

# How Long Can an Area Be Considered Slum or Blighted?

May 20, 1991

MEMORANDUM FOR: Anthony M. Villane, Jr., Regional Administrator/ Regional Housing Commissioner, 2S

ATTENTION: Joan Dabelko, Director, Office of Community Planning and Development, 2C

FROM: Anna Kondratas, Assistant Secretary for Community Planning and Development, C

**SUBJECT: Area Slum/Blight Activities  
Policy Guidance  
Community Development Block Grant (CDBG) Program**

This memorandum is in response to your April 2, 1990, request for guidance on two CDBG issues: (1) the length of time an area can be considered slum/blighted, and (2) the definition of substandard for residential rehabilitation. We appreciate the additional information that was provided to us as requested and we apologize for any inconvenience the delay in responding to your inquiry may have caused.

Regarding the first issue, you have requested the specific circumstances under which a slum/blight designation can be questioned based on a change in the area's conditions, and the regulatory basis for such a determination. We believe that 24 CFR 570.208(b)(1) is not clear whether the area must remain qualified under the stated criteria at the time each CDBG-assisted activity is initiated. The regulation states that an activity satisfies the criteria if the area "meets" the definition in paragraph (i), and throughout the area there "is" the condition described in paragraph (ii). The better reading, consistent with other standards for meeting the national objectives in section 570.208, is that the criteria must be met when the funds are to be obligated for the activity, e.g., put under contract. However, the implication of paragraph (iii) is that the criteria under paragraphs (i) and (ii) need only be present at the initial area "designation". The record keeping requirement of section 570.506(b)(7) and the CPD Monitoring Handbook reassert the implication.

It is clear that, at the time that a grantee initially makes a decision to use CDBG funds for activities to address slums or blight on an area basis, the area must be so designated in accordance with the regulatory criteria in effect at the time of designation. However, because the regulations do not explicitly provide otherwise, we believe that once the area is designated, the grantee can continue to undertake CDBG-funded activities as long as the basis for the initial determination is not in question. If the regulatory criteria change, the grantee must meet the new test for a slum/blighted area before new CDBG funds can be spent. For example, an area that qualified under the slum/blight standards prior to the regulatory revisions in 1983 would have had to be re-designated in accordance with the new standards in the 1983 CDBG rule. Similarly, the area would have had to have been re-designated in 1988 when the

most recent revisions were made in order to ensure that the area still qualified under the provisions of 24 CFR 570.208(b)(1). Grantees can, however, complete activities initially undertaken prior to the effective date of the revised regulatory criteria where funds were previously obligated and no new money is being added to an activity.

Because the regulations are unclear with respect to the length of time CDBG funds can be spent in a designated slum/blighted area, activities can continue to be undertaken until there is "substantial evidence to the contrary" that a new activity in a prior designated area would still reasonably "be considered to aid in the prevention or elimination of slums or blight" (see section 570.208(b), first paragraph). (The term "new activity," for these purposes, means an activity for which funds have not previously been obligated.) It is recognized that some areas will require a longer period of time to treat than others. When undertaking national objective reviews, field staff should apply the criteria at 570.208(b)(1) and question slum/blight activities when substantial evidence exists that contradicts the grantee's assertions contained in its designation of an area or is inconsistent with the applicable HUD requirements. For these purposes, Exhibit 4-5 of the CPD Monitoring Handbook provide specific questions to help the HUD reviewer. We are considering regulatory change that would prevent abuse in extreme cases.

With respect to the second issue, clarification was requested regarding the definition of substandard for residential rehabilitation when a grantee's definition is stricter than the housing quality standards for the Section 8 Housing Assistance Payments program. The regulations at 24 CFR 570.208(b)(1)(iv) state that rehabilitation of residential structures may qualify as a slum/blight activity provided the structures qualify as substandard under local definition. The local definition must be such that buildings deemed substandard "would also fail to meet the housing quality standards for the Section 8 Housing Assistance Payments Program - Existing Housing (24 CFR 882.109)." (emphasis added). This means that substandard buildings must fail both the housing quality standards as well as local standards. If the structures do not fail the Section 8 housing quality standards, they would not be considered substandard for this purpose. For instance, if the Section 8 housing quality standards require two electrical outlets per room, the local standards require four outlets per room, and a building has three outlets per room, it would not be considered substandard in accordance with 570.208(b)(1)(iv).

If additional information is required, please contact the Entitlement Communities Division at FTS 458-1577.

cc: Edwin Gardner, SC

cc:

CGBE: Zinni 7280 CGBE: Miecuna 7282

CGBE: Broughman 7282 CGBE: Chron/Files 7282

CGB: Patch 7286 CU: 7233

COOF: Davis 7208 DUSFC: Gardner 7106

OGC: Landau 8158 CPE: Wye 7186

CGBE: Zinni/ry Ext. 708-1577 Rm. 7282 DMZSLUM.WP 11/28/90  
PM CCB 600201L 3244-cpd-4/11 rewritten 4/4/91