

CITY OF BOSTON

Community Development Block Grant Recovery Program (CDBG-R)

Substantial Amendment #1 (Issued for Public Comment on 4/14/10)

City of Boston



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Department of Neighborhood Development
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DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT
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THE CDBG-R SUBSTANTIAL AMENDMENT

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Substantial Amendment #1 To the City of Boston's CDBG-R Program

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's original Community Development Block Grant Recovery (CDBG-R) application was submitted to HUD on June 5, 2009, and approved on July 30, 2009. At this time, the City of Boston is amending the approved budget for its CDBG-R grant program to ensure that the City would be able to commit and expend the funds in a timely manner and to maximize the impact of the funds. Our amended CDBG-R Plan is comprised of four critical projects or programs that will stimulate the local economy. Together these projects leverage \$87 million in funding and have a total activity budget of more than \$147 million. A brief summary of the projected accomplishments are the rehabilitation/creation of 227 housing units, the creation or retention of 185 permanent jobs, 490 new construction jobs created, gap funding for 40,000 square feet of mixed use development and funds to assist up to 40 new or existing businesses impacted by the recession.

As required by HUD, the City posted a draft amended budget and an explanation of the proposed changes on its website for a 15-day public comment period beginning Wednesday, April 14, 2010, and ending Thursday, April 29, 2010. In addition, on April 12, 2010, we published a Legal Notice in the Boston Globe newspaper of the

opportunity to comment on the amendment and mailed a letter to the Consolidated Plan mailing list of approximately 500 interested parties. The City did not receive any comments.

A revised budget, incorporating the changes, is on the following page. The changes are summarized here:

- Reduce the budget for the LIHTC Gap Filler by 20% (\$454,000)
- Reduce the budget for the Retail Gap Filler component by 9% (\$157,000)
- Increase the budget for the Commercial District Stabilization Loan Program by \$342,700 (40.3%)
- Increase the budget for program administration from 5% (\$268,301) to 10% (\$536,601) provided for in the program regulations.

Program Components	Original Budget submitted to HUD	Amended Budget	\$ change	% change
Tax Credit (LIHTC) Gap Filler	\$2,272,710	\$1,818,710	-\$454,000	-20.0%
Retail Production Gap Filler	\$1,750,000	\$1,593,000	-\$157,000	-9.0%
Commercial District Rent Stabilization Program	\$225,000	\$225,000	\$0	0.0%
Commercial District Stabilization Loan Program	\$850,000	\$1,192,700	\$342,700	40.3%
Administration & Finance	\$268,301	\$536,601	\$268,300	100.0%
TOTAL	\$5,366,011	\$5,366,011	\$0	0.0%

CDBG-R (Amendment #1)
Activity Data Spreadsheet

Jurisdiction/Grantee Name: City of Boston		CDBG-R Fomula Grant Amount: \$5,366,011				Date: 4/14/10	
Activity Name	Activity Description	Eligibility (Regulatory or HCDA Citation)	National Objective Citation	CDBG-R Project Budget (\$)	Additional Recovery Funds (\$)	Other Leveraged Funding (\$)	Total Activity Budget
Tax Credit Gap Filler	Up to five projects that have been stalled due to the collapse of the LIHTC Equity Market, including but not limited to: 35 Creighton SRO, rehab of convent into 28 SRO units; 270 Centre Street, new construction of ground floor commercial and 30 units of housing. Expect to commit all funds by September of 2010.	multi-family rehab (570.202) and new construction of housing by a CBDO (570.204)	low/mod housing (570.208a3)	\$1,818,710	Tax Credit Assistance Program & Tax Credit Exchange Amounts TBD	\$8,988,733	65,505,233
Retail Production Gap Filler	Assist up to 4 stalled mixed use developments. Funds will start being committed by early July of 2009. Construction of 2 of the projects should commence immediately, with the other 2 to follow by year end. Expect to commit all funds by June of 2010.	Special Economic Development (570.203b)	low/mod area (570.208a1) or low/mod job creation/retention (570.208a4)	\$1,593,000	\$0	\$75,000,000	76,593,000
Commercial District Rent Stabilization Program	This program will provide a rental subsidy to either new business or existing business being severely impacted by the recession. The fund will help to keep storefronts filled and increase the array of services available to local residents. The program would pay up to \$1,500 (or 50%) of a firms rent per month for up to 9 months. Funds would be in the form of a loan forgivable over 5 years. Maximum benefit of \$13,500 per business. Anticipate helping up to 20 businesses starting in July 2009. Expect to commit all funds by September of 2010.	Special Economic Development (570.203b)	low/mod area (570.208a1) or low/mod job creation/retention (570.208a4)	\$225,000	\$0	\$0	225,000
Commercial District Stabilization Loan Program	Funds will be committed starting immediately to facilitate the stabilization of local business districts. Funds can be used for working capital, expansion or build out. Up to 20 business will be assisted with the average assistance being in the range of \$50,000. Full committment expected by September of 2010.	Special Economic Development (570.203b)	low/mod area (570.208a1) or low/mod job creation/retention (570.208a4)	\$1,192,700	\$0	\$3,000,000	4,192,700
Administration & Finance	CDBG-R planning & administration (10% allowed)	planning & admin (570.205 and 570.206)	N/A	\$536,601	\$0	\$0	536,601