

AMERICAN RECOVERY & REINVESTMENT ACT OF 2009
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
Community Development Block Grants
Staff Recommendations

Community Development Block Grants (CDBG-R)

NHCD organized a panel of senior interdepartmental representatives to rank the projects/programs submitted for CDBG-R award. Given the high precedent set by these funds nationally, the City will face heightened oversight and monitoring from the Federal government, the public and media. Staff also considered the capacity of potential project partners, leveraging for the project/program, and set minimum award at \$250,000 in order to minimize City administrative burdens and to maximize impact.

Local criteria for award fall into three major categories: (1) sustainable, well-financed, established efforts; (2) yield significant results for the community; and (3) tangible results for the residents, especially low to moderate-income populations and neighborhoods. CDBG-R guidelines issued this past Tuesday set clear overall priorities to “maximize job creation and economic benefit”. Specific direction includes:

- 70 percent of the funding is to benefit low to moderate-income residents
- creating/preserving jobs and promoting economic recovery;
- assisting those most impacted by the recession;
- providing investment to promote economic efficiency;
- transportation, environmental protection or other infrastructure that provides long-term economic benefits;
- energy efficiency/independence;
- minimizing/avoiding reductions in essential services;
- efforts begin swiftly (“shovel ready”); and
- “discrete, stand-alone activities.”

In addition, the federal guidelines include a “Buy America” clause that requires all iron, steel, and manufactured goods used in projects funded by CDBG-Recovery be produced in the United States. This will impact all projects proposed to some degree; staff will work with the successful candidates to ensure compliance.

Using the Federal and local criteria, staff recommends awarding the \$2.0 million in CDBG-R funds, as follows:

- \$500,000 for Lifeworks’ East Austin Youth and Family Resource Center to purchase land to construct a green-building Resource Center at to expand critical workforce, education and mental health services to low-income populations. Significant leverage is included with corporate, public and nonprofit partners, including Capital Idea, Central Texas Literacy Coalition, Austin Community College and Casey Family Programs. The project has secured the majority of funding, and meets job creation and long-term economic development needs. It’s operations are sustainable through key partnerships.
- \$750,000 for PeopleFund’s Center for Economic Opportunity will be LEED Silver certified and provide comprehensive services for local businesses and homebuyers. In addition, affordable office space for to local businesses will be incorporated. Key criteria met are job

creation/preservation, long-term economic development, and sustainable operations with most project financing secured.

- \$500,000 for African-American Cultural and Heritage Facility, located at 912 East 11st Street in the historic Hamilton-Dietrich House, will house ProArts Collective, a Visitors Bureau, and the Capital City Chamber of Commerce. Providing arts and assistance for small businesses while educating visitors on the cultural richness of the area is a community and Council priority project, with \$1.5 million included in the 2006 Bond election. The job creation through construction and tourism and long-term economic benefits of the project will continue the revitalization of the East 11 and 12th Street corridors. These CDBG-R funds would allow for the full funding necessary to complete this project and incorporate green building practices. At their April 20th meeting, the URB discussed their support for securing additional funding for the proposed African-American Cultural and Heritage Facility on East 11th Street, and the African American Resource Advisory Commission has encouraged the City to identify additional funds for the project.
- \$250,000 to fund critical sidewalks in central East Austin. Many of the “Top 25” sidewalks on Public Works’ list developed with community input are in historically disadvantaged neighborhoods of central East Austin. This funding will allow sidewalks in key areas to be completed. Public Works can provide balance of necessary funding. Challenges include CDBG-Recovery guidelines require quicker start for infrastructure projects and 1982 City Ordinance that prohibits CDBG from being spent on infrastructure. The panel believed that given the lack of investment in this area and the location of two Transit-Oriented Districts in the area, rapid redevelopment is critical. See the attached map of potential sidewalk projects.

These proposals represent the projects that most closely align with the Federal and local criteria, notably job creation/economic benefit and “shovel ready.” There were other compelling proposals, some of which are eligible for other funding. Repair of homes of the very low-income residents is a high priority. NHCD staff will propose for the FY 2009-10 budget that \$2 million in General Obligation bond funds be targeted *in addition to* the millions traditionally budgeted for emergency repairs and barrier removal. Current economic conditions have also spurred increase demand for rental assistance. Through the HPRP funds, assistance will be provided to families and others facing homelessness. Other proposals not included had either already received substantial support from the City and/or had secured less than half their project financing.

The application is due to HUD on May 18th. Since the CDBG-R guidelines were released on May 5th, staff has not yet finished the draft application. The detailed application will be posted to cityofaustin.org/housing after submission.