

**To:** Non-entitlement Communities

**From:** CDBG Division

**Proposed Effective Date:** January 12<sup>th</sup>, 2026.

**RE:** Blight Clearance Program Residential Properties Policy

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### **A. Purpose**

This Policy Notice establishes the procedures for non-entitlement grant applicants participating in the Blight Clearance Program (BCP). This program provides financial assistance through Indiana's Community Development Block Grant (CDBG) for the acquisition, demolition, clearance, or remediation of blighted structures. The Blight Clearance Program aims to eliminate unsafe, deteriorated buildings that threaten public health and safety.

### **B. Applicability**

This policy applies to eligible units of local government seeking Community Development Block Grant funding under the Blight Clearance Program for residential properties. Eligible activities include:

- Acquisition of blighted residential properties
- Demolition of residential structures
- Clearance of unsafe or deteriorated residential buildings
- Remediation of environmental hazards

### **C. National Objective**

All projects funded under the Blight Clearance Program (BCP) must meet the National Objective of preventing or eliminating slums or blight on a spot basis, as defined in 24 CFR 570.483(c)(2). Applicants are required to include at least one residential property in their application, there is no maximum number of residential properties that may be submitted in one application, provided each property individually meets eligibility criteria.

Under the spot basis National Objective, activities must directly eliminate specific conditions of blight, physical decay, or environmental contamination that are not located within a designated slum or blighted area.

### **D. Property Eligibility**

To qualify for Blight Clearance Program, the identified residential property (ies) must meet the following conditions:

- Be a vacant residential structure, either a single-family home or a building with up to four dwelling units.
- Meet the definition of an unsafe building under [IC 36-7-9-4](#). For this program, a residential structure is considered unsafe if local authorities have condemned it under [IC 36-7-9](#) and deemed it uninhabitable due to structural damage, environmental hazards, or code violations for at least three years before application submission.
- Provide documentation of unsafe building conditions through:
  - Exterior photographs (required)
  - Interior photographs or an inspection report (if interior access is accessible)

### **E. Environmental Review Requirements**

All residential blight clearance projects must complete the following environmental review requirements before submitting an application in the Grants Management System:

- The project must qualify as a Categorical Exclusion Subject to Section 58.5 under 24 CFR 58.35(a)(4)(i).
- Complete a site-specific environmental review and complete Tier 1 & 2 Environmental Review, including Section 106 Historic Preservation consultation, before submitting a final funding request to the Office of Community and Rural Affairs.
- Section 106 Historic Preservation consultation must be approved before submitting an application. The Office of Community and Rural Affairs can only fund applications that have received approval from the Department of Natural Resources Division of Historic Preservation and Archaeology.

#### **Forms Required:**

- [Form ER-002: Environmental Agency Consultation Log](#)
- [Form CEST-001: Certification of CEST - Statutory Worksheet](#)
- [Form CEST-002: Site Specific Tier 2 Review- CEST ERR](#)

### **F. Acquisition Requirements**

The Blight Clearance Program provides funding for acquiring residential properties that require demolition, clearance, or remediation activities. Properties under this program must be owned by the unit of local government or subrecipient, if applicable, whether acquired through purchase or donation.

#### **Documentation Required:**

- Property Appraisal
- Review Appraisal
- Current Deed
- Acquisition Form
- URA Receipt
- [URA Brochure Required](#)

### **G. Property Use & Change of Use**

Grantees that receive Community Development Block Grant funds for a blight clearance project must maintain the designated use for five years following grant closeout. Any proposed change in use must follow the federal process in accordance with 24 CFR 570.489, including submission of a written request to the Indiana Office of Community and Rural Affairs, as outlined in the CDBG Policy Notice 2025-009 Lien, Covenants and Change of Use Policy.

To avoid repaying CDBG grant funds, any new use must remain eligible under CDBG regulations. Ineligible repurpose may result in repayment of grant funds.

**H. Application Requirements**

Applicants must complete all requirements outlined in Sections A through G of this Policy Notice by filling out the [BCP-002 Residential Structure Site Evaluation and Documentation Checklist](#) and submitting it with their final application in the Grants Management System.

**Effective Date**

This policy is effective as of January 12th, 2026, and will remain in effect until amended, superseded, or rescinded.