



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### 24 CFR Part 599

[Docket No. FR-6582-F-01]

### Removal of Regulations for Renewal Communities Designations

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

**ACTION:** Final rule.

**SUMMARY:** This rule removes HUD's Renewal Communities regulations because the designations were time limited, and all incentives have been repealed and sunset.

**DATES:** *Effective Date:* [INSERT DATE 30 DAYS FROM THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

**FOR FURTHER INFORMATION CONTACT:** Wesley Armstrong, Department of Housing and Urban Development, 451 7th Street SW, Room 7200, Washington, DC 20410; telephone number 202-402-2107 (this is not a toll-free number); email [Wesley.R.Armstrong@hud.gov](mailto:Wesley.R.Armstrong@hud.gov).

HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit: <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

### SUPPLEMENTARY INFORMATION:

#### I. Background

The Community Renewal Tax Relief Act of 2000 (CRTR Act), enacted through the Omnibus Consolidated and Emergency Supplemental Appropriations Act for Fiscal Year 2001 (Pub. L. 106-554, 114 Stat. 2763), authorized the designation of Renewal Communities (RCs). Under the CRTR Act, HUD had authority to designate up to 40 RCs, at least 12 of which were required to be rural communities. Once designated, RCs would receive special tax incentives

administered by the Treasury Department, including zero-percent capital gains rate, renewal community employment credit, and commercial revitalization deductions, while HUD assisted RCs in planning and organizing development in conjunction with State and local governments.

On July 7, 2001, HUD published an interim final rule (66 FR 35850) defining key terms, establishing eligibility requirements, procedures for designation of RCs, and post-designation requirements applicable to RCs, with minor technical corrections issued on August 8, 2001 (66 FR 52675 to remove arson from the list of offenses included for purposes of determining the Local Crime Index. Designations were effective January 1, 2002, through “the earliest of: (a) December 31, 2009; (b) The termination date designated by the State and local governments in their nomination application, if any; or (c) The date HUD revokes the designation.” 24 CFR 599.501.

On January 24, 2002, HUD announced the designated Renewal Communities, with 28 urban areas and 12 rural. On October 3, 2003, HUD published a final rule (68 FR 57604) adopting the interim final rule without changes. Tax incentive designations were later extended to December 31, 2011, by § 753(a) of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (Pub. L. 111-312; 26 U.S.C. 1 note), in line with Empowerment Zone timelines.

The Renewal Communities provisions were removed by § 401(d)(5) of the Tax Technical Corrections Act of 2018, which allowed for a gradual phase out of existing benefits. All designations have now been fully sunset.

## **II. This Final Rule**

This rule is removing the Renewal Communities regulations, part 599, from title 24 of the Code of Federal Regulations. HUD is removing these regulations because the Renewal Communities designations have been sunset or repealed and have been succeeded by other economic incentives such as Opportunity Zones. As a result, the regulations in part 599 are not in

use, and removing these regulations would update HUD's regulations and provide clarity to grantees on what programs are actively being funded.

### **III. Justification for Final Rulemaking**

In accordance with regulations at 24 CFR part 10, it is the practice of the Department to offer interested parties an opportunity to comment on proposed regulations. 24 CFR part 10 provides narrow exceptions to the notice and comment requirements if the Department finds good cause to omit notice and public participation. The good cause requirement under 24 CFR 10.1 may be satisfied when notice and public comment are impracticable, unnecessary, or contrary to the public interest. To publish a rule prior to receiving and responding to public comments, the agency must find that at least one good cause exceptions is applicable.

HUD has determined that good cause exists to promulgate this final rule without prior notice and comment. Specifically, the Department has concluded that it is unnecessary to solicit and respond to public comments on the deletion of regulations when the designations are no longer in use and statutory authorization for the incentives repealed in 2018. Accordingly, HUD has concluded there is good cause to publish this rule prior to receiving and responding to public comments.

### **IV. Findings and Certifications**

#### *Regulatory Review – Executive Orders 12866 and 13563*

Under Executive Order 12866 (Regulatory Planning and Review), a determination must be made whether a regulatory action is significant and, therefore, subject to review by the Office of Management and Budget (OMB) in accordance with the requirements of the Executive Order. Executive Order 13563 (Improving Regulations and Regulatory Review) directs executive agencies to analyze regulations that are “outmoded, ineffective, insufficient, or excessively burdensome, and to modify, streamline, expand, or repeal them in accordance with what has been learned.” Executive Order 13563 also directs that, where relevant, feasible, and consistent

with regulatory objectives, and to the extent permitted by law, agencies are to identify and consider regulatory approaches that reduce burdens and maintain flexibility and freedom of choice for the public. This rule eliminates language in 24 CFR part 599 relating to a designation no longer used and without statutory authority since 2018. Accordingly, this rule has been determined not to be a “significant regulatory action” as defined in section 3(f) of Executive Order 12866.

#### *Regulatory Costs – Executive Order 14192*

Executive Order 14192, entitled “Unleashing Prosperity Through Deregulation,” was issued on January 31, 2025. Section 3(c) of Executive Order 14192 requires that any new incremental costs associated with new regulations shall, to the extent permitted by law, be offset by the elimination of existing costs associated with at least 10 prior regulations. OMB has determined that this final rule does not impose any regulatory costs as the regulations relate to designations that are all expired and is a repeal of a regulation for purposes of Executive Order 14192.

#### *Regulatory Flexibility Act*

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*) generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements unless the agency certifies that the rule will not have a significant economic impact on a substantial number of small entities. Because HUD has determined that good cause exists to issue this rule without prior public comment, this rule is not subject to the requirement to publish an initial or final regulatory flexibility analysis under the RFA as part of such action.

#### *Environmental Impact*

This rule does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing, rehabilitation, alteration, demolition, or new construction, or establish, revise, or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under

24 CFR 50.19(c)(1), this rule is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C. 4321).

*Executive Order 13132, Federalism*

Executive Order 13132 (entitled “Federalism”) prohibits an agency from publishing any rule that has federalism implications if the rule either: (i) imposes substantial direct compliance costs on State and local governments and is not required by statute, or (ii) preempts State law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This rule does not have federalism implications and does not impose substantial direct compliance costs on State and local governments or preempt State law within the meaning of the Executive Order.

*Unfunded Mandates Reform Act*

Title II of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531 *et seq.*) (UMRA) establishes requirements for Federal agencies to assess the effects of their regulatory actions on State, local, and Tribal governments and the private sector. This rule does not impose any Federal mandates on any State, local, or Tribal governments or the private sector within the meaning of the UMRA.

**List of Subjects**

**24 CFR Part 599**

Community development, Economic development, Housing, Indians, Intergovernmental relations, Renewal communities, Reporting and recordkeeping requirements, Urban areas.

**PART 599 [REMOVED]**

Accordingly, for the reasons discussed in the preamble, and pursuant to the Secretary’s authority under 42 U.S.C. 3535(d), HUD removes 24 CFR part 599.

**Ronald Kurtz,**  
Assistant Secretary for Community Planning and Development