

National Objective Waiver

August 22, 1996

MEMORANDUM FOR: Mary Ellen Morgan, Director, Office of Community Planning and Development, ED, CSO

FROM: Andrew Cuomo, Assistant Secretary, Community Planning and Development, C

SUBJECT: Request for Waiver - State of Connecticut - Town of Thompson, Connecticut's State Community Development Block Grant Program

This is in response to your memorandum of July 23, 1996, transmitting and recommending a request from the State of Connecticut, on behalf of the Town of Thompson, Connecticut. The State is requesting a waiver of national objectives regulations at 570.483(b)(3) of State Community Development Block Grant (CDBG) Program. This request is submitted pursuant to 24 CFR Part 5.110 which grants, to HUD, the power to waive any requirement in title 24 not specifically required by law, where the application of the requirement would adversely affect the purposes of the Act.

This waiver will allow a private non-profit limited equity housing cooperative in the Town of Thompson, Connecticut to use \$175,000.00 in State CDBG funds to acquire land. The State CDBG funds will be used to pay the downpayment required for the acquisition. The total cost of this activity is \$1,520,000.00. The land currently houses 80 mobile homes. The mobile homeowners are now leasing the property from a private owner. The tenants have formed a tenant association and negotiated a five year lease with an option to purchase the park.

The use of CDBG funds for acquisition of property is eligible under section 105(a)(1) of the Act. However, because the property is being acquired for the purpose of providing housing, compliance with the national objective of benefit to low- and moderate-income persons must be based upon the requirements of 24 CFR 570.483(b)(3). Section 24 CFR 570.483(b)(3) of the regulations requires applicants to consider each mobile home unit as a single housing structure in determining low- and moderate-income benefit. Inasmuch as not all of the 80 mobile home units in the park are occupied by low- and moderate-income households, the State of Connecticut seeks to waive this part of the regulations. Because the methodology identified in the regulations at 24 CFR 570.483(b)(3) is not required by statute, HUD may consider a waiver to permit the use of another methodology to meet the housing national objective of benefit to low- and moderate-income persons.

Section 24 CFR 5.110 allows HUD waiver authority for any requirement in Subpart I not required by law where application of the requirement would adversely affect the purposes of the Act. The State of Connecticut indicates in its request that the rising rents in the mobile home park with declining services is the major reason for the formation of the tenant association. The purchase of the property will enable

these properties to remain affordable to the low-and moderate- income homeowners. Currently, 77 (96%) of the total 80 mobile home units are now occupied by low- and moderate-income residents.

Given the information in the above paragraph, the Department has determined that the State has demonstrated that application of the requirements at 24 CFR 570.483(b)(3) will adversely affect the purposes of the Act. If the housing cooperative is unable to purchase the property, the availability and affordability of these housing units to low- and moderate-income persons could be lost, negatively impacting the Town's housing stock and its low- and moderate-income residents currently residing or expected to reside in these units. Therefore, under the authority of 24 CFR 5.110, I hereby waive the limitation at 24 CFR 570.483(b)(3) to permit the State of Connecticut to allow the Town of Thompson's private non-profit limited equity housing cooperative to use CDBG funds for acquisition of the mobile home site.

If you have any questions about this approval, please contact the State and Small Cities Division, (202) 708-1322.