Community and Economic Development in North Carolina and Beyond Blog: Neighborhood Revitalization Strategy Areas

By CED Program Interns & Students

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The Neighborhood Revitalization Strategy Area (NRSA) designation was established by the U.S. Department of Housing and Urban Development (HUD) in 1995. The intent of the program is to address economic development and housing needs within economically disadvantaged communities. To achieve NRSA status, a municipality must file an application in conjunction with their Consolidated Plan as part of the overarching Community Development Block Grant (CDBG) program. In order to be approved, the proposed NRSA must be a contiguous area primarily zoned for residential use. Additionally, the application must be produced in collaboration with community stakeholders and must include a thorough assessment of the existing economic conditions and detail steps that will be undertaken to improve the vitality of the community.

The prevalence of NRSAs is increasing due to the many benefits of the program. Ultimately, once an NRSA is approved by HUD, the grant recipient not only has more flexibility in how they allocate their CDBG-appropriated funds but also reduced recordkeeping requirements. For example, all job creation and job retention activities that occur within an approved NRSA, qualify as meeting the Low Moderate Income (LMI) area benefit national objective requirement. As such, businesses receiving assistance are relieved from the tracking requirements associated with the national objective. The intent of this exemption is to encourage local businesses to participate in the community's job creation and retention efforts.

Another advantage of achieving NRSA status is that all housing units for which CDBG funds are allocated can be treated as a single structure, as long as 51 percent of the units are occupied by LMI households. This permits greater flexibility in applying the LMI housing national objective criteria and allows grant recipients greater freedom in providing housing to residents within the NRSA. Additionally, all economic development activities carried out within the designated NRSA may be excluded from the aggregate public benefit standards. This not only reduces recordkeeping requirements for grant recipients, but it also provides greater freedom in selecting and implementing economic development activities for the community.

Finally, the statute requires that the total amount of CDBG funds spent on public service activities be capped at 15% of the state's yearly allocation of funds plus 15% of program income. However, this is not the case with an NRSA. All public services offered within the NRSA and carried out by a Community Based Development Organization (CBDO) are exempt from the 15% cap. This exemption leads to a greater number, and more intensive level, of services offered within the NRSA.

Recent examples of NRSAs in the state of North Carolina include:

- The City of Raleigh's NRSA application covering the College Park and Washington Terrace neighborhoods. As part of this plan, the city intends to make substantial infrastructure improvements, construct over 500 new residential units and develop a child care facility. Additional information can be found here.
- The City of Greenville submitted an application to HUD in March 2015 seeking to designate nearly 700 acres in

West Greenville as an NRSA. The application was approved in June 2015. The city's final application can be viewed here.
- As part of ongoing revitalization efforts, the City of Durham successfully applied to designate the Southside neighborhood as an NRSA in 2012. National real estate development firm, McCormack Baron Salazar, was brought in as a strategic partner to help lead development activities.

For more information regarding the NRSA and CDBG programs, please visit the "Basically CDBG for Entitlements" training manual.

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