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Title I of the 1974 Housing and Community Development Act and Its Impact On Local Communities

EDWARD E. HAWORTH*

On August 22, 1974, President Gerald Ford signed into law a piece of legislation popularly called the 1974 Housing and Community Development Act, (hereinafter "the Act").¹ It is the purpose of this presentation to outline and briefly discuss Title I of the Act and comment on the impact this legislation will have on local communities. For the convenience of the reader, an appendix containing definitions of the various terms used throughout has been included.

TITLE I

The primary objective of Title I is the development of viable urban communities, by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Consistent with this pri-

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1. Pub. L. No. 93-383 (93d Cong., 2d Sess.) Aug. 22, 1974, *effective* Jan. 1, 1975.

mary objective, the Federal assistance provided by way of the Act is for the support of community development activities which are directed toward the following specific objectives:

- (1) First, the elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally to persons of low and moderate income will be effectuated.
- (2) Conditions which are detrimental to health, safety, and public welfare, through code enforcement, demolition, interim rehabilitation assistance, and related activities will also be eliminated.
- (3) The Nation's housing stock will not only be conserved but also expanded in order to provide a decent home and a suitable living environment for all persons, but principally those of low and moderate income.
- (4) The quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities, will be expanded and improved.
- (5) A more rational utilization of land and other natural resources and the better arrangement of residential, commercial, industrial, recreational, and other needed activity centers will be implemented.
- (6) Income groups which have been isolated within communities and geographical areas will be reduced, while an increase in the diversity and vitality of neighborhoods through the spatial deconcentration of housing opportunities for persons of lower income and the revitalization of deteriorating or deteriorated neighborhoods to attract persons of higher income will be promoted.
- (7) Finally, properties of special value for historic, architectural or aesthetic reasons will be restored and preserved.² A number of programs that previously existed have not been replaced by the Act. These include: urban renewal, neighborhood facilities, open space land, water and sewer, and model cities. A total of 8.4 billion dollars over a three-year period will be allocated by the Act in the following manner: 2.5 billion dollars over each of the 1975 and 1976 fiscal years and 2.95 billion dollars in 1977. An additional 50 million dollars

2. 39 Fed. Reg. 40137 (1974).

is allocated for 1975 and 1976 and 100 million dollars for 1977. It is estimated that California cities will receive an estimated 1.56 billion dollars over a six-year period of which 202,262,000 dollars is set aside for 1976.³

In order for those eligible to apply for these funds, it is necessary for them to understand the numerous regulations controlling eligibility, how to apply, distribution of funds, acceptable local programs, and other criteria deemed necessary by Congress to carry out the objectives of the Act.

ELIGIBLE RECIPIENTS

Those eligible recipients for funds under this Act would be units of general local government, including any city, county, town, township, parish, village or other general purpose political subdivision of a state; also included would be a combination of such political subdivisions recognized by the Secretary of Housing and Urban Development (hereinafter "HUD"). One or more public agencies, including existing local public agencies, may be designated by the chief executive of a state or unit of general local government to undertake a Community Development Program in whole or part.⁴

As noted earlier, up to \$8.4 billion may be appropriated through fiscal year 1977 by states, with a maximum of \$2.5 billion to be appropriated and granted prior to the end of fiscal year 1975 and 1976; incremental amounts of \$2.95 billion allocated in each of the succeeding years. Of any amount appropriated pursuant to these authorizations, two percent will be reserved and placed in a special discretionary fund (discussed *infra*). In the first two years, an additional \$50 million will be set aside for inclusion in a formula process applied at a later date. The balance will then be split into unequal portions; eighty percent will be used in metropolitan (Standard Metropolitan Statistical Areas, hereinafter "SMSA") areas and twenty percent will be granted for use outside of metropolitan (non-SMSA) areas.⁵

Of that portion of program funds to be granted within metropolitan areas, a certain amount will be set aside for all metropolitan

3. *Id.*

4. *Id.* at 40140.

5. *Id.*

cities. This amount will be determined by using a formula that will average the ratios of (1) the *population* of all metropolitan cities and that of all metropolitan areas, (2) the *extent of housing overcrowding* in all metropolitan cities and that in all metropolitan areas, and (3) the *extent of poverty* in all metropolitan cities and that in all metropolitan areas. This last factor, extent of poverty, will be counted twice.⁶

After the full amount to be granted to all metropolitan cities is computed, the portion to be granted to individual metropolitan cities will be determined by using the same formula and comparing individual cities to all metropolitan cities as a whole. This computation results in the metropolitan city's formula entitlement. The formula entitlements of urban counties will be computed in a similar fashion. It should be noted that entitlement here does not refer to an amount that a locality has an absolute right to, but to an amount that a locality is entitled to upon the acceptance of a suitable application.⁷

Metropolitan cities, urban counties and any unit of general local government which has undertaken an urban renewal project or model cities, code enforcement or Neighborhood Development Program (hereinafter "NDP") in the five fiscal years prior to July 1, 1972 or a first time NDP in 1973, all have hold-harmless entitlements. This hold-harmless amount is the sum of (a) the sum of the average of all loans, grants and advances received during fiscal years 1968-72 under the Neighborhood Facilities, Open Space, Water and Sewer, 312 Rehabilitation Loan and Urban Renewal (except NDP) programs, (b) the average annual grant made under the Neighborhood Development Program during fiscal years 1968-72 or during fiscal year 1973 for first NDP's, and (c) the average annual grant made under Model Cities during fiscal years 1968-72; the Model Cities portion of the hold-harmless amount will continue at 100 percent through what would have been the community's fifth action year and will then be reduced to 80 percent, 60 percent and 40 percent in the three subsequent years.⁸

Metropolitan cities and urban counties are entitled to apply for either their formula or hold-harmless amount, whichever is greater. Other units of general local government which have a hold-harmless figure may apply for that amount. However, in order to assure a more gradual transition in funding levels, formula grants will be phased in by thirds to recipients over a three-year period,

6. *Id.* at 40139.

7. *Id.*

8. *Id.*

while hold-harmless amounts will remain constant through fiscal year 1977 and then will be phased down by thirds to be equal to the formula amount in fiscal year 1980.

After metropolitan cities and urban counties have received their formula amounts and after all hold-harmless needs have been met for the affected units of general local government, a portion of the eighty percent to be used in metropolitan areas will remain. In fiscal years 1975 and 1976, the \$50 million set aside before the formula process began will be added at this point to this remaining balance. These funds will then be apportioned among metropolitan areas by using the same three-factor formula outlined earlier, but excluding demographic figures from formula and hold-harmless localities within metropolitan areas. This will result in an "SMSA balance" for each metropolitan area which will be available for discretionary grants to all units of general local government within the metropolitan area upon application.

In addition to the discretionary funds in the SMSA balance, there exists the two percent special discretionary fund mentioned earlier. This may be used by HUD for grants: (1) in behalf of new communities; (2) to states and units of general local government for demonstrating innovative community development programs; (3) to states and units of general local government for demonstrating innovative community development projects; (4) to states and units of general local government to meet emergency community development needs caused by federally recognized disasters; and (5) to states and units of general local government where it is deemed necessary by HUD to correct inequities resulting from the formula allocation provisions.⁹

In addition to these funds derived from the principal authorization amount, Congress has authorized an additional \$50 million in fiscal years 1975 and 1976 and \$100 million in 1977 for grants to units of general local government with urgent community development needs which cannot be met by their entitlement grant funds. Grants from this fund will generally be to those cities which face an especially difficult transition from categorical to block grant programs.

To summarize, there are four initial sources of funds under the

9. *Id.* at 40140.

Community Development Program for units of general local government within metropolitan areas. These are: (1) *entitlement funds* which may be applied for by *formula* or *hold-harmless* localities; (2) the *discretionary SMSA balance funds*; (3) funds from the *two percent special discretionary fund*; and (4) the *hardship transition fund*. In addition, as the program proceeds, it is expected that additional funds will become available as a result of HUD's reallocation of unutilized funds.

No later than March 31, 1977, HUD shall report to Congress its recommendations for modifying or expanding the provisions of the Community Development Program relating to the method of funding, the allocation of funds, the determination of the basic grant entitlement, and the application of such provisions in the future distribution of funds under this program. In making this report, HUD shall conduct a study to determine how community development needs, objectives, and capacities, measured to the maximum feasible extent by objective standards.¹⁰

ELIGIBLE ACTIVITIES

Eligible activities assisted under Title I may include the acquisition of real property which is (1) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (2) appropriate for rehabilitation or conservation activities; (3) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (4) to be used for the provision of public works, facilities, and improvements eligible for assistance under Title I; or (5) to be used for other public purposes.¹¹

Other activities assisted under the Act might be the acquisition, construction, reconstruction, or installation of public works, facilities, and site or other improvements; code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area; clearance, demolition, removal, and rehabilitation of buildings, and improvements (including interim assistance) to alleviate harmful conditions and financing rehabilitation of privately owned properties when incidental to other activities; special projects directed to the removal of material

10. Pub. L. No. 93-383 (93d Cong., 2d Sess.) Aug. 22, 1974, 2(1) at 13.

11. 39 Fed. Reg. 40142 (1974).

and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons.

Payments to housing owners for losses of rental income incurred in holding, for temporary periods, housing units to be utilized for the relocation of individuals and families displaced by Community Development Program activities are also eligible activities under Title I. Also included under the category of eligible activities are the disposition of any real property acquired pursuant to Title I or its retention for public purposes; provisions of public services not otherwise available in areas where other activities assisted under Title I are being carried out in a concentrated manner, if such services are determined to be necessary or appropriate to support such other activities and if assistance in providing or securing such services under other applicable Federal laws or programs has been applied for and denied or not made available within a reasonable period of time, and if such services are directed toward (1) improving the community's public services and facilities, including those concerned with the employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas, and (2) coordinating public and private development programs.¹²

Matching, the payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the Community Development Program, may also be eligible for monies under the Act as well as the payment of the cost of completing an urban renewal project; relocation payments and assistance; activities necessary to:

- (1) develop a comprehensive Community Development Plan, and
- (2) develop a policy-planning-management capacity so that the recipient of assistance under Title I may more rationally and effectively
 - (i) determine its needs,
 - (ii) set long-term goals and short-term objectives,
 - (iii) devise programs and activities to meet these goals and objectives,
 - (iv) evaluate the progress of such programs in accomplish-

12. *Id.*

ing these goals and objectives, and

- (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation; and the payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities.¹³

It should be noted that upon the request of the recipient of a grant under Title I, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation of properties as authorized under "Eligible Recipients" above.

INELIGIBLE ACTIVITIES

The following listing of activities is illustrative of those which are ineligible for funds under the Title I programs: public facilities (the general rule is that a public facility is ineligible to be provided unless it is specifically mentioned above, or was previously eligible under any of the programs consolidated by the Act, except the public facilities loan program, the model cities program, and as an urban renewal local grant-in-aid eligible under section 100(d) (3) of the Housing Act of 1949). Examples of facilities that cannot be provided with these funds include the following: buildings and facilities for the conduct of government, such as city halls and other headquarters of government of the recipient and which are predominately used for municipal purposes, courthouses, police stations, and other municipal office buildings; stadiums, sport arenas, auditoriums, concert halls, cultural and art centers, museums, and similar facilities which are used by the general public primarily as spectators or observers; schools, generally including elementary, secondary, college, and university facilities, but excluding neighborhood facilities or senior centers in which classes in practical and vocational activities may be taught; airports, subways, trolley lines, bus or other transit terminals, or stations, and other transportation facilities; and hospitals and other medical facilities open to the public generally, but excluding a neighborhood facility or senior center in which health services are offered.¹⁴

13. *Id.*

14. *Id.*

Another example of an ineligible activity is operating and maintenance expenses. Except for the public services and interim assistance authorized described earlier under eligible activities and fire protection services when incidental to other activities, operating and maintenance expenses in connection with community services and facilities are not eligible. Examples include maintenance and repairs of water and sewer and parking facilities, and salaries of staff operating such facilities.

Expenses required to carry out the regular responsibilities of the unit of general local government are not eligible. Examples include all ordinary general government expenditures not related to the Community Development Program. Also, no expenditures may be made for the use of equipment or premises for political purposes, sponsoring or conducting candidates' meetings, engaging in voter registration activity or voters' transportation (except where part of the community-wide registration drive sponsored by the unit of general local government), or other political activities.

Construction of new permanent residential structures is not a permissible use of funds provided under this part, except as provided under Title II of the Act: funds may not be expended for direct income payments for housing or for any other purpose, except as authorized in conjunction with activities under ineligible activities. Examples include payments for income maintenance and housing allowances.

ATTAINING ELIGIBILITY

To become eligible for funds, an application must be filed that includes the following: a summary of a *three-year Community Development Plan*¹⁵ which identifies community development needs, demonstrates a comprehensive strategy for meeting those needs, and specifies both short- and long-term community development objectives which have been developed in accordance with area-wide development planning and national urban growth policies. The plan must be written in a manner to encompass the needs, strategy and objectives designed to eliminate or prevent slums, blight and deterioration where such needs or conditions exist, and to provide improved community development facilities and public improve-

15. *Id.* at 40140.

ments, including the provision of supporting health, social, and similar services where necessary and appropriate. In identifying the needs the applicant must take into consideration any special needs found to exist in any identifiable segment of the total group of low-income persons in the community. With respect to area-wide planning, the applicant must give careful consideration to applicable area-wide plans but need not conform rigidly to such plan or secure approval of area-wide planning agencies.

The applicant must also formulate a summary of a *Community Development Program*¹⁶ which (1) includes the activities to be undertaken to meet its community development needs and objectives, together with the estimated costs and general location of such activities as shown on accompanying maps of census tracts or enumeration districts which include the demographic data of prevailing population characteristics, (2) indicated resources other than those provided under Title I which are expected to be made available during the program year toward meeting its identified needs and objectives, and (3) takes into account appropriate environmental factors.

A *Housing Assistance Plan*¹⁷ must be submitted which:

- (1) accurately surveys the conditions of the housing stock in the community and
- (2) assesses the housing assistance needs of lower-income persons (including elderly and handicapped persons, large families, and persons displaced or to be displaced) residing in or expected to reside in the community;
- (3) specifies a realistic goal for the number of dwelling units or persons to be assisted, including
 - (i) the relative proportion of new, rehabilitated, and existing dwelling units, and
 - (ii) the sizes and types of housing projects and assistance best suited to the needs of lower-income persons in the community,
- (4) indicates the general locations of proposed housing for lower income persons, with the objectives of
 - (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible,

16. *Id.*

17. *Id.*

- (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons and
 - (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects, and
- (5) includes a map showing the concentration of minority groups in the various census tracts of enumeration districts which make up the geographic boundaries of the community.

Finally, the applicant must submit a *Community Development Program Budget*¹⁸ which includes sufficient funds in each year's budget to fully fund all displacement expected to be caused by that year's Community Development Program activities.

As one can see from this brief discussion of the intricacies of Title I, there is a great deal of preparation required of an eligible recipient before that entity attains eligibility for funds under the Act. The requirements demanding this extensive preparation are purposely designed to have a strong impact on the directions taken by local communities as affect their own development.

IMPACT ON LOCAL COMMUNITIES

A community that wishes to take advantage of funds under Title I is provided with financial incentives to develop its own program for assessing and meeting community development needs. While the funds available will not cover all the community needs, the monies are adequate to encourage communities to make an effort to at least assess its needs, particularly in the area of housing. It also provides incentives to local communities to establish commitments to meet their needs.

The program is oriented toward encouraging communities to respond to setting their own needs based on local objectives not on State or Federal mandates. President Ford said in his statement at the signing of the bill, "this bill will help return power from the banks of the Potomac to people in their own communities. Decisions will be made at the local level. Action will come at the local level and responsibility for results will be placed squarely

18. *Id.*

where it belongs—at the local level. I pledge that this Administration will administer the program in exactly this way”¹⁹

Development of the local “housing assistance plan” will require localities and states to develop a far more sophisticated set of housing goals and programs than they have ever had. Communities will be asked to assess, on an annual basis, whether they have achieved their commitment to meet community needs.

Communities should not take these commitments lightly, however. Congress will be reviewing local community commitments in terms of accomplishment to determine future funding efforts. Locating future federal housing programs will be based largely on local communities’ plans for locating low and moderate income housing within their community. (HUD required as a part of the application for funds that a map be included, indicating the general location of low and moderate housing within the community). In brief, the Act provides, through the housing assistance plan, a mechanism for local input over subsidized housing in their community. While not required, the League of California Cities recommends that housing assistance plans include: (1) site location criteria for low and moderate income housing, and (2) review procedures for any potential federally assisted housing projects.²⁰

Citizen participation provisions in the Act will present new challenges and opportunities. The fact that community development may be a city-wide endeavor may require us to broaden our processes. “A well-conceived, good faith effort to involve citizens can do much to reverse the dangerous trends of growing citizen mistrust in government.”²¹

The provisions of the legislation regarding social services or “software” activities may well prove an onerous requirement. The Act indicates that *social services* are eligible activities only if they are necessary to support physical development activities and only if the city can prove that no other funding source was available. There is no desire to have HUD and the housing subcommittees of the Congress become a stop-gap for the failures of the social services system. Nevertheless, by forcing local communities to plan in the area of community development, with particular emphasis on low and moderate income housing, Title I will have social service side effects that will necessarily address some of those failures.

19. August 22, 1974.

20. National League of Cities and U.S. Conference of Mayors, *Legislative Analysis: Community Development Block Grants*, Aug. 1974.

21. NAHRO News, *HCDAs As Seen By the Mayors*, 13 (Sept.-Oct. 1974).

To summarize, there will be a profound impact of Title I on local communities, and it is twofold: (1) to attain eligibility, the local community will have to carefully assess its own needs in terms of community development and, in the process, formulate plans to meet those needs; and (2) the local community will bear the responsibility of determining its own potential for future federal funding since its commitment and accomplishments will be the determinant of its eligibility for further federal monies.

APPENDIX

39 Fed. Reg. 40137-8

Definitions

§ 570.3 Definitions.

(a) "Act" means Title I of the Housing and Community Development Act of 1974, P.L. 93-383.

(b) "Applicant" means the State or unit of general local government which makes application pursuant to the provisions of Subpart D or Subpart E. One or more public agencies, including existing local public agencies, may be designated by the chief executive officer of a State or a unit of general local government to undertake a Community Development Program in whole or in part, but only the State or unit of general local government may be the applicant under Subpart D and E.

(c) "Basic grant amount" means the amount of funds which a metropolitan city or urban county is entitled to receive under this Part as determined by the formula based on factors pertaining to population, extent of poverty, and extent of housing overcrowding provided in Subpart B.

(d) "Chief executive officer" of a unit of local government means the elected official, or the legally designated official, who has the primary responsibility for the conduct of that unit's governmental affairs. Examples of the "chief executive officer" of a unit of local government may be: The elected mayor of a municipality; the elected county executive of a county; the chairman of a county commission or board in a county that has no elected county executive; the official designated pursuant to law by the governing body of the unit of local government; or the chairman, governor, chief, or president (as the case may be) of an Indian tribe or Alaskan native village.

(e) "City" means for purposes of basic grant eligibility, (1) any unit of general local government which is classified as a municipality by the United States Bureau of the Census or (2) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled and (iii) contains within its boundaries no incorporated places as defined by the United States Bureau of the Census.

(f) "Community Development Program" means the program formulated by the applicant in its application to HUD as described in Subpart D which (1) includes the activities to be undertaken to meet its community development needs and objectives identified in its summary community development plan, together with the estimated costs and general location of such activities, (2) indicates resources other than those provided under this Part which are expected to be made available toward meeting its identified needs and

objectives, and (3) takes into account appropriate environmental factors.

(g) "Discretionary grant" means a grant made from the Secretary's fund, from the transition fund for urgent community development needs, and from the general purpose funds for metropolitan and nonmetropolitan areas as described more fully in § 570.104(a), (b), (c) (1), and (c) (2), respectively.

(h) "Entitlement amount" means the amount to be received by a unit of general local government consisting of its basic grant amount and/or hold-harmless grant under § 570.102 and § 570.103.

(i) "Extent of housing overcrowding" means the number of housing units with 1.01 or more persons per room based on data compiled and published by the United States Bureau of the Census for 1970.

(j) "Extent of poverty" means the number of persons whose incomes are below the poverty level based on data compiled and published by the United States Bureau of the Census for 1970 and the latest reports of the Office of Management and Budget. For the purposes of this Part, the Secretary has determined that it is neither feasible nor appropriate to make adjustments at this time in the computations of "extent of poverty" for regional or area variations in income and cost of living.

(k) "Hold-Harmless amount" means the amount which represents the average past level of funds received by a unit of general local government under the consolidated programs cited in § 570.1(c) and which is used to determine the amount of the Hold-Harmless grant.

(l) "Hold-Harmless grant" means that amount of funds which a unit of general local government is entitled to receive in excess of its basic grant amount under § 570.103.

(m) "HUD" means the Department of Housing and Urban Development.

(n) "Identifiable segment of the total group of lower-income persons in the community" means women, and members of a minority group which includes Negroes, Spanish-Americans, Orientals, American Indians and other groups normally identified by race, color, or national origin.

(o) "Low and moderate income families" or "lower income families" means families whose incomes do not exceed 80 percent of the median family income of the area as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income limits higher or lower than 80 percent of the median for the area on the basis of his findings that such variations are necessary because of prevailing levels of construction cost, unusually high or lower family incomes, or other factors.

(p) "Low and moderate income persons" or "lower income persons" means persons for whom the income of the family conforms with the definition of lower income families as established in § 570.3 (o) above.

(q) "Metropolitan area" means a standard metropolitan statistical area, as established by the Office of Management and Budget.

(r) "Metropolitan city" means (1) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (2) any other city, within a metropolitan area, which has a population of fifty thousand or more.

(s) "Population" means the total resident population based on data compiled and published by the United States Bureau of the Census for 1970.

(t) "Secretary" means the Secretary of Housing and Urban Development.

(u) "State" means any State of the United States, or any instrumentality thereof approved by the Governor; and the Commonwealth of Puerto Rico.

(v) "Unit of general local government" means any city, county, town, township, parish, village, or other general purpose political subdivision of a State; Guam, the Virgin Islands, and American Samoa or a general purpose political subdivision thereof; a combination of such political subdivisions recognized by the Secretary; the District of Columbia; the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States. Such term also includes a State or a local public body or agency (as defined in § 711 of the Housing and Urban Development Act of 1970), a community association, or other entity, which is approved by the Secretary for the purpose of providing public facilities or services to a new community as part of a program meeting the eligibility standards of § 712 of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968.

(w) "Urban county" means any county within a metropolitan area which, pursuant to § 570.105, (1) is authorized under State law to undertake essential community and housing assistance activities in its unincorporated areas, if any, which are not units of general local government, and (2) has a combined population of two hundred thousand or more (excluding the population of metropolitan cities therein) in such unincorporated areas and in its included units of general local government (i) in which it has authority to undertake essential community development and housing assistance activities and which do not elect to have their population excluded or (ii) with which it has entered into cooperation agreements to undertake or to assist in the undertaking of essential community development and housing assistance activities.