborhood revitalization project in the cities oldest neighborhood and the cultural center of its Hispanic community. This project will include some 1900 units of housing, neighborhood commercial revitilization, and public improvements. Housing construction will include a new 790 unit moderate income project, a new 150 unit elderly project and some 965 units of substantially rehabilitated housing, most of which will utilize a unique construction loan program involving the city, a local savings and loan bank and the State Housing Finance Agency. Commercial redevelopment will include a new shopping center developed by a joint partnership including a local neighborhood organization. Public improvements will include "street scaping" and improved lighting with funds from other federal and local sources. This will spur other activities, including a Colorado Historical Society grant for historic preservation in part of Denver's original barrio. Action Grant funds: 13.5 million will be used for site acquisition, relocation assistance and site preparation as well as a unique revolving fund for rehab construction loans. Private sector commitment: $42 million.for new housing construction, rehabilitation and commercial development.

Some $10.2 million in public funds have been targeted by the city to assist in this model neighborhood revitalization program. Construction jobs: 1245. Leverage factor: 3.9 to 1. Jobs cost: $53,000 each.

Detroit, Michigan has received an Action Grant for a neighborhood commercial project in which a minority-owned auto dealership will be enabled to acquire its own facilities and to expand to an adjacent foreign auto dealership. Action Grant funds: $155,000 to finance part of the site acquisition and equipment. Private sector commitment: $760,000 for acquisition of two sites, equipment, inventory and working capital. New permanent jobs created: 22. Existing jobs retained: 78. Construction jobs: 50. Leverage factor: 4.9 to 1. Jobs cost: $6000.

East Chicago, Indiana has recieved an Action Grant of $400,000 to be used as a first mortgage to assist an SBA 502 Local Development Corporation in the development of a "mini-mall". The mall, which would be owned and operated by the LDC, will be located next to a pedestrian walkway currently being constructed with CDBG funds in a neighborhood commercial area within the Indiana Harbor Urban Renewal Area. This is a minority area in which the city has undertaken a number of development activities. Action Grant: $400,000. Private commitment: $610,000. New permanent jobs: 97. Leverage factor: 1.5 to 1. Jobs cost: $10,000 each.

El Paso, Texas has recieved a $2.3 million Action Grant for redevelopment activities in South El Paso -- the "Segundo Barrio". The city will acquire 15 acres of land, of which about 12 are vacant, will do site clearance, provide relocation assistance to 154 families, and sell the assembled land to housing developers. Activities will be staged so that new housing construction is begun on vacant land before major displacement occurs. New housing construction will consist of 244 units of Section 8 and 64 units of Section 235 on scattered sites throughout the barrio; 100 units of Section 202 elderly will also be constructed as a relocation resource on city-owned land outside the project. Numerous local banks have committed to finance new housing construction in the area. The current grant represents Phase I of the city's total plan for the area. Action Grant: $2.3 million. Private commitment: $8 million. New jobs created: 18. Construction jobs: 367. Leverage factor 3.5 to 1. Jobs cost $27,000.

Erie, Pennsylvania, has received two Action Grants which will assist in the modernization and expansion of two industrial plants, allowing them to remain in the city:
In the first proposal land will be acquired and cleared with Action Grant funds while a baking company finances the actual plant renovation. Action Grant funds: $2,070,000. Private sector commitment: $8,038,000. New permanent jobs created: 88 (83 of which are for low and moderate income). Jobs retained: 265. Construction jobs: 59. Leverage factor 4.0 to 1. Jobs cost $31,000.

The second will provide funds to enclose a portion of an open creek that presently divides a manufacturing company's land into two parts, leaving half of it unusable and a safety hazard as well. The city will tunnel the creek with Action Grant funds while the company converts an old warehouse to a manufacturing facility, allowing it to expand and consolidate its operations. Action Grant funds: $900,000. Private funds commited: $3,119,670. New permanent jobs: 90. Jobs retained: 93. Leverage factore 3.4 to 1. Jobs cost: $24,000.

Galveston, Texas, has received an Action Grant to renovate a cruise ship terminal to accommodate passengers, build a 400 space parking garage to serve the historic downtown Strand District, and renovate the Grand Opera House listed on the National Register of Historic Places. As a result of the Action Grant, a number of private developers will construct a new hotel to service the cruise ship terminal, invest $10,000,000 in the renovation of the Santa Fe Depot Building and construction of a new railroad museum, and restore and renovate nineteenth century commercial buildings in the Strand Historic District. Action Grant: $3,000,000. Private sector commitment: $18,160,000. New permanent jobs: 672. Construction jobs: 1,031. Leverage factor: 6 to 1. Jobs cost: $12,500.

Hartford, Connecticut, has received an Action Grant to connect its downtown retail, commercial, entertainment, and residential centers by constructing a second-level, enclosed climate-controlled pedestrian walkway with mercantile and entertainment spaces along its way. The Action Grant will construct the mercantile/entertainment areas. Pedestrian areas of the Skywalk will be financed, in part, with private contributions matched with local funds. Other private investment involves the renovation of the historic Brown-Thompson building for residential and commercial uses. The Skywalk System will enhance the city's continuing downtown redevelopment program and will generate 1,282 new and secondary jobs through increased retail sales. Action Grant funds: $1,890,000. Private commitment: $8,150,000. Other Federal funds: $1,750,000 in Federal Highway Interstate Transfer funds. Local funds: $1,610,000. New permanent jobs: 37. Construction jobs: 59. Leverage factor: 6.1 to 1. Jobs cost: $10,000.

Lake Charles, Louisiana, has received an Action Grant for $3.8 million for site preparation and project improvements in a neighborhood redevelopment area close to the central business district. Private development will be: a $20 million bank/office building, a $5 million hotel/motel and 198 units of Elderly Housing, Section 8. The project will develop a currently-underutilized area on the edge of downtown along the lakefront. The city is also doing code-enforcement and rehab in the area, the renovation of a building for a transportation terminal and lakefront beautification. Action Grant funds: $3.8 million. Prive commitment: $32 million. New jobs created: 475. Leverage factor: 8.7 to 1. Jobs cost: #76,000.

Los Angeles, California,has received an Action Grant to make possible the development of the City of Los Angeles Wholesale Production Market. The market, serving over 120 wholesalers, will consist of approximately 693,000 square feet of building and merchandising space to be developed in a 51 acre site. Action Grant: $8.233 million. Private investment: $26.5 million in construction and permanent financing and $12.4 million in tenant improvements. The project will retain 5,500 inner city jobs and will create 1,100 new permanent jobs. Construction jobs: 500. Leverage factor 4.8 to 1. Jobs cost: $6,650.

Milwaukee, Wisconsin, has received two Action Grants:
The first will revitalize part of the downtown business district. The project includes the creation of a downtown retail center which will provide an enclosed retail mall between two existing major department stores. The mall will also house a new private office building for both Federal and private leases. A 492 room hotel and the conversion of a furniture store into approximately 100 apartments will also be constructed in the retail center area. Action Grant funds: $12,600,000. Private funds: $63,215,000. Local funds: $13,243,000. Permanent jobs: 1350. Jobs retained: 2400. Construction jobs: 2000. Leverage factor: 6.1 to 1. Jobs cost. $15,500.

The second Action Grant will assist in the revitalization of the Fond du Lac and North Avenue neighborhood commercial district to complement the programs funded through the City's Community Development Block Grant Porgram. This neighborhood commercial area is contiguous to several hundred acres of land which had originally been cleared for an inter-state expressway, which will not be built. The city is presently actively planning possible re-uses for this vacant land with the county neighborhood groups. The Action Grant funds will be used to provide equity funds for the Fon du Lac and North Avenue Local Development Corp, incorporated as a Small Business Association Section 502 development corporation, to leverage over $1 million of private funds. The area contains approximately 25 per cent of the City's total population, 66 per cent of the City's black population and 56.6 per cent of the City's poverty level. Action Grant funds: $100,000. Permanent jobs: 27. Leverage factor: 10 to 1. Jobs cost: $40,800.

Mount Vernon, New York, has received an Action Grant to extend a sewer line to enable a private manufacturing firm to expand. The private firm will substantially increase its workforce. Action Grant funds: $257,000 to be used to extend a sewer line. Private funds: $687,000 to $187,000 for renovation of a building and new equipment. New permanent jobs: 100. Jobs retained 270. Leverage factor: 7.3 to 1. Jobs cost: $5,800.

New New Jersey, has received an Action Grant as a low interest second mortgage to a developer in the Industrial River Urban Renewal Project. The developer, Schroll Poultry, will acquire a parcel in the project, do additional site improvement and construct a 30,000 sq. feet facility. Action Grant funds: $296,000. Private commitment: $1,184,000. New jobs created: 70. Jobs retained: 67. Construction jobs: 40 Leverage factor 3.8 to 1. Jobs cost $8,400.

New London, Connecticut, has received Action Grant funds to provide public improvement to support the Starr Street restoration project. The historic residential street borders the Central Business District waterfront, the target of the city's community development block grant revitalization efforts. Action Grant funds: $225,000. Private commitment: $1 million. Construction jobs: 43. Leverage factor: 4.5 to 1. Jobs cost $28,500.

New York City, New York, has received two Action Grants:
The first will aid a private firm which will relocate and expand its operations. The "art deco" building into which the firm will relocate presently houses an unused municipal incinerator, located in the College Point Industrial Park. The Grant will be used as part of a purchase money

mortgage from the City to the firm. Action Grant funds: $300,000. Private funds: $1,000,000. New jobs: 24. Retained jobs: 42. Construction jobs 25. Leverage factor: 3.3 to 1. Jobs cost. $14,300.
The second Grant will assist electroplating, plastics and other industrial firms with high energy costs to buy "co-generation" energy plants. These plants convert electicity into steam which is then used for heat, effecting substantial savings in energy costs. This innovative program will allow firms with high energy costs to remain in New York City. Action Grant funds: $3,000,000 for loans. Private funds: $3,600,000, for equity and bank loans. Jobs retained: 1.250. Leverage factor: 1.2 to 1. Jobs cost: $5,300.

Pico Rivera, California, has received an Action Grant to construct a through street that will facilitate the construction of 75 Section 8 units of elderly housing. This will be a 3 story construction within one-half mile of shopping, transportation and medical care. Action Grant funds: $100,000. Private funds: $1,700,000. Permanent jobs created: 10. Construction jobs: 303. Leverage factor: 17 to 1. Jobs cost $5,750.

Portland Oregon, has received an Action Grant to redevelop approximately 90 acres of riverfront land not far from its Central Business District into an intown residential community, as part of the city's "back to the city" housing strategy. Project funds will be used to assemble land and provide infrastructure for proposed development of: 630 units of middle income housing, a marina, walking paths and two restaurants, while an estimated $4.4 million will be returned to the City by the sale of tax increment bonds to be utilized in the city's rehabilitation activities. Action Grant funds: $9,000,000. Private investment: $28,500,000. Other federal funds: $3,810,000. State funds: $370,000. New jobs: 100. Construction jobs: 820. Leverage factor: 3.6 to 1. Jobs cost: $35,200.

Racine, Wisconsin, has received an Action Grant for a Central Business District revitalization project including 125 dwelling units of elderly housing, commercial shops and a 250 space city-owned parking facility. Action Grant funds: $1,133,000 for the construction of the parking facility. Private funds: $4,800,000 for construction of housing and commercial facility. New jobs: 22. Construction jobs: 36. Leverage factor: 4.2 to 1. Jobs cost: $102,000.

Sacramento, California, has received an Action Grant to partially fund the construction of an underground parking garage in the Downtown Mall. Directly above the city owned garage the developer will construct 72,000 sq. feet of commercial space and an additional 153,000 sq. feet of commercial space on an adjacent sector. Action Grant funds: $1,500,000. Private funds: $11,908,000. New jobs: 266. Jobs retained: 199. Construction jobs: 370. Leverage factor 8 to 1. Jobs cost: $16,000.

Schenectady, New York, has received an Action Grant to help finance the rehabilitation of the private portion of the Wallace Building to create 62,500 sq. feet of office and 29,500 sq. feet of commercial space. This will complement the EDA Public Works program which is underway and the city's recently funded 400 Block Redevelopment Action Grant Project. Action Grant funds: $750,000, for loan to the developer. Private funds: $3,000,000. New jobs: 250. Retained jobs: 250. Construction jobs: 250. Leverage factor; 4.0 to 1. Jobs cost $25,000.

Texarkana, Texas, has received a Grant to help revitalize the downtown business district. The Grant will help to improve streets, and traffic flow, make water and sanitary sewer improvements, share in the cost of placing facilities underground, and construct parking lots. These improvements will support the construction of two new office buildings and the rehabilitation of a number of downtown businesses. Union Station, an historic but now unused railroad station, will be rehabilitated into commercial space. Action Grant funds: $2,300,000. Private funds: $9,697,000. New jobs: 265. Jobs retained: 219. Leverage factor: 1.1. Jobs cost: $10,000.

Trenton, New Jersey, has received an Action Grant to help rehabilitate five historic structures, now representing a blighting influence in the State House District, into office and residential space. Action Grant funds: $270,000. Private funds: $305,000. New jobs: 55. Leverage factor 1.1 to 1. Jobs cost: $10,000.

Troy, New York, has received a Grant for the construction of a pedestrian mall which will enable a private developer to renovate an historic building and construct a new one. In addition, the developer will be responsible for the maintainance of the mall. Action Grant funds: $1,750,000. Private funds: $6,150,994, New jobs: 197. Retained jobs: 104. Leverage factor: 3.5 to 1. Jobs cost: $26,300.

Waco, Texas, has received a Grant to provide a second mortgage to the Central Improvement Company, a non-profit corporation, in order to assist in financing a 200 room hotel in downtown Waco near the new convention center and Lake Brazos. A consortium of local banks will provide the first mortgage. Action Grant funds: $1,400,000. Private funds: $5,250,000. Local funds: land donation. New jobs: 175. Construction jobs: 430. Leverage factor: 3.7 to 1. Jobs cost: $11,100.

Waterloo, Iowa, has received a Grant to help revitalize the downtown area. Of the $3,318,500, $3,154,000 will be used for acquisition, site and area improvements, and a second mortgage loan for the development of a 260 room hotel with restuarant, cafe and lounge to complement an already existing convention center. An additional $1,164,000 of Grant funds will be used for street and area improvements to generate private rehabilitation of a vacant warehouse building into a mini shopping complex, an abandoned freight depot into a restaurant and three retail shops on the first floor, the expansion of a data center, and the expansion of a bank. Action Grant funds: $3,318,500. Private funds: $15,229,000. Local funds: $3,318,500. New jobs: 851. Leverage factor: 5.6 to 1. Jobs cost: $25,000.

Wilkes-Barre, Pennsylvania, has received an Action Grant to develop a hotel and retail complex and parking garage in its Central Business District. Action Grant funds will be used as a secondary loan to the developer and will be repaid annually over the life of the mortgage. Repayments will then be used to provide low interest loans for residential rehabilitation. Action Grant funds: $1,650,000. Private funds: $5,426,000. State funds: $297,000. Local funds: $2,024,000. New jobs: 200. Construction jobs: 340. Leverage factor: 4.7 to 1. Jobs cost: $17,400.

Yonkers, New York, has received an Action Grant for construction of water facilities and roads which will enable a private firm to develop a major 1.1 million sq. feet industrial park in Yonkers. The park will be a significant factor in the revitalization of Yonker's economy. Action Grant funds: \$3,550,000. Private funds: \$30,000,000. Local funds: \$550,000. Permanent jobs: 1.870. Jobs retained: 330. Leverage factor: 8.6 to 1. Jobs cost: \$15,000.