

Neighborhood Revitalization Strategy Areas

June 11, 1998

MEMORANDUM FOR: Mary Ellen Morgan, Director, Community Planning and Development, 1ED
FROM: Saul N. Ramirez, Jr., Assistant Secretary for Community
Planning and Development, D \s\

**SUBJECT: Waiver Request, City of Hartford, Connecticut
Community Development Block Grant (CDBG) Program
Neighborhood Revitalization Strategy Areas (NRSA)**

This is in response to your facsimile of July 18, 1997, enclosing correspondence from the State of Connecticut and the City of Hartford, requesting a waiver of those standards for HUD approval of a Neighborhood Revitalization Strategy Area (NRSA) that are based on characteristics of particular neighborhoods. The City seeks to have the entire City of Hartford approved as a HUD NRSA and thus be able to benefit from certain incentives available only to such designated areas. Additional information requested from the City in December 1997 was provided in a letter dated April 2, 1998. At that time, the City also specifically requested a waiver of 24 CFR 570.208(a)(1)(vii) so that job creation/retention activities undertaken pursuant to the revitalization strategy could qualify as meeting area benefit requirements, thus eliminating the need for a business to track the income of persons that take, or are considered, for such jobs.

Notice CPD 96-01, CDBG Neighborhood Revitalization Strategies, established certain criteria for HUD approval of a NRSA. Since none of the criteria for designation is statutory or regulatory in nature, waivers of these individual criteria may be granted by HUD Field Offices. However, as outlined in the referenced Notice, HUD designation as a NRSA provides a City with four benefits, three of which are authorized by the regulations upon designation by HUD as a NRSA: aggregation of housing units, exemption from the aggregate public benefit standard for special economic development activities, and exemption of services carried out by Community-Based Development Organizations (CBDOS) from the public service cap. However, to receive the fourth benefit, authorization to qualify job creation/retention as low/moderate income area benefit, the NRSA must meet certain regulatory criteria (as stated in 24 CFR 570.208(a)(1)(vii), as authorized by 24 CFR 570.208(d)(5)(i) of the CDBG regulations). These provisions specifically require that the area must contain a percentage of low- and moderate-income residents that is no less than the upper quartile percentage of the jurisdiction or 70 percent, whichever is less, but in no event less than 51 percent. The City of Hartford's upper quartile percentage is 75.4 percent. Accordingly, under the regulation, only a NRSA which is at least 70 percent low and moderate income would qualify. It is staff's understanding that 62 percent of the residents of the City of Hartford overall are low and moderate income. Therefore, the City has requested a waiver of this regulation in order for the City as a whole to receive this benefit of NRSA designation.

This Office has carefully reviewed the justifications for this waiver submitted by the City, as well as census data and census maps created on HUD's Community 2020 software. While it is recognized that large areas of the City are at least 51 percent low and moderate income, a higher standard was set for designation as a NRSA. CPD Notice 96-01 states that the designated area must contain a percentage of

low and moderate-income persons that is equal to the upper quartile percentage or 70 percent, whichever is less, but in any event, not less than 51 percent. Although this standard is not a regulatory requirement for NRSA designation by HUD, the purpose of this policy is to focus grantee efforts and maximize benefits in those areas which contain the neediest residents. Meeting this standard also enables an area to qualify job creation/retention activities as area benefit activities.

One of the objectives of the NRSA concept is that the strategy developed by the City will provide for the economic empowerment of the low- and moderate-income residents and achieve substantial improvement in the delineated areas, generally within a five year time period, through concentration of effort in an area of manageable size. There is concern that authorizing a waiver to permit a city-wide NRSA would dilute the City's effort and fail to result in significant tangible benefits to low- and moderate-income persons. Furthermore, it is not clear, given the information provided, that the City could show any degree of measurable progress in such a large area within a reasonable period of time. The waiver requested by the City thus stands in conflict with the basic principles involved in NRSA designation and is therefore denied.

It is suggested, however, that the HUD Connecticut State Office work with City officials to delineate neighborhoods within Hartford that might individually or in combination receive a HUD NRSA designation. It is staff's understanding that the City identified several neighborhoods for intense treatment in the State Neighborhood Revitalization Zone process, rather than requesting City-wide designation as it did with HUD. Perhaps it is possible for the HUD NRSA to be co-terminus with the State designated area, thus addressing one of the major concerns stated by the City of having designated neighborhoods treated in the same manner and subject to the same rules.

If you have any further questions or need additional information regarding this matter, please contact the Entitlement Communities Division at (202) 708-1577.