



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

OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

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**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 2005- 09

**Issued:** April 6, 2005

**Expires:** April 30, 2006

**Cross Reference:** 12 USC 1710(h)(3)  
HN 2003-15

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**SUBJECT: Revitalization Area Evaluation Criteria – Single Family Property Disposition**

The purpose of this Notice is to provide for the continuation of agency procedures for evaluating and designating revitalization areas and provide additional clarification for the application of revitalization area criteria.

**Guidelines For Designating/Reviewing Revitalization Areas**

Section 204(h) of the National Housing Act, 12 USC 1710(h)(3), (Act), sets forth standards for designating geographic areas as Revitalization Areas. HUD has chosen to use these standards to designate revitalization areas pursuant to the Secretary's authority granted by Section 204(g) of the Act. Under these standards, HUD may designate 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. Revitalization areas are used to identify properties eligible for disposition through discount sales programs.

HUD may designate an area as a revitalization area if it meets one of the following three criteria:

1. **Very Low Income Area:** The median household income for the area is less than 60 percent of the median household income for:
  - the metropolitan area; or, in the case of any area located within a metropolitan area,
  - the state in which the area is located, in the case of any area not located within a metropolitan area.

To determine revitalization area designation eligibility under this criterion, the Department will adhere to the terms, definitions and data for Census 2000 published by the U.S. Bureau of the Census.

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:
  - 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.

To determine revitalization area designation eligibility under this criterion, the Department will adhere to the terms, definitions and data for Census 2000 published by the U.S. Bureau of the Census.

Homeownership rate is the proportion of owner-occupied housing units compared to occupied housing units. It is computed by dividing the number of owner-occupied housing units in a given area by the total number of housing units in that area as defined in the U.S. Bureau of the Census' Housing Vacancy Survey 2000 Definitions and Explanations. The Department will consider the homeownership rate "substantially low" if the homeownership rate for the revitalization area is 70 percent or less 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**

Homeownership Center (HOC) Directors will be responsible for review and designation of revitalization areas.

In all cases, affected units of general local government, States, and Indian tribes, 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, States, Indian tribes, or nonprofit organizations are to be approved or disapproved by HOC Directors within sixty (60) days following receipt of the request in their HOC.

### **Designation of or Modifications to Revitalization 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, State, Indian tribe, 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 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 on a case-by-case basis.

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 determine the appropriate boundaries on a case-by-case basis.

### **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.

When designating or de-designating revitalization areas, 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**

Revitalization area designations are to be compiled in a revitalization area report (RAR) listing all Census Block Groups having a revitalization area designation. The RAR must be in the form of an Excel spreadsheet displaying census block group and census tract identifiers. The Excel spreadsheet with the listing of approved inventory of revitalization areas must include the following data elements recorded in the format described below for each census block group.

- **HOC** - The name of the HOC.
- **STFIPS** - The 2000 FIPS code assigned to each state (2 characters). *Each state and statistically equivalent entity is assigned a two-digit numeric Federal Information Processing Standards (FIPS) code in alphabetical order by state name, followed in alphabetical order by Puerto Rico and the Island Areas.*

When entering this code, please make sure that the leading 0's are preserved.

For example, the code for Colorado is 08 and should be entered as such, not as 8. Please make sure that the Excel field is formatted as a TEXT field. If not, the leading 0's will be truncated after the code is entered.

- **CNTYFIPS** - The 2000 FIPS code assigned to each county (3 characters). *Each county and statistically equivalent entity is assigned a three-digit Federal Information Processing Standards code that is unique within the state. These codes are assigned in alphabetical order of county or county equivalent within the state, except for the independent cities, which are assigned codes higher than and following the listing of counties.*

When entering this code, please make sure that the leading 0's are preserved. For example, the code for Adams County, Colorado is 001 and should be entered as such, not as 1. Please make sure that the field is formatted as a TEXT field. If not, the leading 0's will be truncated after the code is entered.

See <http://eire.census.gov/popest/archives/files/fips.txt> for a list of state and county codes and names.

- **TRACT** - The 2000 Census code assigned to each census tract (6 characters). *A four-digit basic number with a two-digit numeric suffix identifies census tracts. If the census*

*tract does not have a suffix, the suffix will be blank or zero filled. The decimal point separating the four-digit basic tract number from the two-digit suffix is shown in the printed reports and on census maps. Every tract entry field must use 6 characters. The decimal points are not used.*

Include leading 0's if the basic tract number is less than four characters. If the tract does not include a suffix, then add a 00 at the end. Whether or not the suffix is real or implied (00), please remember to **not** include the decimal point. Please make sure that the field is formatted as a TEXT field. If not, the leading 0's will be truncated after code is entered. Use the following examples as a guideline for formatting the census tract code:

| <b>2000 Census Tract Name</b> | <b>Required Format for the TRACT Field</b><br><i>(six (6) characters required)</i> |
|-------------------------------|--|
| 1                             | 000100   |
| 11                            | 001100   |
| 111                           | 011100   |
| 1111                          | 111100   |
| 1.01                          | 000101   |
| 11.12                         | 001112   |

**Note:** It is necessary to uniquely list each designated census block group in a census tract. This is a change from the procedure followed in 2002 in which only the census tract designation was required if all census block groups in the census tract were designated.

- **BG** – The 2000 Census Block Group (CBG) code assigned to each block group (1 character). *A block group is a cluster of census blocks within the same census tract. Block groups are numbered 1 – 9.*

Make sure that each Excel field is formatted as a TEXT field.

- **REVITALIZATION AREA NAME** – A field is provided for inserting a revitalization area name. Please use the following naming convention:
  1. Name - Assign each CBG the name of the smallest unit of state government (county, city, town, etc.) surrounding a group of census block groups.
  2. (Optional) Create subgroups of CBGs within the unit of state government. Use name + zip code(s) where CBGs are located.

Philadelphia 19118

A grouping may include CBGs in two or more zip codes.

Philadelphia 19118-19119

To create separate groupings within a single zip code, add letter designations, e.g., A, B, etc.

Philadelphia 19118A  
Philadelphia 19118B

NOTE: Grouping large numbers of CBGs under one name may result in large maps that are unwieldy to manipulate and difficult to view in a single image.

Using zip codes as a naming convention poses some problems that must be addressed:

- A zip code boundary may bisect a CBG. Assign a split CBG to one or the other of the affected zip codes to avoid an arbitrary assignment by the mapping software.
- Zip code boundaries may cross local government boundaries. CBGs in different local government areas should not be grouped together.
- The zip code is a naming convenience only. Do not use zip code boundaries as the basis for designating a revitalization area. While a decision may be reached resulting in all CBGs in a zip code being designated as a revitalization area, the analysis must begin at the CBG level.

### **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 periodic opportunities for submitting new or revised revitalization area data for entry in the Revitalization Area Locator (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 must be a complete restatement of all CBGs approved as Revitalization Areas within the HOC's jurisdiction, updated with additions and deletions of CBGs. Upon notice of an opportunity to submit data for input into RAL, the HOC Director should deliver the report, along with a Certification (Exhibit A) to the Deputy Assistant Secretary for Single Family Housing. Additional information for submitting a RAR will be provided with each announcement of a data refresh opportunity.

### **Single Family Acquired Asset Management System (SAMS)**

The data fields in SAMS indicating revitalization area status are now populated by the HUD Geo-coding Service Center using revitalization area data provided by RAL.

If you have any questions regarding the designation of Revitalization Areas, please contact Wanda Sampedro, Director of Asset Management and Disposition Division at (202) 708-1672.

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

Attachment

**EXHIBIT A**

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MEMORANDUM FOR: Joseph McCloskey, Acting Deputy Assistant Secretary  
for Single Family Housing, HU

FROM:

SUBJECT: Certification required by Housing Notice H 2004-

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.