

# Proposed Activities in Blighted Areas

May 8, 1984

MEMORANDUM FOR: Gerald Simpson, Regional Administrator  
Region VII

ATTENTION: Miguel Madrigal, Regional Director for CPD  
Region VII

FROM: Stephen J. Bollinger, Assistant Secretary for Community Planning and Development, C

**SUBJECT: Determination and guidance request concerning proposed activities in "blighted areas" in Springfield, Missouri**

This is in response to your memorandum of March 29, 1984, concerning two Community Development Block Grant (CDBG) activities proposed by Springfield, Missouri.

## **Park Central Square Mall**

We see no particular problem regarding demolition of existing improvements and construction of street and related improvements for the Park Central Square Mall area as eligible CDBG activities under § 570.201(c), Public facilities and § 570.201(d), Clearance activities. This is notwithstanding the fact that the mall was created through use of Urban Renewal funds. However, such activities might not meet the broad national objectives of the CDBG program. If that is the case, Springfield would not be able to use CDBG funds for the proposed activities.

As you note, Springfield is obligated to maintain evidence that each funded activity meets one of the broad national objectives (see 570.200(a)(2)). We assume that the activity clearly does not meet the standards for activities benefiting low and moderate income persons or for activities designed to meet community development needs having a particular urgency.

With regard to the standard for the prevention or elimination of slums or blight, it seems clear that the activity would not qualify under the provisions on Urban Renewal completion since the activity was not part of the HUD-approved Urban Renewal plan. Further, under the provision for activities outside a slum or blighted area, street improvements are not authorized, and demolition is authorized only to eliminate specific conditions of blight or physical decay. From the information you have provided, the improvements to be cleared themselves do not appear to constitute a condition of blight and physical decay. Based on the limited information available here, it appears that the only standard under which the proposed activities could qualify is the one for activities in a slum or blighted area. The City indicates that vacant structures are a matter of concern. In terms of meeting this standard, the following excerpt from the preamble to the CDBG final rule is particularly relevant (48 FR 43553):

"One commenter felt that too much emphasis was placed on indicators of physical deterioration to determine if an area qualifies as slum or blighted. The commenter suggested that other indicators should also be included such as vacancy rates. As described above, the standard in this final rule requires a determination that conditions in a delineated area meet standards under State or local law. Excessive vacancies could be one of those standards. However, the area must also be one in which there is a substantial number of deteriorating or dilapidated buildings or improvements. High vacancy rates alone could not qualify an area as slum or blighted."

You should inform Springfield of these observations and that it must develop and maintain evidence that the proposed activity clearly meets one of the standards as outlined in § 570.208 concerning the national objectives. Provided that the City complies with this and other applicable CDBG requirements (e.g. environmental review), there appears to be no other legal impediments to the use of CDBG funds for this purpose. We do not see any legal basis for the position taken in the letter of December 15, 1977, from the (former) Kansas City Area Office to Springfield.

### Storm Sewer improvements to Dickerson Park Zoo

Based on the information submitted, we are unable to determine on what basis the Regional Counsel has made his determination regarding the lack of a substantial number of deteriorated or dilapidated buildings or improvements. The City has identified 25 structures as deteriorating. Since the City has requested your determination in its letter of March 8, 1984, it seems appropriate for HUD to visit the site, and provide the city with a determination as to whether the activity meets the national objective as claimed. While there is no numerical standard for what constitutes a "substantial number," you should be aware that in a recent case in California, we concluded that an area claimed to be blighted based only on the fact that 9 percent of the structures had code violations clearly did not meet this standard.

If you have any further questions, please contact Neil Stern of the Entitlement Cities Division at FTS 755-5977.