

CITY OF BOSTON

Substantial Amendment to the Consolidated Plan 2008 Action Plan for the Community Development Block Grant Recovery Program (CDBG-R)



City of Boston
Thomas M. Menino, Mayor

Department of Neighborhood Development
Evelyn Friedman, Chief and Director

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT
26 Court Street, Boston, MA 02108

TABLE OF CONTENTS

Section

Introduction

- A Spreadsheet for Reporting Proposed CDBG-R Activities**
- B CDBG-R Information By Activity**
 - 1. Tax Credit Gap Filler**
 - 2. Retail Production Gap Filler**
 - 3. Kroc Center Gap**
 - 4. Commercial District Rent Stabilization Program**
 - 5. Commercial District Stabilization Loan Program**

THE CDBG-R SUBSTANTIAL AMENDMENT

Jurisdiction(s): City of Boston	CDBG-R Contact Person: Robert Gehret
Jurisdiction Web Address: <ul style="list-style-type: none">• (www.cityofboston.gov/dnd/Consolidated_Plan.asp) (URL where CDBG-R Substantial Amendment materials are posted)	Address: 26 Court Street, Boston, MA 02108
	Telephone: 617-625-0242
	Fax: 617-635-0383
	Email: bgehret.dnd@cityofboston.gov

ENSURING RESPONSIBLE SPENDING OF RECOVERY ACT FUNDS

Funding available under the Recovery Act has clear purposes – to stimulate the economy through measures that modernize the Nation’s infrastructure, improve energy efficiency, and expand educational opportunities and access to health care. HUD strongly urges grantees to use CDBG-R funds for hard development costs associated with infrastructure activities that provide basic services to residents or activities that promote energy efficiency and conservation through rehabilitation or retrofitting of existing buildings. While the full range of CDBG activities is available to grantees, the Department strongly suggests that grantees incorporate consideration of the public perception of the intent of the Recovery Act in identifying and selecting projects for CDBG-R funding.

RESPONSE:

The City of Boston is pleased to submit this Substantial Amendment application for its CDBG-R formula grant allocation in the amount of \$5,366,011. Our application is comprised of five critical projects or programs that will stimulate the local economy. Together these projects leverage \$161.9 million in funding and have a total activity budget of more than \$167 million. A brief summary of the projected accomplishments are the rehabilitation/creation of 227 housing units, the creation or retention of 210 permanent jobs, 590 new construction jobs created, gap funding for 40,000 square feet of mixed use development, construction of a new 90,000 square foot community center and funds to assist up to 40 new or existing businesses impacted by the recession.

As required by HUD, the City posted a draft Substantial Amendment on its website for a 7-day public comment period beginning Wednesday, May 27, 2009 and ending Wednesday, June 3, 2009. The City received 16 comments on its draft Substantial amendment. These comments are summarized in Section C of this document.

Following HUD’s guidance to grantees, the City of Boston will be focusing its use of our CDBG-R allocation on those eligible activities that specifically address the Congressional intent of the CDBG-R program:

“Congress clearly intends that CDBG-R funds should primarily be invested in economic development, housing, infrastructure and other public facilities activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention.”... “HUD encourages grantees to use CDBG-R funds for discreet, stand-alone activities whenever possible”... “Grantees should also avoid using CDBG-R funds to initiate a new project that cannot be completed within the expenditure deadline for the CDBG-R program or that will require commitment of future year’ allocations of regular CDBG funds.”

For these reasons, the City of Boston has decided to allocate all of its CDBG-R funds for housing development, economic development and construction of public facilities. All of these activities will meet the national objective of providing a benefit (housing, jobs or services) to low and moderate income persons or areas.

At this time, the City has decided not to allocate any of the CDBG-R funds for public service activities or for business technical assistance. The one-time nature of the CDBG-R funds and its extremely burdensome reporting requirements do not make CDBG-R a suitable funding source for these types of activities. Also, the City already invests a significant amount of its own CDBG funds to provide technical assistance to small businesses. The City will work with Community Development Corporations (CDCs) to support continuation of existing state funding for business technical assistance activities carried out by CDCs. The new Homelessness Prevention and Rapid Re-Housing Program and the Neighborhood Stabilization Program will significantly expand resources available for certain categories of high-priority human service activities, including homelessness prevention, housing stabilization services and homebuyer counseling for the purchase of foreclosed properties. This may also free up mainstream resources for other activities.

A. SPREADSHEET FOR REPORTING PROPOSED CDBG-R ACTIVITIES

Grantees must provide information concerning CDBG-R assisted activities in an electronic spreadsheet provided by HUD. The information that must be reported in the spreadsheet includes activity name, activity description, CDBG-R dollar amount budgeted, eligibility category, national objective citation, additional Recovery Act funds for the activity received from other programs, and total activity budget.

(See spreadsheet on next page)

(Insert CDBG-R spreadsheet)

B. CDBG-R INFORMATION BY ACTIVITY

- 1. Tax Credit Gap Filler**
- 2. Retail Production Gap Filler**
- 3. Kroc Center Gap**
- 4. Commercial District Rent Stabilization Program**
- 5. Commercial District Stabilization Loan Program**

(1) Activity Name: **LIHTC Gap Filler**

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act:

The five projects represent 227 units of rental housing and include a mix of unit sizes from SRO to 3 and 4 bedroom family sized units. All of the units will be affordable to low and moderate income households in perpetuity. Tax Credit Gap Filler of up to Five Projects that have been stalled due to the collapse of the LIHTC Equity Market: (1) 35 Creighton SRO, rehab of convent into 28 SRO units; (2) Blessed Sacrament Mixed Use Building, new construction of parking commercial space and 36 housing units; (3) 270 Centre Street, new construction of ground floor commercial and 30 units of housing; (4) JP Apartments, rehabilitation of a scattered site housing development representing 103 rental units (5) Upton Street SRO, rehab of townhouses into 30 SRO Units.

Check	all that apply	Explain as applicable
X	Preserving and creating jobs and promoting economic recovery	The funding will be used to support up to 5 LIHTC financed projects that have stalled due to the collapse of the Equity Markets. It is estimated that these projects will generate approximately 490 construction jobs.
	Assisting those most impacted by the recession	
	Providing investment needed to increase economic efficiency	
	Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits	
X	Minimizing or avoiding reductions in essential services	
X	Fostering energy independence	Each of the housing developments will at a minimum meet the LEED Silver certifiable standard.

Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs).

	# Full-time jobs	# Part-time jobs
Jobs to be Created		
Permanent Jobs		
Temporary Jobs		
Construction Jobs	490	
Jobs to be Retained		
Permanent Jobs		
Temporary Jobs		
Construction Jobs		
Total Jobs to be Created or Retained	490	

- (3) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

Check all that apply	Describe, if applicable	
X	Promote energy conservation	All of the projects will be at least LEED Silver Certifiable and meet Energy Start Standards for the building types. New Construction Projects are expected to be photovoltaic ready.
X	Smart growth	All projects are located within walking distance to the subway or bus line.
	Green building technologies	
	Reduced pollution emissions	

- (4) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Department of Neighborhood Development
26 Court Street, 8th Floor
Boston, MA 02108

Administrator: Theresa Gallagher, Deputy Director,
Neighborhood Housing & Development Div.
Tgallagher.dnd@cityofboston.gov
(617) 635-0325

(1) Activity Name: **Retail Production Gap Filler**

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act:

This program will assist up to 4 stalled mixed-use projects in Boston. Funds will be utilized to facilitate the construction of the commercial/retail portions of these projects. A significant number of jobs should be created and retained by this activity.

Check	all that apply	Explain as applicable
X	Preserving and creating jobs and promoting economic recovery	The funds will create over 40,000 square feet in new retail and commercial space in 4 stalled mixed-use projects. In excess of 70 new jobs should be created through this program.
	Assisting those most impacted by the recession	
	Providing investment needed to increase economic efficiency	
	Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits	
	Minimizing or avoiding reductions in essential services	
	Fostering energy independence	

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs).

	# Full-time jobs	# Part-time jobs
Jobs to be Created		
Permanent Jobs	70	
Temporary Jobs		
Construction Jobs		
Jobs to be Retained		
Permanent Jobs		
Temporary Jobs		
Construction Jobs		
Total Jobs to be Created or Retained	70	

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

Check all that apply	Describe, if applicable
<input type="checkbox"/>	Promote energy conservation
<input checked="" type="checkbox"/>	Smart growth All projects are located within walking distance to the subway or bus line.
<input type="checkbox"/>	Green building technologies
<input type="checkbox"/>	Reduced pollution emissions

(5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Department of Neighborhood Development
26 Court Street, 9th Floor
Boston, MA 02108

Administrator: **Keith Hunt, Acting Deputy Director, Office of Business Development**
 Khunt.dnd@cityofboston.gov
 (617) 635-0418

(1) Activity Name: **Kroc Center Gap**

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act:

The Kroc Center is a 90,000 square foot community center that will be constructed at a cost of \$75,000,000 in the Uphams Corner neighborhood of Dorchester. This funding will help to fill the remaining financing gap and allow the project to begin construction before the end of June. A significant number of permanent and construction jobs will be created by this project.

Check all that apply		Explain as applicable
X	Preserving and creating jobs and promoting economic recovery	These funds will facilitate the construction of a \$115 Million Community Center. The project will create a substantial number of construction and permanent jobs.
	Assisting those most impacted by the recession	
	Providing investment needed to increase economic efficiency	
	Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits	
	Minimizing or avoiding reductions in essential services	
X	Fostering energy independence	Development will at a minimum meet the LEED Silver certifiable standard.

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs).

	# Full-time jobs	# Part-time jobs
Jobs to be Created		
Permanent Jobs	25	
Temporary Jobs		
Construction Jobs	100	
Jobs to be Retained		
Permanent Jobs		
Temporary Jobs		
Construction Jobs		
Total Jobs to be Created or Retained	125	

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

Check all that apply		Describe, if applicable
X	Promote energy conservation	Project will be LEED Silver Certifiable.
X	Smart growth	All projects are located within walking distance to the subway or bus line.
	Green building technologies	
	Reduced pollution emissions	

(5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Department of Neighborhood Development
26 Court Street, 9th Floor
Boston, MA 02108

Administrator: **Keith Hunt, Acting Deputy Director, Office of Business Development**
 Khunt.dnd@cityofboston.gov
 (617) 635-0418

(1) Activity Name: **Commercial District Rent Stabilization Program**

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act:

This program will fund up to \$1,500 or 50% of a business rent for up to 9 months. The business must be in a neighborhood business district and have a good chance for long-term viability. The business can be either a new business or one that is suffering from the effects of the recession. The funds will be provided in the form of a forgivable loan. Should the business move or close or be sold before the loan is fully forgiven, the balance will be payable.

Check all that apply		Explain as applicable
X	Preserving and creating jobs and promoting economic recovery	This program will subsidize the rent of new and existing businesses, retaining and creating jobs in the process. The funds will preserve and strengthen neighborhood business districts.
	Assisting those most impacted by the recession	
	Providing investment needed to increase economic efficiency	
	Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits	
	Minimizing or avoiding reductions in essential services	
	Fostering energy independence	

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs).

	# Full-time jobs	# Part-time jobs
Jobs to be Created		
Permanent Jobs		
Temporary Jobs		
Construction Jobs		
Jobs to be Retained		
Permanent Jobs	15	
Temporary Jobs		
Construction Jobs		
Total Jobs to be Created or Retained	15	

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

Check all that apply	Describe, if applicable
<input type="checkbox"/>	Promote energy conservation
<input checked="" type="checkbox"/>	Smart growth
<input type="checkbox"/>	Green building technologies
<input type="checkbox"/>	Reduced pollution emissions

All projects are located within walking distance to the subway or bus line.

(5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Department of Neighborhood Development
26 Court Street, 9th Floor
Boston, MA 02108

Administrator: **Keith Hunt, Acting Deputy Director, Office of Business Development**
 Khunt.dnd@cityofboston.gov
 (617) 635-0418

(1) Activity Name: **Commercial District Stabilization Loan Program**

(2) Activity Narrative:

In addition to the Spreadsheet for Reporting Proposed CDBG-R Activities, grantees must provide a narrative for each activity describing how the use of the grantee’s CDBG-R funds will meet the requirements of Title XII of Division A and Section 1602 of ARRA. The grantee’s narrative must also state how CDBG-R funds will be used in a manner that maximizes job creation and economic benefit in relation to the CDBG-R funds obligated, and will address the Recovery Act:

This program will provide loans to new and existing businesses. The funds will either create or retain jobs. No payments will be required in the first year. Funds may be utilized to stabilize existing business operations or to assist businesses that are being created. The goal is to retain and strengthen the City’s neighborhood business districts. The funds can be combined with funds from other Office of Business Development (OBD) programs.

Check	all that apply	Explain as applicable
X	Preserving and creating jobs and promoting economic recovery	This is a loan program to provide working capital to new and existing businesses for business expansion, creation or stabilization. The loans will preserve or create jobs.
	Assisting those most impacted by the recession	
	Providing investment needed to increase economic efficiency	
	Investing in transportation, environmental protection, or other infrastructure that will provide long-term economic benefits	
	Minimizing or avoiding reductions in essential services	
	Fostering energy independence	

(3) Jobs Created: (Report the number of full- and part-time jobs estimated to be created and retained by the activity (including permanent, construction, and temporary jobs).

	# Full-time jobs	# Part-time jobs
Jobs to be Created		
Permanent Jobs	100	
Temporary Jobs		
Construction Jobs		
Jobs to be Retained		
Permanent Jobs		
Temporary Jobs		
Construction Jobs		
Total Jobs to be Created or Retained	100	

(4) Additional Activity Information: (A description of how the activity will promote energy conservation, smart growth, green building technologies, or reduced pollution emissions, if applicable.)

Check all that apply	Describe, if applicable
<input type="checkbox"/>	Promote energy conservation
<input checked="" type="checkbox"/>	Smart growth
<input type="checkbox"/>	Green building technologies
<input type="checkbox"/>	Reduced pollution emissions

All projects are located within walking distance to the subway or bus line.

(5) Responsible Organization: (Contact information for the organization that will implement the CDBG-R activity, including its name, location, and administrator contact information)

Department of Neighborhood Development
26 Court Street, 9th Floor
Boston, MA 02108

Administrator: **Keith Hunt, Acting Deputy Director, Office of Business Development**
 Khunt.dnd@cityofboston.gov
 (617) 635-0418