

Qualification of Split Place under the CDBG Program

October 28, 1991

MEMORANDUM FOR: A. Cynthia Leon, Manager
San Antonio Office, 6.8S

FROM: Randell H. Erben, Deputy Assistant Secretary for Grant Programs, CG

SUBJECT: Qualification of Split Place Under the Community Development Block Grant (CDBG) Urban County or State Programs

This is in response to your memorandum dated October 9, 1991 regarding the eligibility of the City of Schertz, Texas, to participate in both an urban county program and the State CDBG Program. The City of Schertz's population falls in Bexar, Comal, and Guadalupe Counties. You attached a letter from the Department of Community Resources in San Antonio, Texas (Bexar County), which references the Texas Housing Agency (State) legal counsel's verbal opinion that an incorporated city could participate in both an urban county and a State CDBG program simultaneously if only a portion of the city is participating in the urban county. You ask for our guidance in responding to the County since the determination by the Texas Housing Agency's counsel contradicts the Urban County Qualification Instructions, Notice CPD-91-18, issued on July 11, 1991.

There appears to be confusion on the use of a split place's population for qualifying an urban county and for computing an urban county's CDBG grant. Notice 91-18 does not conflict with the State CDBG program regulations. Notice 91-18 is based on statutory and regulatory requirements for the qualification, allocation and distribution of CDBG funds to urban counties.

Special rules apply for units of general local government that are located partly within and partly outside a county (a split place). Section 102(a)(6) of the Housing and Community Development Act of 1974 and 24 CFR 570.3(ee) provide the criteria for qualifying an urban county for Federal CDBG funding. To be eligible for urban county designation, a county generally "has a population of 200,000 or more (excluding the population of metropolitan cities therein), and has a combined population of 100,000 or more (excluding the population of metropolitan cities therein)...." This section of the Act requires that only the populations of the areas and such units (excluding metropolitan cities) located within the county be used for urban county qualification. Therefore, only the population within that portion of the City of Schertz that is located within Bexar County would be counted for qualifying Bexar County as an urban county.

Section 106(b)(5) of the Act specifically covers split places and identifies how they are to be handled in computing the CDBG grant amount for urban counties. The provision requires that if a split place were to participate in an urban county, the following would be included for purposes of computing the grant:

All of the area of a split place which is part of, but not located entirely within the boundaries of, such urban county if the part of the split place which is within the boundaries of the urban county would otherwise be included in computing the amount for the urban county, provided that the part of the split place not within the boundaries of the urban county is not included as a part of the computation of

another entitled city or county.

Section 102(d) of the Act states, "...the population of any unit of general local government...included in the population of such urban county for three program years...shall not otherwise be eligible for a grant under section 106 as a separate entity...." The CDBG regulations at 24 CFR 570.307(e)(2) and Notice 91-18, Attachment A, paragraph F. reiterate this requirement. Therefore, a split place has three options. It may choose to be excluded from the urban county, to be entirely included in one urban county and excluded from all other urban counties, or to participate as a part of more than one urban county. Since the City of Schertz is partially located in Bexar County (the only County in which Schertz is located that is currently qualified as an urban county), it has the choice of being included entirely in Bexar County's urban county configuration for this next 3-year qualification period, or competing for funds each year under the State's CDBG program. It does not have the option of participating in both the urban county's and the State's CDBG programs.

I hope this helps you in responding to the County. If you have any questions, please contact the Entitlement Communities Division at FTS 8-458-1577.

Linda Marston, SC