

Urban County Funding in a Metropolitan City's Jurisdiction

February 7, 1986

MEMOANDUM FOR: Stephen Havens, Acting 10anager
Columbus Office, 5.3S

ATTENTION: John E. Riordan, CPD Division Director. 5.3C

FROM: Alfred C. Moran, Assistant Secretary for Community
Planning and Development, C

SUBJECT: Urban County Funding of Projects in a Metropolitan City's Jurisdiction

This is in response to your memorandum of October 25, 1985, raising questions about the eligibility of an urban county funding activities inside the jurisdiction of a metropolitan city entitlement grantee.

You basically want to know whether there must be a direct benefit to the urban county when it funds activities outside its boundaries. As you know, our entitlement regulations do not address this issue. At one time, the regulations included a provision that enabled HUD to disapprove an application containing projects located outside the boundaries of the grantee that would more than incidentally benefit another jurisdiction. This regulation was a direct result of a statutory requirement which authorized the Secretary to disapprove an application in which it was determined that the activities were plainly inappropriate to the grantee's needs. The Omnibus Budget Reconciliation Act of 1981 eliminated the Secretarial determination along with the application.

The current regulations do not specifically address this issue, not only because it is assumed that governmental entities would not elect to use their CDBG funds for an activity that does not benefit their own jurisdiction, but also because we are not aware of any cases where such a problem developed. It has been recognized as conceivable that a county government, acting as agent for an urban county consortium, might want to fund an activity that principally benefits one or more units of government within its general jurisdiction which are not participating in the urban county consortium (including a metropolitan city). In such a circumstance, the county as a whole would benefit from the activity, even though there may be only minimal benefits to the urban county constituents. Even in such cases, however, it is difficult for HUD to judge whether the extent of benefit to be derived by the urban county is so small as to properly question the appropriateness of the activity. This is an area, in our view which is best left to the discretion of the county, subject only to the scrutiny of the affected citizens in the urban county.

Thus, the most effective role for HUD to play in such situations is to ensure that the activity has been described in sufficient detail to enable the citizens of the urban county to be aware of the extent of benefits that will accrue to other portions of the county that are not participating in the urban county. Further, we should check to make sure such a description was published throughout the urban county,

since all citizens in the urban county would likely be affected by using CDBG funds to benefit persons outside the urban county.

In such cases, the grantee must provide the normal documentation for National Objective purposes as it would for any project. In the case of a slum or blight activity, the grantee must maintain documentation which indicates that the area delineated meets the definition of a slum, blighted or deteriorating area under State or local law and that there are a substantial number of deteriorating or dilapidated buildings throughout the area. The area does not have to have a blighting influence on the grantee's jurisdiction.

If the activity is designated as a low/mod benefit project, then the requirements of Section 570.208(a) depending on the type of activity. In any event, the benefit relationship would not be with the County, but with the neighborhood or specific population it served, and the documentation should be maintained by the County accordingly.

02/07/86