



NATIONAL
ASSOCIATION FOR
LATINO
COMMUNITY
ASSET
BUILDERS

Neighborhood Revitalization Strategy Area (NRSA)

Neighborhood Revitalization Strategy Areas (NRSA) are a way of targeting Community Development Block Grant (CDBG) resources in support of community revitalization efforts. NRSA are described in the consolidated plan regulations at 24 CFR 91.215(g). The U.S. Department of Housing and Urban Development (HUD) provides incentives for the development of revitalization strategies by offering regulatory relief from a variety of requirements applicable to the use of CDBG funds by entitlement communities, such as the City of Tucson.

As an incentive for the City of Tucson to develop and use NRSA, HUD provides greater flexibility in the use of CDBG resources, including Section 108 Loan Guarantee program funds. These incentives are described in the CDBG regulations at 24 CFR Part 570 and in the Benefit section below.

BENEFITS OF NRSA:

The City of Tucson would have enhanced flexibility in undertaking economic development, housing, and public service activities in NRSA with their CDBG funds. The flexibility is designed to promote innovative programs in economically disadvantaged areas, such as the 12th Avenue corridor in Tucson. Areas of enhanced regulatory flexibility are as follows:

Job creation or retention effort focused in the selected neighborhood may be classified as meeting the LMI area benefit national objective. Businesses that receive such assistance need not track the specific income of newly hired employees to demonstrate LMI benefit.

Aggregation of housing units for which CDBG funds are obligated during each program year and treat them as a single structure (e.g., housing rehabilitation). 51% of total number of units must be occupied by LMI households. This provides greater flexibility in applying LMI housing national objective (only exception is homeownership assistance which must still be provided to LMI households).

Economic development activities carried out in the NRSA may be excluded from the aggregate public benefit standards (still subject to individual public benefit standard). This provides flexibility in selecting and implementing economic development activities and reduces the amount and scope of information that the business and the City of Tucson must collect and document.

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 the City 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.

SUBMISSION REQUIREMENTS:

The NRSA request is submitted as part of, or as an amendment to the City's Consolidated Plan/Action Plan. The NRSA should provide viable solutions that address affordable housing and economic opportunity needs, as well as other long-term community improvements. Solutions identified should be accomplished within a reasonable period of time. Improvements should be apparent to the intended beneficiaries, which are principally the low- and moderate-income residents of the specific neighborhood. The NRSA must include the following:

Neighborhood and Demographic Criteria:

The submission must fully describe the geographic area to be covered by the NRSA. The area(s) must be contiguous and;

- The selected area must be primarily residential;
- The area must contain a high percentage of LMI households. A quick review of the Census Tract Block Groups surrounding 12th Avenue show that all adjacent areas are at minimum 51 percent LM with a few in the 80's.

The percentage of LMI residents within neighborhood must be equal to:

- 70 percent of total population in selected area (if upper quartile is greater than 70 percent LMI)
- The upper quartile percentage (if upper quartile is greater than 51 percent)
- 51 percent of the total population (if the City's upper quartile percentage is less than 51 percent). I believe this is what the City of Tucson would be looking at.

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

Assessment:

The City of Tucson 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); and
- Inexperience of local community groups or organizations.

Economic Empowerment:

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 City of Tucson 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.

Performance Measures:

The NRSA must set goals and anticipated results for the implementation of the plan. These results must be described in measurable terms. The City would be 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 community kitchens;
- 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.

FUNDING THE NRSA:

The City of Tucson does not need to commit specific *future* funds for use in the NRSA at the time that the NRSA is submitted. After approval of the NRSA, the City'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 City must identify in its Action Plan for that year the measurable outcomes it expects to achieve during the year for the NRSA.

HUD REVIEW AND APPROVAL:

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. Once approved, the NRSA remains in effect for the term designated by the City in the NRSA. If the City wishes to extend the NRSA beyond the original time frame, it must advise HUD in its subsequent Consolidated Plan submission. Also, HUD must expressly state in writing its approval of the NRSA. HUD's review of NRSAs will emphasize:

- The City'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 City must demonstrate significant, measurable results. The City will have to 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. IDIS also provides a mechanism for tracking and reporting data within the NRSA.

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 City can submit an acceptable revised NRSA.
- The City 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.