

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Part 570

[Docket No. FR-4872-I-01]

RIN 2506-AC15

Modification of the Community Development Block Grant Definition for Metropolitan City and Other Conforming Amendments

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Interim rule.

SUMMARY: This interim rule revises the Community Development Block Grant (CDBG) program regulations by replacing the obsolete term "central city" with a new term "principal city" in the definition of "metropolitan city" and other CDBG regulations referencing "central city." The revisions are necessary because of the recent changes to the Office of Management and Budget's (OMB) Standards for Defining Metropolitan and Micropolitan Statistical Areas (MSAs) and the announcement in 2003 of new definitions for those areas using Census 2000 data. The rule updates the affected CDBG program regulations so that the terminology used by HUD is consistent with OMB standards and the purposes of the Housing and Community Development Act of 1974.

DATES: *Effective Date:* January 12, 2004.
Comments Due Date: February 10, 2004.

ADDRESSES: Interested persons are invited to submit comments regarding this interim rule to the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Comments should refer to the above docket number and title. A copy of each comment submitted will be available for public inspection and copying during weekdays between 8 a.m. and 5 p.m. at the above address. Facsimile (FAX) comments are not acceptable.

FOR FURTHER INFORMATION CONTACT: Sue Miller, Director, Entitlement Communities Division, Office of Block Grant Assistance, Office of Community Planning and Development, Room 7282, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-7000; telephone (202) 708-1577 (this is not a toll-free number). Hearing- or speech-impaired individuals may access the telephone

number listed in this section through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Statutory Background

Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301-5320) (the Act) establishes the statutory framework for the CDBG program. HUD's regulations implementing the CDBG program are located at 24 CFR part 570 (entitled "Community Development Block Grants").

Section 102(a)(4) of the Act defines the term "metropolitan city" as "(A) a city within a metropolitan area which is the central city of such area, as defined and used by the Office of Management and Budget, or (B) any other city, within a metropolitan area, which has a population of fifty thousand or more. . . ." The term "metropolitan area" is defined in section 102(a)(3) of the Act as "a standard metropolitan statistical area as established by the Office of Management and Budget." Section 102(b) of the Act provides that the Secretary may, by regulation, change or otherwise modify the meaning of the terms defined in section 102(a) in order to reflect any technical change or modification made by the United States Bureau of the Census or OMB.

II. Regulatory Background

The CDBG program regulations at § 570.3 define "metropolitan city" as having the meaning provided in section 102(a)(4) of the Act. The term "metropolitan city" is defined in section 102(a)(4) of the Act as a city within a metropolitan area which is the central city of such area, as defined and used by OMB, or any other city within a metropolitan area, which has a population of 50,000 or more. OMB has defined "central city" and "principal city" in its **Federal Register** publications on standards for metropolitan statistical areas. OMB published standards at 55 FR 12154 on March 30, 1990, which included the definition of "central city" currently in use (the 1990 standards) in the CDBG program regulations. On December 27, 2000, OMB published at 65 FR 82228 new Standards for Defining Metropolitan and Micropolitan Statistical Areas, collectively called Core Based Statistical Areas (CBSAs) (the December 27, 2000, standards). These new standards replace the previous standards adopted in 1990 for defining metropolitan areas, and also replace "central cities" with the new concept of "principal cities."

Under the 1990 standards, the term "central city" was defined as: (A) The city with the largest population in a Metropolitan Statistical Area (MSA); (B) each additional city with a population of at least 250,000 or with at least 100,000 persons working within its limits; (C) each additional city with a population of at least 25,000, an employment/residence ratio (the number of persons working in the city divided by the number of resident workers with place of work reported) of at least 0.75, and at least 40 percent of its employed residents working in the city; (D) each city of 15,000 to 24,999 population that is at least one-third as large as the largest central city, has an employment/residence ratio of at least 0.75, and at least 40 percent of its employed residents working in the city; (E) the largest city in a secondary noncontiguous urbanized area (an additional urbanized area within an MSA that has no common boundary of more than a mile with the main urbanized area around which the MSA is defined), provided it has at least 15,000 population, an employment/residence ratio of at least 0.75, and at least 40 percent of its employed residents working in the city; and (F) each additional city in a secondary noncontiguous urbanized area that is at least one-third as large as the largest central city of that urbanized area, that has at least 15,000 population and an employment/residence ratio of at least 0.75, and that has at least 40 percent of its employed residents working in the city (55 FR 12155).

Under the 1990 standards, the term "metropolitan area" was a collective term that referred to MSAs, Primary Metropolitan Statistical Areas, and Consolidated Metropolitan Statistical Areas (55 FR 12155). In accordance with the requirements of the Act, the CDBG program has utilized the 1990 standards and Census data to determine entitlement eligibility and allocation of CDBG Entitlement program funds to eligible communities.

The December 27, 2000, standards use the new term "principal city" instead of "central city." A "principal city" is defined in relation to a CBSA rather than an MSA. The principal city (or cities) of a CBSA includes: (A) The largest incorporated place in the CBSA with a Census 2000 population of at least 10,000 or, if no such place exists, the largest incorporated place or census designated place in the CBSA; (B) any additional incorporated place or census designated place with a Census 2000 population of at least 250,000 or in which 100,000 or more persons work; (C) any additional incorporated place or