

# Using CDBG Funds to Finance the Feasibility of a Municipal Golf Course

January 7, 1997

Honorable John W. Olver  
U.S. House of Representatives  
Washington, DC 20515-2101

Dear Representative Olver:

Thank you for your letter of November 4, 1996, to Ms. Ann Buhlman, on behalf of Mr. Martin C. Lyons, Chairman of the Board of Selectmen, West Springfield, Massachusetts. The Town of West Springfield wants to use Community Development Block Grant (CDBG) funds to finance the feasibility of a municipal golf course.

In your incoming letter, you question whether the prohibition against private recreational facilities (under public benefit standards) extends to public recreational facilities owned and operated for the benefit of the entire community. Mr. Lyons' letter indicates that the proposed West Springfield golf course will be publicly owned and open to the general public who earn average incomes. There will be no membership requirements and the fees will be reasonable.

The public benefit standards cited by Mr. Lyons do not apply to a publicly owned recreational facilities eligible under section 105(a)(2) of the Housing and Community Development Act of 1974, as amended. These standards apply only to economic development-related activities funded under section 105(a)(14), (15), or (17) of the Act. Section 570.482(f)(4)(ii)(C) is included in the State CDBG regulations to ensure that limited CDBG funds are not used for economic development related activities with questionable public benefit or where the preponderance of benefit is to upper income individuals.

The proposed golf course is a public improvement activity and, as such, it must meet the national objective criteria for area benefit. Section 570.483(e) of the State CDBG regulations requires that public improvements which are clearly designed to benefit a primarily residential area must meet national objectives criteria for area benefit activities. This would still be a requirement even in a case where the public improvement activity is able to demonstrate job creation and fifty-one percent of the jobs are for low and moderate income persons. Given the nature of the activity, it is difficult to view the golf course as anything but an area benefit activity. Therefore, to meet the area benefit requirements, fifty-one percent of the persons residing in the area must be low and moderate income.

Public facility activities (such as golf courses and swimming pools) which have a large service area often have difficulty meeting a national objective because the service area may, on the whole, contain less than 51 percent low-and moderate-income persons. Further, such activities are often considered a low priority by states in comparison to other pressing needs of communities, such as water, sewers, affordable and decent housing, and shelters for homeless persons.

States are responsible for designing their State CDBG programs and determining the recipients of CDBG funds. The State of Massachusetts may impose more restrictive requirements for judging publicly owned recreational facilities as long as such requirements do not conflict with statutory and regulatory provisions governing the State CDBG Program.

In a letter, dated November 13, 1996, the State of Massachusetts responded to Mr. Lyon's concerns. The letter states that the proposed feasibility study must meet a national objective in order to receive CDBG funding. In this particular case, this means that 51 percent of the users of this facility must be low- and moderate-income persons. Average income does not equate to low and moderate income.

Thank you for bringing this matter to the attention of the Department. Please let me know if I can be of further assistance.

Sincerely,

Hal C. DeCell III  
Assistant Secretary  
Enclosure