

Clarification Regarding a Nonprofit Developing a Recreational Area

July 21, 1983

Honorable Carl Levin
United States Senate
Washington, D.C. 20510

Dear Senator Levin:

Thank you for your letter of June 21, 1983 on behalf of the Jewish Welfare Federation of Detroit. They inquired about a Community Development Block Grant (CDBG) program requirement that a nonprofit organization developing a recreation area would have to deed the property to the local government and said that this requirements would change after the new CDBG regulations (S 570.201(c)) went into effect.

The existing regulations already permit a nonprofit entity to hold title to property acquired with CDBG funds (see S 570.201(c) of the existing CDBG regulations). This section states that "where such entities use block grant funds to acquire title to facilities, they shall be operated so as to be open for use by the general public during all normal hours of operation." Parks, playgrounds, and other recreational facilities are included as public facilities and are governed by this provision. The project may therefore proceed with the Federation retaining title to the property if the requirement for public access is met.

With respect to the statute of the new regulations, we expect to issue a final rule very soon. They will contain a similar provision.

Very sincerely yours,

Stephen May
Assistant Secretary