



## U.S. Department of Housing and Urban Development

MASSACHUSETTS STATE OFFICE, NEW ENGLAND AREA  
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Cathy Buono, Director of Finance  
Springfield Community Development Department  
1600 East Columbus Avenue  
Springfield, MA 01103

Dear Ms. Buono:

SUBJECT: City of Springfield North End Metro Center Neighborhood Revitalization Strategy Area (NRSA)  
July 1, 2015 – June 30, 2020

Pursuant to the City of Springfield's request, we are writing to provide the results of our review of the City's request to approve a NRSA designation for an area described as the North End Metro Center Neighborhood. We find that the North End Metro Center NRSA area is primarily residential, contains over 70 percent LMI households, and contains reasonable performance benchmarks.

The City of Springfield was recognized as a Round I Enterprise Community in the fiscal year beginning July 1, 1995. The following year the City requested that the Empowerment Zone status be extended to include designation as an NRSA, and was granted that status by the Boston Field office. The NRSA's geographic boundaries were amended in 2008 with some boundary amendments that divided the area into three NRSA's including the South End, Maple High/Six Corners and Brightwood/Memorial Square.

The North End-Metro Center NRSA was established as part of a public process that considered the most effective use of the designation, considering other resources available to the City, such as the CDBG-Disaster Relief funding associated with Sandy. The criteria for approval of a Neighborhood Revitalization Strategy Areas (NRSA) are established in HUD Notice 96-01. The benefits of the NRSA designation include aggregation of housing units, exemption from the aggregate public benefit standard for special economic development activities, and exemption of services carried out by Community-Based Development Organizations (CBDOS) from the public service cap.

In addition, CDBG Neighborhood Revitalization Strategies established certain criteria for HUD approval of a NRSA. According to this notice, an area designated as a NRSA must meet certain regulatory criteria as stated in 24 CFR 570.208(a)(1)(vii), and 570.208(d)(5)(i) in order to receive "job creation/retention as low/moderate income area benefit. These provisions specifically require that the area must "contain a percentage of Low- and moderate-income residents that is equal to the upper quartile percentage of the jurisdiction or 70 percent, whichever is less but, in any event, not less than 51 percent." The North End Metro Center NRSA has been developed in response to the 2006-2010 ACS data, and includes nineteen block groups that range from 73.18% to 97.40% low and moderate income, with an average of 87.14%.

The premise of a Neighborhood Revitalization Strategy Area (NRSA) is that a concentrated investment of resources in a limited impact area can have a substantial impact for a targeted revitalization area. As a neighborhood revitalization initiative, a NRSA provides local leaders with flexible funds to transform high-poverty neighborhoods with distressed housing into sustainable communities with mixed-income housing, safe streets, and economic opportunity. HUD's Office of Community Planning and Development (CPD) has emphasized the coordination of resources to facilitate grantees' ability to engage in comprehensive community revitalization strategies. The Department seeks to create opportunity in distressed neighborhoods by stimulating the reinvestment of human and economic capital and by economically empowering low-income residents through partnerships among federal and local governments, the private sector, community organizations and neighborhood residents.

A NRSA designation can yield substantial benefits to the City through regulatory flexibilities that would otherwise require waiver approval from HUD. These benefits include increased flexibility with regard to the use of CDBG funds for housing and economic development activities that revitalize a neighborhood, exemptions from the public service cap for activities carried out by Community-Based Development Organizations, and other record-keeping requirements which are designed to promote innovative programs in economically disadvantaged areas of the community:

*(1) **Job Creation/Retention as Low/Moderate Income Area Benefit:** Job creation/retention activities undertaken pursuant to the strategy may be qualified as meeting area benefit requirements, thus eliminating the need for a business to track the income of persons that take, or are considered for, such jobs (24 CFR 570.208(a)(1)(vii) and (d)(5)(i)). Economic development activities in an approved NRSA that assist businesses and that are designed to meet the CDBG job creation or retention requirements need not track the income of applicants they interview or hire because the assistance may be qualified as meeting "area benefit" requirements. This provides a significant reduction of the administrative burden to the assisted business and the recipients.*

*(2) **Aggregation of Housing Units:** Housing units assisted pursuant to the strategy may be considered to be part of a single structure for purposes of applying the low-and moderate-income national objective criteria, thus providing greater flexibility to carry out housing programs that revitalize a neighborhood (24 CFR 570.208(a)(3) and (d)(5)(ii)). This designation allows CDBG funds to be used to support housing for a greater mix of income levels because "over-income" households can occupy single family homes as long as 51% of the homes benefit low- and moderate-income households;*

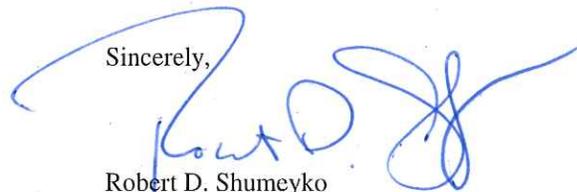
*(3) **Aggregate Public Benefit Standard Exemption:** Economic development activities carried out under the strategy may, at the grantee's option, be exempt from the aggregate public benefit standards, thus increasing a grantee's flexibility for program design as well as reducing its record-keeping requirements (24 CFR 570.209 (b)(2)(v)(L) and (M)). Economic development activities carried out in the approved neighborhood are exempt from the aggregate public benefit standards that limit the amount of assistance that can be expended on each activity.*

*(4) **Public Service Cap Exemption:** Public services carried out pursuant to the strategy by a Community-Based Development Organization will be exempt from the public service cap (24 CFR 570.204(b)(2)(ii)) All public services offered within the approved NRSA and carried out by Community Based Development Organizations are exempt from the 15% public services cap. This exemption permits recipients to offer a more intensive level of services within the approved area, if desired.*

The City is reminded that these flexibilities are designed to promote innovative programs in economically disadvantaged areas of the community; however, **projects are still subject to the individual/project public benefit standards.** 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. After approval of the NRSA, the grantee's subsequent Action Plans must describe the HUD formula program resources that may be used to achieve NRSA area goals. Each year after the initial NRSA submission, the grantee must identify in its Action Plan for that year the measurable outcomes in the form of benchmarks it expects to achieve during the year for the NRSA which are reported on annually in the CAPER.

Should you have any questions, please do not hesitate to contact Paula Newcomb, Senior Community Planning Development Representative at 617-994-8378.

Sincerely,



Robert D. Shumeyko  
Director

C: Domenic Sarno, Mayor