



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

Special Attention of:

All Homeownership Center Directors
All Real Estate Owned (REO) Directors
All REO Branch Chiefs
All Management and Marketing Contractors
All Program Support Directors
All Field Office Directors

Notice: H 2003-15

Issued: July 15, 2003

Expires: July 31, 2004

Cross Reference: 12 USC 1710(h)(3)

SUBJECT: Revitalization Area Evaluation Criteria – Single Family Property Disposition

The purpose of this Notice is to provide for the continuation of uniform standards for evaluating and designating Revitalization Areas, provide additional clarification for the application of revitalization area criteria and authorize the 2003 review of all Revitalization Areas in each HOC's service area. Technical instructions for recording census block groups identified as a unit(s) of a Revitalization Area in a format suitable for entry into HUD's Revitalization Area Locator (RAL) will be sent separately.

Guidelines For Designating/Reviewing Revitalization Areas

HUD designates Revitalization Areas for the purpose of expanding homeownership opportunities by offering for sale, at a discount off the list price, HUD-owned single-family properties located in neighborhoods with very low income, low homeownership or a disproportionately high concentration of delinquent or foreclosed properties.

The following criteria are to be used in determining whether an area may be designated as a Revitalization Area or where an existing Revitalization Area is under review:

1. **Very Low Income Area:** The median household income for the area is less than 60 percent of the median household income for:
 - in the case of any area located within a metropolitan area, such metropolitan area; or,
 - in the case of any area not located within a metropolitan area, the state in which the area is located.
2. **High Concentration of Eligible Assets:** A high rate of default or foreclosure for single family mortgages insured under the National Housing Act has resulted, or may result, in the area:

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- having a disproportionately high concentration of eligible assets in comparison with the concentration of such assets in surrounding areas; or
 - being detrimentally impacted by eligible assets in the vicinity of the area.
3. **Low Homeownership Rate:** The rate for homeownership of single-family homes in the area is substantially below the rate for homeownership in the metropolitan area or, in the case of any area not located within a metropolitan area, the state in which the area is located.

Homeownership rate is the proportion of owner-occupied households compared to all households. It is computed by dividing the number of owner-occupied households in a given area by the total number of households in that area as defined in the U.S. Bureau of the Census' Housing Vacancy Survey 2000 Definitions and Explanations.

A revitalization area will be deemed to have a substantially low rate for purposes of this criterion if the homeownership rate for the revitalization area is less than or equal to 70 percent of the homeownership rate for the metropolitan area in which the revitalization area is located, or if the area is not located within a metropolitan area, the state in which the revitalization area is located.

Metropolitan area shall have the meaning set forth in U.S. Bureau of the Census, Decennial Management Division Glossary, October 2002, for Metropolitan Statistical Area (MSA), which states: "A geographic entity designated by the federal Office of Management and Budget for use by federal statistical agencies. An MSA consists of one or more counties, except in New England, where MSAs are defined in terms of county subdivisions (primarily cities and towns)."

Procedures For Designating/Reviewing Revitalization Areas

The Secretary has delegated approval authority for review and designation of Revitalization Areas to Homeownership Center (HOC) Directors.

Designation or modification of a Revitalization Area may be made 1) unrelated to Asset Control Areas or 2) specifically in conjunction with an Asset Control Area.

In all cases, affected units of general local government and interested nonprofit organizations must be consulted before designating an area as a Revitalization Area. Requests for Revitalization Area designation received from affected units of general local governments or nonprofit organizations will be approved or disapproved by HOC Directors within sixty (60) days following receipt of the request in their centers.

Designation of or Modifications to Revitalization Areas Unrelated to Asset Control Areas.

Consideration of areas for Revitalization Area status or revisions to existing Revitalization Areas under this section may be initiated upon receipt of a request from an affected unit of general local government or an interested nonprofit organization and may also be initiated by the Department.

Designations of new Revitalization Areas or modifications to existing Revitalization Areas under this section may be based on application of ***one or more*** of the criteria set forth in this Notice, with specific emphasis on areas with a history, or a current inventory, of Real Estate Owned (REO) single-family assets.

A revitalization area that is unrelated to the location of HUD real estate owned (REO) properties cannot serve the statutory mandate to promote revitalization through homeownership opportunities. Therefore, HUD staff should not initiate review of, nor approve a request for designation of, an area for Revitalization Area status where the area does not have a history of, or current inventory of, REO property, in the absence of justifying circumstances as determined by the HOC director.

In the event that affected units of general local government or interested nonprofit organizations request designation of an area as a Revitalization Area that has no current inventory of REO or history of REO activity within the past 12 months, the reasons for the request should be discussed with those proposing the designation to ensure that the designation will advance the purpose of the revitalization area program.

Under these circumstances the boundaries of the requested Revitalization Areas should be sufficiently inclusive to cover areas with REO inventory and adjacent areas that might be affected by the presence of REO inventory. The reviewer should (1) exclude areas that do not exhibit revitalization area characteristics and (2) large geographic areas without regard to the location of REO inventory within those areas.

Designation of Revitalization Areas in Conjunction with Asset Control Areas.

Upon receipt of a request to establish a Revitalization Area in conjunction with an Asset Control Area (ACA), the HOC Director having program jurisdiction over the location of the requested area shall designate as a revitalization area all portions of such county or government of appropriate jurisdiction stated in the request that meet ***any one*** of the criteria set forth in this Notice.

The HOC Director shall make such designation not later than sixty (60) days after such request is received by the HOC.

Documentation of Revitalization Area Determinations

Data developed to document designation or de-designation of a Revitalization Area is to be based on U.S. Bureau of the Census 2000 data.

The HOCs shall thoroughly review and analyze each designation or review of a Revitalization Area and generate documentation to support its determination. Documentation must relate to each criterion used in designating a Revitalization Area. Documentation shall include, but may not necessarily be limited to, the following:

1. A map showing the relationship of the proposed revitalization area to the local government boundaries and, where feasible, graphically displaying data related to the criterion in use for the designation.
2. Census data for the proposed revitalization area as it relates to the criterion used in the evaluation.
3. Census data for the larger area (metropolitan area/state) when required by the criteria used in making a determination.
4. Documentation of consultations with the affected unit of general local government and interested nonprofit organizations.

Compiling and Transmitting Revitalization Area Designation Data

For each revitalization area approved, HOC directors shall develop a Revitalization Area Report (**RAR**) identifying all Census Block Groups in each approved revitalization area and deliver the report, along with a Certification (Exhibit A) to the Deputy Assistant Secretary for Single Family Housing.

The RAR must be in the form of an Excel spreadsheet displaying census block group and census tract identifiers. The Office of Single Family Asset Management will provide technical instructions and sample templates for preparing a RAR by Memorandum.

Upon receipt of the RAR, the data will be entered into HUD's Revitalization Area Locator (**RAL**). RAL is the Department's official statement of approved Revitalization Areas. If errors are detected, the HOC Director will be notified and requested to review the questionable data fields and return corrections to the Office of Single Family Asset Management.

The Office of Single Family Asset Management will notify each HOC Director when a technically correct RAR has been received and successfully entered into RAL. Successful entry of RAR data into RAL will serve as the official designation of an area as a revitalization area. Upon receipt of notification that the RAR is accepted, HOC Directors shall inform the Management and Marketing (M&M) contractors of changes and authorize property listings in the newly approved Revitalization Areas.

HOC REO Directors must monitor M&M contractors to ensure that they use RAL to verify the revitalization area status of property acquired by the Secretary.

Revitalization Area Review And Data Submission Schedule

During the effective period of this Housing Notice, the Office of Single Family Asset Management will establish and notify HOC Directors of a periodic schedule for submitting new or revised revitalization area data for entry in the RAL. In the interim and between scheduled data submission dates, each HOC should maintain and track proposed changes to revitalization area data. Upon notification of an opportunity to input new revitalization area data into RAL, the HOC Directors will be required to submit the proposed changes by making changes to their respective RARs and submit the revised data information.

Each RAL submission should be a complete restatement of all census block groups approved as Revitalization Areas within the HOC's jurisdiction, updated with additions and deletions of census block groups.

Single Family Acquired Asset Management System (SAMS)

Revitalization Areas will continue to be entered into the Single Family Acquired Asset Management System (SAMS) by zip code. This is a concession to data entry limitations in SAMS. Zip codes may not be the basis for designating or defining a revitalization area.

If you have any questions regarding the designation of Revitalization Areas, please contact Joseph McCloskey, Director of the Office of Single Family Asset Management at (202) 708-1672 (this is not a toll free number).

John C. Weicher
Assistant Secretary for Housing-
Federal Housing Commissioner

Attachment

EXHIBIT A

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MEMORANDUM FOR: John C. Coonts, Acting Deputy Assistant Secretary
for Single Family Housing, HU

FROM:

Subject: Certification required by Housing Notice H 2003-

This Memorandum transmits a restatement of Revitalization Areas in accordance with this Housing Notice. The Census Block Groups shown in the data report have been evaluated in accordance with the Housing Notice and represent the currently approved Revitalization Areas under management by this HOC.