

A Comparison of Neighborhood Redevelopment Strategies

Redevelopment Areas

In North Carolina, General Statute 160A, Article 22 provides the basis for the urban redevelopment law. In 1951, our General Assembly gave cities the authority to participate in federal urban renewal programs. The aforementioned statute provides municipalities the authority to 1) define the redevelopment area 2) prepare plans for the specified area 3) implement those plans.

Pro's and Con's

Pro's

1. Local governments have the ability to use the power of eminent domain to assemble property within the designated area.
2. Properties can be conveyed to private parties for construction projects that are in conformity with the plan. (via competitive disposition G.S. 160A-514(c))
3. Special borrowing capacity for projects that are in conformity of the plan (via G.S. 160A-512 (a))
4. Condemnation Authority
5. Theoretically, there would be “shovel ready” projects.

Con's

1. Threaten the entire area with government power (i.e. eminent domain)
2. Plans need to remain up-to-date to be effective – very hard administratively
3. The plans lacked a true implementation strategy
4. The plans did not address the lack of economic opportunities or access to them
5. The redevelopment plans never stated an overall mission

Neighborhood Revitalization Strategy Area (NRSA)

The Neighborhood Revitalization Strategy Area (NRSA) is a federal designation approved for communities by the U.S. Department of Housing and Urban Development (HUD). “A NRSA is a community neighborhood strategy that will designate a geographical area for the purpose of concentrating resources and undertaking activities that will make communities sustainable through provision of decent affordable housing and increased economic opportunities.” (24 CFR 570, which were published in the Federal Register on January 5, 1995 and updated in the final rule changes published in the November 9, 1995 Register)

Pro's

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 incomes of persons that take, or are considered for such jobs (24 CFR 570.208(a)(1)(vii) and (d)(5)(i));
2. Aggregation of Housing Units: Housing units assisted pursuant to the strategy can be considered to be part of a single structure for the purposes of applying the low-and moderate income national objective criteria. This provides a greater flexibility to carry out housing programs that revitalize a neighborhood (24 CFR 570.208(a)(3) and (d)(5)(ii) and to create mixed-income communities;
3. Aggregate Public Benefit Standard Exemption: Economic Development activities carried out under the strategy may, at the grantee's option, be exempt from aggregate public benefit standards, this increasing a grantee's flexibility for program design as well as reducing record-keeping requirements related to the public benefit standard (24 CFR 570.209(b)(2)(v)(L).
4. Public Service Cap Exemption: Public services carried out pursuant to the strategy by a Community Based Development Organization (CBDO) are exempt for the 15% public service cap (24 CFR 570.204(b)(2)(ii)
5. CDBG funds can be used to rehab single-family homes serving a commercial purpose • CDBG funds can be used to rehab a business
6. Reduced-record keeping requirements once you meet 51% benefit to low/moderate income individuals
7. Community Housing Development Organization (CHDO) can also be a Community Based Development Organization (CDBO) if they meet the national objectives. (see below)
8. Provides a clear strategy for the designated area (i.e. housing, workforce development, and economic development)

Con's

1. Raises concerns among the neighborhood residents – it is difficult to understand and is sometimes perceived as reminiscent of the days of urban renewal.