

PART II

Program Specific Narratives

Section 10: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Assessment of the relationship of the use of CDBG funds to the priorities, needs, goals, and specific objectives identified in the Consolidated Plan.

Tab 3 provides a table that shows how each of our programs relates to one of the priorities, goals and objectives in the Consolidated Plan. The primary uses of the CDBG funds were affordable housing development and rehabilitation, public services, economic development and public facilities.

The overall low-mod benefit for the CDBG program for PY12 is **90.74%** as shown in Part III of the PR26: CDBG Financial Summary for Program Year 2012 in the appendix section.

Changes in program objectives

There were no significant changes in program objectives this year.

Grantee efforts to pursue available resources and support other HUD applications.

The City of Boston actively pursued all of the resources it planned to obtain as identified in its FY12 Action Plan. The scope and success of the City's resource development efforts are described at length elsewhere in this document (Tab 1, Resources). That section also identifies the applications submitted by the City or other entities under other HUD programs for which the City provided Certifications of Consistency with our Consolidated Plan.

Use of funds for national objectives,

All funds were used for either low-mod benefit activities or slums and blight. At 90.74% low-mod benefit, we have **exceeded** the overall 70% low-mod benefit requirement as shown in Part III of the PR26: CDBG Financial Summary for Program Year 2012 in the appendix section.

Steps taken to minimize displacement

In order to ensure compliance with the requirements of the Uniform Relocation Act, the Assistant Director of DND's Neighborhood Housing Development Department has the primary responsibility of DND projects that trigger URA and Section 104(d) mandated relocation assistance, as well as the requirements of Massachusetts state law Chapter 79A. Projects are reviewed at each phase of the development from initial application to final occupancy to ensure sufficient documentation of compliance with URA and Section 104(d) requirements and to minimize the displacement of residential and non-residential occupants in affected properties.

DND has developed a package of URA/Section 104(d) guidelines that describes all of the planning, notification and assistance requirements for all occupied multi-family housing projects that receive federal funds. Additionally, the revised guidelines include uniform temporary relocation policies in order to minimize displacement and reduce the risk of non-compliance, and policies to protect non-residential tenants in mixed-use or adaptive reuse projects. NHD continues to distribute the documents on CD-ROM or electronically by email including the HUD Guide form notices, a master tenant list spreadsheet template, other tenant assistance and project tracking tools and HUD's relocation brochures. At the beginning of each competitive application round, the required notices, forms and NHD policy "Greenbook" are given to applicants developing URA-triggering projects when they attend a mandatory URA/Section 104(d) -bidder's conference. Comparable technical support is also provided to applicants whose projects are funded outside of the competitive-round cycle.

To assess each project applicant's compliance capacity, DND requires applicants to submit a relocation plan, a statement of qualifications, a master tenant list and evidence of General Information Notice delivery at the time of proposal submission or when applicable. During initial application review, the relocation plan is reviewed along with all other aspects of the proposal. Technical support is provided to project managers and evaluation teams during the application review process. Award conditions are recommended as needed, including phased rehabilitation, rehabilitation of vacant rather

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than occupied structures and evaluation of vacancy duration prior to acquisition and application if it appears that a building may have been recently emptied in anticipation of an application for federal assistance.

Economic Development/Job Creation

During the 2012 Program Year the City of Boston provided financial and technical support for a wide range of economic development projects and activities. Some of these activities were supported to create new jobs or retain existing jobs for low and moderate-income persons. Others were supported to provide services for a low and moderate-income area or to prevent or eliminate a blighting condition. HUD's IDIS system under counts the number of jobs because jobs are only captured for those projects for which the eligible activity is creation or retention of jobs. Jobs are not captured if the eligible activity were low mod area benefit (such as a grocery store).

DND's Office of Business Development (OBD) provides entrepreneurs and existing businesses with access to financial and technical resources. OBD also supports the nationally recognized Boston Main Streets program, designed to promote the continued revitalization of the City's neighborhood commercial districts through public/private partnerships. Key accomplishments this year include:

- 2530 businesses assisted
- 136 new businesses opened
- 1285 jobs created
- 131 storefronts improved
- 95% of Main Streets storefronts occupied

See Section 7 in this report for further details on these economic development programs.

Limited-Clientele Activities

During the FY12 Program Year the City of Boston did not undertake any activities serving a limited clientele that did not fall within one of the categories of presumed limited-clientele low and moderate-income benefit.

Program Income Narrative

The City currently does not have any Float Loans. Total program income received, including Program Year 2011, by the Revolving Loan Funds, was **\$1,895,020**. This program income is not allocated to any one project or program activity. As required by Federal Regulations, program income is spent prior to drawing any new grant funds from HUD. Program income is used to fund any open warrant that can be for any program. Additional details are provided in the Financial Summary in the appendix.

The City of Boston has two Revolving Loan Funds that were originally funded with CDBG funds many years ago. Neither has received any additional CDBG funds for many years. The programs ended and we are in the process of closing out both Revolving Loan Funds.

Rehabilitation Projects Completed

The City undertakes a wide number of rehabilitation projects through several different programs. These programs and their proposed and actual accomplishments are listed in Section 3 of this CAPER and the maps in the Appendix show the locations of the projects the City has completed over years the five year of our five year Consolidated Plan. Programs that include rehabilitation are:

- Rental Housing Development - Production (projects may be either new construction or substantial rehabilitation).
- Rental Housing Development – Preservation (projects generally involve moderate rehabilitation)
- Homeownership Development (may be new construction or substantial rehabilitation)
- Public Housing Vacant Units (substantial rehabilitation of vacant public housing units)
- Existing Homeowner Rehabilitation
- Lead Paint Abatement
- Commercial Real Estate Development (may be new construction or substantial rehabilitation)
- ReStore – façade improvements of neighborhood commercial facilities
- Partners With Non-Profits – small-scale improvements to non-profit public facilities.

Neighborhood Revitalization Strategy Area /Empowerment Zone (NRSA/EZ)

In PY12 Boston had one HUD-approved CDBG Neighborhood Revitalization Strategy Area (NRSA), Boston's former Empowerment Zone (EZ). The federal government's EZ designation expired on December 31, 2009, but on December 17, 2010, legislation was passed to extend HUD designated EZs through December 31, 2011. Boston has **requested and HUD has approved Boston's request to extend the designation of the EZ** as a NRSA through the end of the current five-year Consolidated Plan (6/30/2013). Prior to the expiration of the EZ designation, the EZ had its own 10-year strategic plan, and reports on the EZ's accomplishments were submitted to HUD annually by Boston Connects, Inc through HUD's Internet-based Performance Measurement System (PERMS). The EZ's implementation plans and annual reports are available on HUD's website at: <http://www5.hud.gov/urban/perms/perms.asp>

QUINCY CORRIDOR NRSA: In June of 2011 the City of Boston submitted an application to the U.S. Department of Housing and Urban Development for \$20.5 million under the new Choice Neighborhoods Implementation Grant Program. As part of that application, the City promised, if funded, to seek designation of the Quincy Corridor neighborhood as a Neighborhood Revitalization Strategy Area (NRSA) under the Community Development Block Grant (CDBG) program. The NRSA designation provides some additional flexibility in the use of CDBG funds in designated areas.

On August 31st of 2011 HUD announced that Boston's application was one of only five projects nationwide that were selected to receive Choice Neighborhoods Implementation Grant funding. As a result, we are making good on the City's promise to seek NRSA designation for the Quincy Corridor Choice Neighborhoods target area through a Substantial Amendment to the City of Boston's Consolidated Plan and FY11 Action Plan. The designation was recently approved by HUD and will be effective beginning July 1, 2012. Most of that new target area is located within the existing EZ NRSA. The primary goal of the Choice Neighborhoods Transformation Plan is to reduce the concentration of poverty in this neighborhood by expanding economic

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opportunity for neighborhood residents and revitalizing the neighborhood without displacing current residents.

To learn more about the Quincy Corridor Choice Neighborhoods program, please visit: http://www.cityofboston.gov/dnd/pdr/Hearings_and_Public_Comment.asp

Quincy Corridor NRSA Major Activities, Program Year 2012 (see Map 9)

Woodledge/Morant Bay – The redevelopment of the severely-distressed 129-unit scattered site HUD –assisted multifamily housing development into the 129-unit Quincy Heights development is the primary focus of Boston’s Choice Neighborhoods grant. \$12.3 million of the \$20.5 million Choice Neighborhoods grant will be used to assist this project. The project closed on its financing in June of 2012 and construction began shortly thereafter. The project is being carried out by the Dorchester Bay Economic Development Corporation.

Uphams West: The rehabilitation of this 12-unit property (9 units are in the Choice Neighborhoods target area) was nearly complete at the end of program year 2012. The project is expected to be completed and occupied early in Program Year 2013. The project is being carried out by the Dorchester Bay Economic Development Corporation.

Quincy Commons Elderly Housing: This project is a 40-unit new construction housing development for low-income seniors. The primary funding source is HUD’s Section 202 Supportive Housing for the Elderly Program. The City of Boston also provided tax foreclosed vacant land and additional funding. Construction is under way. The project is being carried out by the Nuestra Comunidad Development Corporation.

Former Pearl Meats Factory: Dorchester Bay Economic Development Corporation is teaming up with Crop Circle Kitchen to redevelop the long vacant former Pearl Meat Factory into the Bornstein & Pearl Food Production Small Business Center. The project is expected to support 50+ small and start-up food production businesses and create more than 120 new full-time jobs. This \$15 million project will receive \$500,000 in Choice Neighborhoods Critical Community Investments grant funds and \$3.2 million in Section 108 Loan Guarantee funding from the City of Boston. The project is expected to close on its financing and start construction in the first quarter of Program Year 2013.

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Julian, Judson, Dean Community Garden: The renovation of this community garden was completed in September of 2012. The work was funded with \$79,491 in Community Development Block Grant funds through the City of Boston's Grassroots Program.

Leyland Street Community Garden: The renovation and expansion of the community garden is underway. The work was funded with \$217,458 in Community Development Block Grant funds through the City of Boston's Grassroots Program.

EZ/NRSA Accomplishments in Program Year 2012

Job Creation and Energy Conservation Loan Pool: In May 2010, HUD approved the Job Creation and Energy Conservation Loan Pool utilizing the remaining \$5,220,000 from the \$44 million in Section 108 Loan Guarantee and Economic Development Initiative (EDI) funds awarded to the City for the Empowerment Zone. To date, HUD has approved the following projects:

7 Tide Street (\$600,000) Leachmore Point LLC will build-out over 8000 square feet of warehouse space in the Boston Marine Industrial Park to be leased to a biotech company which will create up to 35 new jobs.

Foodies of South Boston (\$1,250,000) The Foodies company will renovate and convert an abandoned building located at 270 West Broadway in South Boston into a neighborhood supermarket.

Liberty Wharf (\$2,455,000) Cresset Harborside LLC will build out restaurant space at 220-270 Northern Avenue on the South Boston waterfront. The 70,000 square feet project mixes restaurants and office space in three buildings. Two restaurants will occupy 28,000 square feet and create up to 300 jobs. The completed project (restaurants and office space) will house over 500 jobs.

Eustis Street Firehouse (\$470,000) The oldest remaining fire house structure in Boston, the 1859 Eustis Street Fire House has been empty and in a precarious state for more than 40 years. Historic Boston, Inc. (HBI) secured a 99 year lease from the City of Boston and is assembling more than \$2 million to complete the building's redevelopment, replace a previous addition to the structure and relocate HBI's headquarters to Dudley Square from downtown. Construction is currently underway.

Quincy Commons (\$445,000) The construction of new retail space in a mixed use development in Roxbury.

Boston Invests in Growth (BIG) Loan Pool:

Two new BIG projects were approved by HUD during the program year.

- ❖ Bornstein & Pearl Food Production and Small Business Center received \$3,200,000 in Section 108 assistance to create a food service incubator space in a former meat facility in Dorchester.
- ❖ Quincy Commons received \$305,000 in Section 108 assistance to create retail space in a mixed-use building.

Reference Map 8 in appendix shows the locations of other commercial real estate development, housing development and non-profit capital improvement projects completed in the EZ/NRSA area during the past five program years (7/1/2008 - 6/30/2013). In addition, IDIS report PR14 (see appendix) provides data on the CDBG-funded public service activities carried out in the EZ/NRSA area.

Section 11: HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Use of HOME funds to Meet Consolidated Plan Goals And Objectives

The City uses its HOME funds to support programs as described in its PY12 Action Plan which are designed to meet the City's affordable housing goals and objectives outlined in the current Consolidated Plan. HOME funds are primarily used to support the Rental Housing Development and Preservation Programs, the Homeownership Development program and the CHDO Operating Assistance programs administered by DND's Neighborhood Housing Development Division.

Resources: We have been receiving HOME funds since 1992. Our allocations have fluctuated from a high of \$8.8 million in 2002 to a low of \$4.09 million for Program Year 2012. The allocation of \$4,090,712 is a **decrease of \$3,439,932 or -45.7%** compared with last year. We estimated \$300,000 in anticipated program income and \$1.5 million in roll forward funds from prior fiscal years. Because of the massive 45.7% cut to HOME funds, we reduced the budget for Rental Housing Preservation delaying four real estate projects in our pipeline with an estimated 235 housing units. Also, we cut operating support for CDC's by 46% (CHDO Operating is capped by HUD at 5% of the new allocation), see appendix for HOME supported CHDOs.

Program Year	Boston HOME Allocation	\$ change	% change
PY07 (BASE)	\$7,927,937		
PY08	\$7,663,530	(\$264,407)	-3.3%
PY09	\$8,564,599	901,069	11.8%
PY10	\$8,517,423	(\$47,176)	-0.6%
PY11	\$7,530,644	(\$986,779)	-11.59%
PY12	\$4,090,712	(3,439,932)	-45.7%

HOME Program Performance Snapshot

HUD produces a standardized performance snapshot comparing each local participating jurisdiction's relative performance on a variety of indicators such as funding commitments and expenditures, leveraging ratio, low-income benefit, lease up rate and HOME cost-per unit. The most recent "Snapshot" report for the City of Boston, dated June 30, 2013, is provided in the appendix. The report is updated quarterly by HUD and is available on HUD's website at:

<http://www.hud.gov/offices/cpd/affordablehousing/reports>

Accomplishments: The **Snapshot** report shows that the City has made significant accomplishments this program year, increasing the number of HOME- assisted units by 78 units resulting in a total of **2702 HOME assisted units** since the program started in 1992. All of the HOME-assisted housing units benefit households with incomes under 80% of the Boston Area Median Family Income. Most of these units (over 68%) have been rental units. Of these rental units, 82% are occupied by households with very low-incomes (households with incomes up to 50% of area median income) and 46% are occupied by households with extremely low incomes (households with incomes up to 30% of area median income).

Boston uses its HOME funds to leverage \$12.45 (6/30/13 Snapshot) for every dollar in HOME funds invested, **ranking #1 in the state of Massachusetts** among HOME participating jurisdictions and in the **100th percentile nationally**. These leveraged funds include bank financing, other Federal financing such as HUD Section 202 grants, state funding such as Housing Stabilization Program funds and Low Income Housing Tax Credits.

Program Income

Boston received and expended a total of \$861,179 in HOME program income during PY12. In accordance with HOME program regulations, program income must be spent prior to drawing new grant funds. The amount of program income received was \$561,179 greater than projected due to unexpected repayment of loans.

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Match Report

The City of Boston's match liability has been reduced by 50% due to its qualification as a distressed jurisdiction under the HUD match guidelines. The City is meeting this year's matching requirement by carrying forward \$17,329,836 in excess matching funds from the previous fiscal year. The HOME Match Disbursement Log is provided in the appendix.

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Section 12: AMERICAN DREAM DOWNPAYMENT INITIATIVE (ADDI)

The ADDI Program was a new and separate component of the HOME Program that began in Program Year 2004 and was terminated in Program Year 2008 and no new funding is expected in the future. Unlike HOME, the uses of the funds are restricted to one eligible activity - providing down payment, closing cost assistance and limited rehabilitation assistance to low and moderate-income first-time homebuyers.

From PY 2004 through PY 2008, Boston received a total of approximately \$2 million under the ADDI program.

ADDI Allocations through Program Year 2008		
Fed FY Appropriation	Program Year	Allocation Amount
HUD FY03	PY2004	\$342,873
HUD FY04	PY2004	\$404,600
	Subtotal	\$747,473
HUD FY05	PY2005	\$230,711
HUD FY06	PY2006	\$115,123
HUD FY07	PY2007	\$115,123
HUD FY08	PY2008	\$46,514
	TOTAL	\$1,254,944

The ADDI Accomplishment Report is under revision on HUD's website and not available for this report. We will update this section of the CAPER when the report is available.

As of 6/30/2010, 182 families have received a total of \$935,768 in ADDI assistance to successfully purchase their first homes. The average ADDI subsidy to these 182 families was \$5,142. In Program Year 2009, the City provided a total of \$181,598 in ADDI funds to assist 31 families to purchase their first homes. The average ADDI subsidy for PY09 was \$5,858 or 2.5% of the purchase price. A more detailed report listing the completed ADDI projects through 6/30/2010 is provided in the appendix. Projects completed during Program Year 2009 are shaded.

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All of the households assisted with ADDI funds were low and moderate income (household income under 80% of the area median income) and approximately 90.8% were minority households (see **ADDI Accomplishment Report** in the appendix).

In addition to the households assisted with ADDI funds, the City has assisted many other first time homebuyers throughout the City using CDBG and other funds.

Reference Map 2 in Tab 2 of the CAPER shows the geographic distribution of the homes that were purchased with down payment and closing assistance from the City during the first two years of the current Consolidated Plan.

Section 13: EMERGENCY SOLUTIONS GRANT PROGRAM (ESG)

In May 2009, President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH), which restructures the McKinney-Vento Homeless Assistance Programs, consolidating the agency's homeless funding streams, increases emphasis on homeless prevention, adds rapid re-housing as a solution to homelessness and expanded HUD's definition of homelessness.

The City's Emergency Solutions Grant Funds are an integral part of the City's Continuum of Care. The funds are used to provide operating assistance to emergency shelters and transitional housing programs, to provide a wide variety of specialized supportive services and to support homeless prevention activities.

Emergency Solutions Grant – Annual Allocation			
Program Year	Allocation	Difference	% Difference
PY07 (BASE)	\$902,224		
PY08	\$880,962	(\$21,262)	-2.36%
PY09	\$880,052	(\$22,172)	-2.46%
PY10	\$873,670	(\$28,554)	-3.16%
PY11	\$861,837	(\$40,387)	-4.48%
PY12	\$1,515,160	\$612,936	67.94%
TOTAL	\$5,011,681	\$500,561	55.48%

In this final year of the current 5-year Consolidated Plan, the City received \$1,515,160 in ESG funds, substantially more than prior years as shown in the table above. The table below summarizes how the ESG funds were used in PY12 by activity category. Almost half of the funds (45%) were used for homelessness prevention, 38% for rapid re-housing. A request for proposal was issued in May 2012 to procure homeless and homelessness prevention services for One year (July 1, 2012 to June 30, 2013). Funding was provided by the City's PY2012 ESG allocation for the activities in the table below.

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ESG Activity Category – PY12	Amount	Percent
Emergency Shelter	\$99,601	7%
Street Outreach	\$137,500	10%
Homelessness Prevention	\$ 629,089	45%
Rapid Re-Housing	\$535,333	38%
Subtotal	\$1,401,523	100%
DND Administrative Costs	\$113,637	
TOTAL ALL ACTIVITIES	\$1,515,160	100.0%

Match Requirements: The ESG program requires that grantees match the funding received from HUD. The City meets this requirement by requiring that its non-profit sub-recipients identify eligible sources of matching funds as part of their application to the City for ESG funds. They are required to provide documentation of the availability of the matching funds as part of DND’s routine sub-recipient monitoring.

Summary of Funding Allocations: The Appendix provides a breakdown of the PY12 allocation of ESG funding and other City funding allocations by vendor, ESG eligible activity category (operating assistance, essential services, and homelessness prevention). A total of \$369,616 (43%) is allocated for emergency shelter operating costs. We do not use ESG funds for rehabilitation of homeless facilities. Funds are available for this purpose through DND’s CDBG-funded “Partners With Non-Profits” program.

Accomplishments: The table in the Appendix provides a brief description of each funded program and the number of persons served. The numbers of persons served on the table are not unduplicated counts. Some individuals receive services from more than one vendor or may be counted more than once by the same vendors if they use the services on different days (meal programs, day programs, etc).

ESG Funded Program Highlights:

Family Aid Boston, INC.’s Family Solutions program is an integrated rapid re-housing program that provides families with short & medium term rental and financial assistance, along with case management, employment, budgeting and housing placement services. Families assisted by this program are not eligible for temporary shelter or services from the State funded Emergency Assistance shelter system; therefore Family Solutions is a safety net for the City of Boston’s families.

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New this year, the tables below contain data required by HUD from all ESG grantees.

Question 4a: Homelessness Prevention Activities	
Number of Persons in Households	Total
Adults	820
Children	415
Don't Know/Refused	16
Missing Information	18
Total	1269
Question 4b: Rapid Re-housing Activities	
Number of Persons in Households	Total
Adults	516
Children	445
Don't Know/Refused	1
Missing Information	0
Total	962
Question 4c: Shelter Activities	
Number of Persons in Households	Total
Adults	438
Children	364
Don't Know/Refused	0
Missing Information	0
Total	802

Question 5: Gender	
Gender	Total
Male	1066
Female	1852
Transgendered	6
Don't Know/Refused	7
Missing Information	188
Total	3119
Question 6: Age	
Age	Total
Under 18	1110
18-24	186
25 and over	1173
Don't Know/Refused	19
Missing Information	572
Total	3060

Question 4d: Street Outreach	
Number of Persons in Households	Total
Adults	25
Children	0
Don't Know/Refused	2
Missing Information	0
Total	27
Question 4e: Total Persons Served	
Number of Persons in Households	Total
Adults	1799
Children	1224
Don't Know/Refused	19
Missing Information	18
Total	3060

Question 7: Special Populations	
Special Populations Subpopulations	Total
Veterans	40
Victims of Domestic Violence	404
Elderly	85
HIV/AIDS	32
Chronic Homelessness	224
Persons with Disabilities	Total
Severely Mentally Ill	369
Other Disability	631