

Rehabilitation of Buildings Owned by Non-profit Organizations

August 15, 1990

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

ATTENTION: Joan T. Dabelko, Regional Director,
Community Planning and Development, 2C

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

**SUBJECT: Community Development Block Grant (CDBG) Program
Request for Waiver of Eligibility Requirements for Rehabilitation of Buildings Owned by Non-
Profit Organizations
City of Bayonne, New Jersey**

This memorandum is in response to your June 1, 1990 correspondence seeking a waiver of the regulations at 24 CFR 570.202 governing eligible rehabilitation and preservation activities for the City of Bayonne, New Jersey. The waiver is being requested to permit Bayonne to fund the rehabilitation of privately owned non-residential structures.

The regulations at 24 CFR 570.202 currently permit CDBG funds to be used to rehabilitate privately owned buildings for residential purposes, low-income public housing and other publicly owned residential buildings and improvements, publicly or privately owned commercial or industrial buildings (with some exceptions), and manufactured housing if it constitutes part of a community's permanent housing stock. Prior to the publication of the Final Rule in September, 1988, the regulations permitted CDBG funds to be used to finance the rehabilitation of privately owned buildings and improvements. These regulations were revised to make a distinction between rehabilitation of residential structures and rehabilitation of buildings owned by for-profit entities which, depending on the extent of the rehabilitation, may constitute assistance to a for-profit entity which is eligible under 570.203(b) and carries other requirements with it. However, rehabilitation of non-residential buildings owned by non-profits is no longer explicitly authorized in our current rule and a regulatory change is anticipated that will permit such rehabilitation.

For HUD to authorize a waiver of the regulations, the Department must determine that undue hardship will result from applying the requirement and that applying the requirement would adversely affect the purposes of the Act. The City of Bayonne seeks a waiver to permit the rehabilitation of non-residential structures owned by non-profits that are in serious disrepair, constituting a threat to public health and safety.

Taking into consideration the benefit to Bayonne, New Jersey, in meeting its community development objectives in a timely manner, I have determined that failure to grant a waiver of the regulation at 24

CFR 570.202 would cause undue hardship and adversely affect the purpose of the Act. Therefore, under the authority of 24 CFR 570.5, I hereby waive the limitations on rehabilitation of non-residential structures owned by non-profit organizations to permit CDBG funds to be used for this purpose. In conveying the waiver to the City, please advise it that the activity must be in compliance with statutory and regulatory provisions and that affected citizens must be provided an opportunity to comment on this use of funds, in accordance with the citizen participation requirements of the CDBG program.