

## Change in Use of Urban Renewal Property

### NEWSBRIEF

(excerpt from February 28, 1997)

**CHANGE IN USE-URBAN RENEWAL PROPERTY** A question has been raised regarding the procedures necessary for approval of the reuse of a vacant parcel of land purchased through the urban renewal program. In this particular case, the grantee had intended to use the property for parking, but now proposes to use the site for new housing construction for low- and moderate-income persons.

The closeout of this urban renewal project was subject to the provisions of Subpart N of the Community Development Block Grant (CDBG) regulations. Section 570.804(b)(7)(i) of these regulations states that any land remaining following project settlement may be retained for disposition by the local public agency, or transferred to the unit of general local government for use or disposition subject to the covenants specified in §570.801(c)(1)(i), (ii), (iii) and (iv). This requirement is usually contained in the urban renewal closeout agreement.

Section 570.801(c)(1)(i) addresses the issue of land use and states that "the use of the property by the unit of general local government or its assignees shall be in accordance with the applicable urban renewal plan." It is a local matter to determine whether this intended change in land use is in conformance with the plan or whether an amendment is necessary.

Any amendment process used should be consistent with the amendment provisions of the plan. Furthermore, §570.801 (c)(1)(iii) states that any proposed conveyance for purposes of redevelopment shall be subject to the public disclosure requirements otherwise applicable to local public agencies in the disposition of project land to redevelopers under Section 105(e) of Title I of the Housing Act of 1949, as amended. The renewal plan may also contain the City's public disclosure policy. Accordingly, local officials should review the urban renewal plan covering this property and determine what steps are necessary to assure compliance with the terms of the closeout agreement.

The closeout agreement also should include a provision that the requirement for disposition at fair use value under Section 110(c)(14) of Title I of the Housing Act of 1949, as amended, is not applicable to this property [per §570.801(c)(2)]. However, any proceeds resulting from the disposition of property listed in the closeout agreement after the financial settlement are treated as program income of the unit of government under the provisions of 24 CFR 570.504 of the CDBG program.