

## Renovation of an Opera House

Ms. Patricia E. Chase  
Community Development Coordinator  
Planning Development and Zoning Department  
31 Wakefield Street  
Rochester, NH 03867-1917

Dear Ms. Chase:

On behalf of Secretary Cisneros, thank you for your letter of February 10, 1995, in which you seek funds to renovate the historic Rochester Opera House, located in the City of Rochester, New Hampshire. The Opera House comprises the second and third floors of Rochester's City Hall, and your goal is to use the facility as a theater to provide free entertainment for children. The Office of Block Grant Assistance has been asked to respond to your letter and has also received the pictures which you sent to Secretary Cisneros on March 7, 1995.

The Department of Housing and Urban Development (HUD) has no supplemental discretionary funding available for your proposed project since the Secretary's Discretionary Fund has been terminated by legislation. The limited additional funding available for Special Purpose Grants under Section 107 of the Housing and Community Development Act of 1974, as amended, is awarded strictly on competitive basis. Proposals are only considered in response to Notice of Fund Availability (NOFAs) that HUD may periodically publish in the Federal Register. Whenever such a NOFA is published, it will include a description of the type of activities that will be considered for funding and specific application requirements.

The City of Rochester may wish to consider using some of its Community Development Block Grant (CDBG) funds for the subject activity. As the Coordinator for the City of Rochester's CDBG program, you are no doubt aware that assistance can generally not be provided for buildings used for the general conduct of government, pursuant to the CDBG regulations at 24 CFR 570.200(b) (1). However, the regulations at 24 CFR 570.200(b)(1) do provide that, when a facility contains both eligible and ineligible uses, CDBG funds may be used to assist the eligible portion of the facility if it will occupy a discrete part of the larger building and the proposed assistance will only include costs that can be attributed separately to that space as separate and distinct from overall costs for the larger building. Thus, in this case, the City of Rochester may be able use CDBG funds for certain rehabilitation costs that are directly attributable to renovating the opera house into the type of eligible public facility described in your letter.

Should you decide to pursue using CDBG funds for this activity, you may want to discuss this in further detail with your Community Planning and Development Representative, Mr. Gerry Hanauer, in HUD's Manchester Field Office, to assure that the project is structured correctly, including the satisfaction of national objective requirements. In addition, you may wish to explore with Mr. Hanauer the possibility of applying for assistance under the Section 108 Loan Guarantee program. As the loan guarantee provision of the CDBG program, Section 108 can provide a source of financing for large scale physical development projects. A community can apply for a maximum commitment of up to 5 times its annual

CDBG amount. The guaranteed loan would then be repaid by any revenues generated by the project and/or the City's future CDBG allocations.

Thank you for your interest in the Department's programs.

Very sincerely yours,

(signed J. B.)

James R. Broughman  
Director, Office of Block Grant Assistance