



CHAPTER 10: REVITALIZATION AREAS

CHAPTER PURPOSE & CONTENTS

This chapter provides detailed information on Neighborhood Revitalization Strategy Areas (NRSA). Topics covered include:

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10.1 Background

- ✓ Grantees may designate local target areas for revitalization. There are no HUD rules concerning the designation of such areas; however, additional guidance is provided at the end of this chapter.
- ✓ The Federal Register published on January 5, 1995 authorized entitlement grantees to develop comprehensive approaches to address economic development and housing needs in a designated neighborhood within their community. This approach is referred to as a NRSA.
 - This chapter highlights the requirements for developing and submitting a NRSA to the local HUD Field Office for approval.
 - The CDBG State and Small Cities Program also has a provision for a similar plan known as a Community Revitalization Strategy.
- ✓ NRSA requests are submitted as a part of, or as an amendment to, a grantee's Consolidated Plan.
- ✓ The following is a summary of applicable statutory and regulatory citations and other reference materials available from HUD:



| | |
|---|---|
| Regulatory/Statutory Citations | §91.215 (e) (2) §570.208 (a) (1) (vii) and (d) (5) (i) §570.208 (a) (3) and (d) (5) (ii) §570.209 (b) (2) (v) (L) and (M) §570.204 (b) (ii) |
| Other Reference Materials on This Topic | ✓ CDBG Guide to National Objectives and Eligible Activities <ul style="list-style-type: none"> ◆ Appendix E ✓ CPD Notice 96-01 |

10.2 Benefits

- ✓ Communities with approved NRSAs are offered enhanced flexibility in undertaking economic development, housing, and public service activities with their CDBG funds.
- ✓ This flexibility is designed to promote innovative programs in economically disadvantaged areas of the community.
- ✓ Areas of enhanced regulatory flexibility include:
 - Job creation or retention effort focused on the selected neighborhood may be classified as meeting the LMI area benefit national objective requirements.
 - Businesses that receive such assistance need not track the specific income of newly hired employees to demonstrate LMI benefit.
 - This provision reduces the administrative burden to the business and is intended to provide an incentive to businesses to participate in the community’s job creation/retention programs.
 - Aggregation of housing units for which CDBG funds are obligated during each program year and treat them as a single structure.
 - 51 percent of total number of units must be occupied by LMI households.
 - This permits grantees greater flexibility in applying the LMI housing national objective criteria for the housing category.
 - In turn, grantees have flexibility in providing housing to residents of the NRSA neighborhood.
 - NOTE: The flexibility to aggregate housing units assisted does not change the requirement that homeownership assistance provided under 570.201(n) must be provided only to LMI households.
 - Economic development activities carried out in the NRSA may be excluded from the aggregate public benefit standards.
 - This reduces recordkeeping requirements.
 - This affords greater flexibility in selecting and implementing economic development activities, and reduces the amount and scope of information that grantees must collect and document regarding its programs.



- Note, however, that projects are still subject to the individual/project public benefit standards.
- All public services offered within the NRSA **and** carried out as part of qualified projects under the NRSA **by a CBDO** are exempt from the public services cap.
 - This permits grantees to offer a more intensive level of services within the approved community, as needed to stimulate revitalization.
 - This flexibility includes job training and other employment related services and as such, it can provide an important foundation for economic opportunity for neighborhood residents.

10.3 Preparing and Submitting a Neighborhood Revitalization Strategy

- ✓ The written NRSA must be complete and include each of the key items discussed below.

10.3.1 Neighborhood and Demographic Criteria

- ✓ The submission must fully describe the geographic area to be covered by the NRSA. The areas covered must be contiguous: no checkerboard areas across the community!
 - The selected area must be primarily residential.
 - The area must contain a high percentage of LMI households.
- ✓ The percentage of LMI residents within the neighborhood must be equal to:
 - 70 percent of the total population in the selected area (if the grantee's upper quartile is greater than 70 percent LMI);
 - The upper quartile percentage (if the grantee's upper quartile is greater than 51 percent, but less than 70 percent LMI in the total population); or
 - 51 percent of the total population (if the grantee's upper quartile percentage is less than 51 percent).

10.3.2 Community Consultation

- ✓ The written submission must outline the process used by the community to develop the NRSA. The NRSA must be developed in consultation with members of the community, including:
 - Residents of the area;
 - Owners/operators of businesses in the area;
 - Local financial institutions;
 - Non-profit organizations; and
 - Community groups.
- ✓ When describing the consultation process, it is important to describe the methods used by the community to provide outreach to the types of groups noted above and how the needs and concerns of the consulted parties were incorporated into the NRSA.



10.3.3 Assessment

- ✓ In this section of the NRSA, the grantee must assess the area selected.
- ✓ First, the grantee must assess the **economic conditions** of the proposed NRSA. This analysis might include a discussion of such topics as:
 - Levels of unemployment;
 - Numbers of businesses located within the area, including: numbers of service facilities such as grocery stores, drug stores, gas stations, etc.; and the number of people employed by such businesses;
 - Access to capital (or lack thereof) in order to form businesses in the area;
 - Housing needs of residents in the area including: rents; home prices; and housing quality; and
 - Current availability of economic development or other community services within the area.
- ✓ Next, the NRSA must describe the **opportunities** for economic development improvement within the neighborhood. This analysis might include a discussion of such topics as:
 - Unmet demand for specific types of facilities or services (such as the need to create/foster a lending institution within the neighborhood);
 - Community organizations that are ready and available to assist with economic development efforts;
 - Skills or services that are currently unused or underutilized within the community; and
 - Visionary or fledgling projects unable to take root in the NRSA due to lack of funding.
- ✓ Finally, the NRSA must describe the **problems** that the community is likely to face as it implements programs in this neighborhood. This discussion might cover such common problems as:
 - Hesitation from private sources (such as area banks) to invest in the area;
 - Community opposition to certain types of development activities (NIMBY sentiments);
 - Inexperience of local community groups or organizations; and
 - Crime and/or security concerns at project sites.

10.3.4 Economic Empowerment

- ✓ This section describes actions the grantee will undertake to increase economic opportunities within the NRSA.
- ✓ The NRSA must discuss the activities that will be undertaken to create meaningful jobs for unemployed LMI residents of the area. This discussion should be realistic and indicate how the grantee plans to accomplish this objective.
- ✓ The NRSA must also highlight how the plan will promote revitalization of the neighborhood. In other words, what the NRSA is really going to do to help turn the neighborhood around and promote economic opportunity for residents.



10.3.5 Performance Measures

- ✓ Finally, the NRSA must set goals and anticipated results for the implementation of the plan. These results must be described in measurable terms. Grantees are expected to report on their progress toward these measurable outcomes.
- ✓ Measurable outcomes may cover such areas as physical improvements, social initiatives, and economic empowerment. Examples may include:
 - Create 25 new businesses;
 - Achieve five percent increase in employment;
 - Open two new job training centers;
 - Reduce families on welfare by five percent;
 - Attract new community lending institution to the neighborhood;
 - Formation of a community business association; and
 - Offer ten training seminars to teach area residents about small business start-up.

10.4 Funding the NRSA

- ✓ Grantees do not need to commit specific **future** funds for use in the NRSA at the time that the NRSA is submitted.
 - For example, the grantee is not required to commit a portion of its fiscal year (FY) 2011 CDBG funds to the revitalization initiatives in the NRSA submitted in 2009.
- ✓ After approval of the NRSA, the grantee's subsequent Action Plans **must** describe the HUD formula program resources that may be used to achieve the NRSA goals.
 - Also, each year after the initial NRSA submission, the grantee must identify in its Action Plan for that year the measurable outcomes it expects to achieve during the year for the NRSA.

10.5 HUD Review, Approval, and Monitoring

- ✓ As noted above, the NRSA request is submitted with the Consolidated Plan to HUD for review and approval or is submitted as an amendment to an existing plan.
 - The Consolidated Plan already includes detailed information about the community and its residents. If this Consolidated Plan information is also used to describe the NRSA, it need not be duplicated. The grantee may simply reference other parts of the Consolidated Plan or other documents that HUD already has in its possession.
 - If the grantee has already submitted its Consolidated Plan for a given year, the NRSA request may be undertaken as an amendment to the plan.
- ✓ Once approved, the NRSA remains in effect for the term designated by the grantee in the NRSA. If the grantee wishes to extend the NRSA beyond the original time frame, it must advise HUD in its subsequent Consolidated Plan submission.
- ✓ As applicable, HUD will approve the NRSA at the same time it approves the Consolidated Plan. NOTE: HUD will not withhold its approval of the Consolidated Plan if all else is acceptable and the NRSA piece is not in order.



- ✓ CAREFUL: HUD must expressly state in writing its approval of the NRSA. It cannot be assumed that approval of the Consolidated Plan is also an approval of the NRSA.
- ✓ HUD’s review of NRSAs will emphasize:
 - The grantee’s capacity to undertake this effort;
 - The likelihood that the plan will achieve its revitalization goals; and
 - The extent to which the NRSA effectively coordinates public and private resources.
- ✓ HUD will only approve NRSAs that seek to achieve measurable results:
 - Creation of meaningful economic opportunities for residents; and
 - Opportunities must be created within the time frame of the Consolidated Plan (generally a five-year period).
 - The NRSA is not required to fully revitalize a neighborhood during the Consolidated Plan period, but the grantee must demonstrate significant, measurable results.
- ✓ Grantees must report to HUD, and HUD will monitor the progress against the established outcomes each year.
 - The Integrated Disbursement and Information System (IDIS) provides a way for NRSAs to be set up and identified within the system (e.g., Chatham Revitalization Area). On Setup Detail Page 1 of Activity Setup, there is a section labeled “Target Area”.
 - To add a new area, the grantee can select “Strategy Area” as the Area Type and click the “Add New Area” button. The grantee will need to name the NRSA and enter the HUD Approval Date for the NRSA. Each NRSA only needs to be added once to the system.
 - To identify an activity associated with an NRSA once the area has been added, the grantee can select “Strategy Area” as the Area Type and then select the specific NRSA from the Area Name field.

- IDIS also provides a mechanism for tracking and reporting data within the NRSA. IDIS report PR14 provides a list of CDBG-assisted activities in an NRSA. In addition, the PR84 provides a list of performance measurement data collected within NRSAs.
- ✓ Consequences for lack of performance include:
 - If performance is lacking, HUD may suspend or withdraw the NRSA approval.
 - CDBG Program flexibilities would then be withdrawn until, and unless, the grantee can submit an acceptable revised NRSA.



- Grantees should consult with their CPD field office representative often when developing the requested NRSA. The CPD staff can provide insight about the types of information to be submitted. In addition, HUD can provide technical assistance on how to analyze appropriate data.

10.6 Amending the NRSA

- ✓ Grantees may amend their strategies. These amendments would follow the Consolidated Plan amendment process found in 24 CFR 91.505.
- ✓ This amendment may occur when:
 - Conditions that existed at the time of the NRSA submission have changed substantially, or
 - When the grantee has determined that the originally approved NRSA has not been effective and a different approach is needed.
- ✓ A NRSA may also be amended if HUD suspends or withdraws its approval of the NRSA because the outcomes have not been achieved.
- ✓ NOTE: Some grantees will be submitting a new Consolidated Plan soon. At the time of the new plan, grantees with NRSAs can either:
 - Renew the term of their NRSA commensurate with the five year Consolidated Plan term;
 - Submit the prior NRSA with a statement that there is no change in the NRSA; or
 - Submit an amended NRSA.

10.7 Local Target Areas

- ✓ Many CDBG grantees decide to take a locally targeted approach to the investment of their CDBG funds to focus on neighborhood revitalization and set up specific target areas in their community. The use of such target areas is acceptable, but only HUD-approved NRSAs may benefit from the flexibilities discussed above in Section 10.2, Benefits.
 - Grantees may offer special incentives or additional funding may be provided by the grantee in target neighborhoods. For example, a community may run a city-wide homeowner rehabilitation program with a self-imposed cap of \$35,000 maximum assistance per unit. In a target area, the community may decide to raise the cap to \$45,000 for investment.
 - These target areas do not have specific criteria like NRSAs. These areas do not need to be specifically approved by their HUD Field Office; however, these areas are typically included as part of the grantee’s Consolidated Plan and Annual Action Plan.
 - The Integrated Disbursement and Information System (IDIS) provides a way for local target areas to be set up and identified within the system (e.g., Blueberry Hill Area). On Setup Detail Page 1 of Activity Setup, there is a section labeled “Target Area”.
 - To add a new area, the grantee can select “Local Target Area” as the Area Type and click the “Add New Area” button. The grantee will need to name the target area and specify the type (Housing, Commercial, Comprehensive, or Other). Each target area only needs to be added once to the system.



- To identify an activity associated with a local target area once the area has been added, the grantee can select “Local Target Area” as the Area Type and then select the specific local target area from the Area Name field.
- IDIS also provides a mechanism for tracking and reporting data within local target areas. IDIS report PR14 provides a list of CDBG-assisted activities associated with each local target area. In addition, the PR84 provides a list of performance measurement data collected for each local target area.