



TO: Community Development Commission

VIA: Mark W. Shepard, P.E., Public Works Director and Community Development Director *MWS*

FROM: Anne Catlin, Lead Long Range Planner *alc*

DATE: December 9, 2013

SUBJECT: December 16, 2013, Meeting

Please find attached the agenda packet for the December 16, 2013 meeting.

This month the Commission will begin discussing community development needs in order to start identifying programs for Fiscal Year 2014-2015, starting with economic development. These discussions will also assist in fine-tuning FY 2013-2014 programs and services.

1. Economic Development Programs – Required Action - Discussion and direction regarding:

- Technical and/or financial needs of existing or new businesses;
- Potential programs and program parameters;
- Potential partners, opportunities to leverage other funds/assistance.

In order to determine how to best distribute the \$36,000 allocated in the FY 13-14 budget for job creation, it will be helpful to hear about existing economic development programs (training and technical assistance, to grants and loans) and the gaps in needs/services. Representatives from the Small Business Development Center at Linn Benton Community College (SBDC), Cascades West Council of Governments, and the City of Albany will be at the meeting to provide an overview of economic development assistance that is available. They will also provide information on programs for you to consider funding. I have included some background information in Attachments A & B. Attachment A is a summary of eligible CDBG economic development activities. Attachment B provides detailed information about activities to support small businesses and microenterprises.

We will take your input and direction to bring back specific program and funding proposals for your consideration at the January 13, 2014 meeting.

For the FY 13-14 Budget the following allocations are planned:

- \$20,000 is allocated to the SBDC for microenterprise assistance, which includes a classroom course and technical assistance. (The scope of work was included in the 10/21/13 agenda packet as Attachment F.)
- \$36,000 is allocated for job creation – A final decision on what financial tools will be offered to businesses.

2. Homeless Housing Funds. Required Action – Decision regarding these funds. Some general direction was provided at the last meeting regarding how to allocate the \$32,000 set aside for homeless housing assistance. It was suggested that we consider deferred-payment loans or a combination of a grant and loan, depending on the project, other sources of funds and partnerships. Staff's recommendations for the program are outlined in **Attachment C**.
3. Program Updates. Informational. Here is a brief summary of progress made on the following programs:
- Public Services Grants – the application packet is ready and out (I will distribute copies at the meeting). The packet was emailed to area agencies, posted on the city's Web site

Community Development Commission

December 16, 2013

Page 2

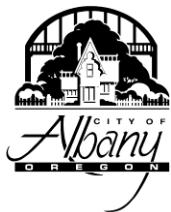
and a press release should run in the paper a couple of times before the February 7, 2014 deadline. The Commission will review applications February 24, 2014.

- Housing Rehabilitation Loans and Emergency Repair Grants – the brochures are done and staff is working on contracts. Hopefully the program will roll out around January 1st.
- Fair Housing Assessment and Plan – I am arranging for the Fair Housing Council of Oregon to conduct training for tenants in English and Spanish in late January or early February. They can also assist with public input on collecting fair housing issues and suggesting ways to remove any barriers to fair housing or steps that can be taken to limit the number of fair housing violations. I hope to have a good draft of the fair housing plan for review at the January meeting.

UPCOMING MEETING DATES:

- January 13, 2014 (rescheduled due to January 20 holiday)
- February 24, 2014 (rescheduled due to February 17 holiday)

ALC/er



ALBANY COMMUNITY DEVELOPMENT COMMISSION

Monday, December 16, 2013

12:00 PM, Willamette Room

Albany City Hall, 333 Broadalbin St. SW, Albany

Agenda

- | | |
|---|----------------|
| Approval of the November 21, 2013 Minutes | (12:00) Zimmer |
| Business from the Public | (12:02) Zimmer |
| 1. Economic Development Needs & Programs | (12:05) Panel |
| 2. Homeless Housing Funds | (1:00) Catlin |
| 3. Program Updates | (1:15) Catlin |
| 4. Adjourn | |

Next Meetings: Monday, January 13, 2014 and Monday February 24, 2014

The location of the meeting is accessible to the disabled. If you need special accommodations to attend or participate, please notify the Human Resources Department in advance by calling 541-917-7500.

City of Albany Web site: www.cityofalbany.net

**CITY OF ALBANY
COMMUNITY DEVELOPMENT COMMISSION
City Council chambers, 333 Broadalbin Street
Monday, November 18, 2013
12:00 p.m.**

MINUTES

Community Development Commissioners Present: Sharon Konopa; Ray Kopczynski; Wanda Kinney; Iris Carrasco; Tara Dixson; Cortney Hall; Terry Knoll; Danon Kroessin; Joann Zimmer; Javier Cervantes

Staff present: Anne Catlin, Lead Long Range Planner; Edene Rice, Administrative Assistant; Ed Hodney, Director of Parks and Recreation

Others present: Jenny Wells-Whitney (Community Services Consortium)

CALL TO ORDER

Chair Zimmer called the meeting of the Community Development Commission (CDC) meeting to order at 12:02 PM.

APPROVAL OF MINUTES

- a. October 21, 2013 Community Development Commission

MOTION: Kopczynski moved to approve the minutes with corrections. Kroessin seconded it. Motion passed unanimously.

COMMUNITY DEVELOPMENT PROJECTS

Ed Hodney, Director of Parks and Recreation for the City of Albany handed out a tentative schedule for Community Development Block Grant (CDBG) funded park projects (Attachment A). He addressed the Community Development Commission (CDC) regarding the needs for the Periwinkle Creek Path Replacement and Sunrise Park Playground Replacement projects.

Hodney explained the Periwinkle path project will replace roughly 1,500 lineal feet of path starting at Kinder Park and heading south.

Hodney noted that the Sunrise park concept work has to be done before applying for State grants. The initial concept is to locate facilities on the north end of the park near the school. Community input will be a valuable part of the process of updating the park and coming up with a preferred design. Cervantes suggested holding the meeting in the neighborhood and noted the need for bilingual notices and having an interpreter at the community meetings. Konopa noted that the current park designs are not up to today's standards or needs and so input is important.

Other suggestions for Sunrise included good and safe connectivity for those without cars, bathrooms, and soccer fields.

Hodney thanked the Commission and will be looking forward to the projects.

CDBG PROGRAM TIMELINE

Catlin then turned to Attachment A of the agenda packet and explained the timeline tries to show the need to plan now for next year's needs. The Commission needs to be thinking ahead and looking at what needs done within certain timeframes.

PUBLIC SERVICES FUNDING

Catlin said that the public services subcommittee had met and reviewed the eligible activities, applicant evaluation criteria, and discussed the training and support needs to ensure success for the applicants. She referred to agenda Attachment B, a draft Request for Applications.

Discussion turned to application criteria. Kopczynski inquired if an organization applies for a new project and does not have prior experience in this type of federal funding will this exclude them from being considered. Catlin responded with no, as long as the organization is familiar with what they are proposing.

Konopa noted that alcohol/substance abuse needs added under Eligible Services and Activities.

Catlin noted public service applications will be reviewed by the Commission in February 2014 and forward recommendations to the City Council for review and approval in March 2014. Kopczynski asked Catlin if she had received any inquiries yet and Catlin said that there has been some interest. Kopczynski then raised the questions if applicants will be monitored once funding is received and Catlin said that yes, reports will be due monthly and on site visits will be made at least once every six months.

Motion: Knoll made a motion to accept the public services eligible activities and application scoring criteria as modified. Kinney seconded the motion, which passed unanimously.

HOUSING REHABILITATION LOAN PROGRAM

Catlin summarized the program details:

- a. \$60,000 available for housing rehabilitation for both owner-occupied and renter-occupied dwellings
- b. Income eligibility: 50% or less median wage criteria, although the greatest need is for households earning 30% or less
- c. Target funding: hold neighborhood meetings in specific neighborhoods to bring awareness of the funds available

Catlin asked for clarification of the income eligibility for the Housing Rehabilitation Loan Program for rental-occupied properties –30% of area median or 50%. After some discussion, the Commission agreed that the loan program be available to units renting to persons earning less than 50% to ensure the funds are spent, but to encourage those renting to households earning 30% or less of area median income to apply.

Catlin noted that the rehabilitation loans for rental properties will require an equal match. She suggested marketing the rental rehabilitation program to apartments near Sunrise Park.

Sustainability policies were suggested, such as requiring a percentage of the project or loan to be spent on non-toxic and sustainable materials, for example. After some discussion, Catlin said she would draft some sustainability policies for consideration.

ESSENTIAL REPAIRS GRANT PROGRAM

Catlin asked for approval of the Essential Repairs Grant Amounts:

- a. \$2,000 grant for repairs or if needed up to \$4,000.

Motion: Kinney motioned, and Carrasco seconded, to approve the housing rehabilitation loan and grant program details as presented.

ECONOMIC DEVELOPMENT AND HOMELESS HOUSING FUNDS

Catlin stated that economic development program funding will be discussed at the December meeting so that representatives from Linn Benton Community College and other agencies can attend.

Cervantes asked what data shows the impact of existing small businesses and job creation in Albany, and data regarding minority-owned businesses and their impact; can funding be dedicated for research to provide accurate date on this. Catlin responded that yes CDBG money can be applied towards Economic Development research and could be a sub category for the Economic Development Plan discussion.

Regarding funding for homeless housing, Catlin asked for input on how these funds should be allocated, loans or grants? Zimmer suggested loans that do not have immediate payments, or a combination of grants and loans depending on the project's funding sources and partnerships. The evaluation criteria could help determine whether the agency would receive a grant. Catlin noted the need to determine what the needs are for homeless related housing and if any projects will be ready to start in the next year. A letter of intent was also suggested.

FAIR HOUSING ASSESSMENT AND PLAN

Catlin explained that the city has to conduct an Analysis of Impediment to Fair Housing, which is due to HUD by April 15, 2014. Prior to this date a public outreach needs done and the Commission agreed that it must be a bilingual outreach. Carrasco suggested that the public outreach meetings not be held at City Hall, but in a community neutral setting with child care provided and with at least one interpreter. Catlin suggested Sunrise school.

Catlin asked for a subcommittee to help with this need because of all the State and Federal housing regulations, Cortney Hall and Jo Zimmer both agreed to be on the subcommittee.

NEXT MEETING DATE: December 16, 2013

ADJOURNMENT: Zimmer adjourned the meeting at 1:30 p.m.

Submitted by

Reviewed by

Edene Rice
Administrative Assistant

Anne Catlin
Planner III

Tentative schedules for CDBG-funded parks projects—November 2013

Periwinkle Creek Path Replacement

Scope includes the replacement of 1500 linear feet of existing path with new 10-foot wide concrete surface, designed to accessibility requirements.

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|------|---------------------------------|
| 1/14 | Begin design |
| 3/14 | Construction drawings completed |
| 4/14 | Advertisement for bids |
| 5/14 | Award construction contract |
| 6/14 | Start construction |
| 8/14 | Complete construction |

Sunrise Park Playground Replacement

Scope includes: demolition of existing playground, park shelters, and related concrete; design and construction of new playground, picnic facilities, and small parking lot (depending on available resources).

- | | |
|-----------|---|
| 1/14 | Solicit design proposals from design firms |
| 2/14 | Hire consultant and begin design process |
| | a) Conduct initial scoping meeting with interested parties |
| | b) Generate initial design concepts |
| | c) Conduct additional public design review meetings to refine concepts and select preferred alternative design with construction cost estimates |
| 4/14 | File application for grant funding from Oregon State Parks |
| 5/14-8/14 | Secure additional non-City resources for project as necessary (donations, other grants, in-kind services and materials) |
| 9/14 | Notice of Grant Award |
| 9/14 | Advertisement for bids |
| 9/14 | Demolition of existing facilities |
| 10/14 | Award construction contract, start construction |
| 3/15* | Complete construction |

*Project may be completed earlier, depending on final scope and resources available

Excerpts from the CDBG ECONOMIC DEVELOPMENT TOOLKIT,
http://www.hud.gov/offices/cpd/economicdevelopment/toolkit/edt_manual.pdf

Eligible CDBG Activities–Economic Development

- Economic development may be undertaken in several ways under the CDBG program regulations:
 - Special economic development activities [105(a)(17)] and [105(a)(14)];
 - Microenterprise assistance [105(a)(22)];
 - Commercial Rehabilitation [105(a)(4)];
 - Public facilities [105(a)(2)];
 - Public services [105(a)(8)]; and
 - Activities by nonprofit development organizations [105(a)(15)].
- The following sections briefly describe these eligible activities. Additional information is provided in the various activity chapters that follow.

Special Economic Development Activities

- CDBG funds may be used to undertake special economic development activities. These activities include:
 - Real estate and real property activities;
 - Assisting a for-profit business; and
 - Providing economic development services in connection with other eligible CDBG special economic development activities.

Microenterprise Activities

- CDBG program funding can be also used to provide assistance to microenterprises, which are defined as a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise.
- Eligible activities include the provision of:
 - Financial support;
 - Technical assistance;
 - General support; and
 - Training and technical assistance or other support services to increase the capacity of grantees to carry out microenterprise activities.

Commercial Rehabilitation

- Grantees may also undertake certain types of commercial rehabilitation activities.
 - Assistance may be provided to for-profit or nonprofit entities.
 - However, some restrictions do exist on how these activities may be accomplished.

Public Facilities for Economic Development

- In addition to the general types of infrastructure noted earlier, jurisdictions may also use CDBG funds to develop public facilities that are specifically related to creating employment and economic opportunities.
- This may include infrastructure that benefits businesses such as improved water or sewer service in a business area.

Economic Development Public Services

- In addition to the wide range of services listed above, grantees may also undertake services specifically related to employment and business creation, such as:
 - Job training;
 - Employment and job placement services; or
 - Training for potential entrepreneurs.

Assistance to Nonprofit Development Organizations for Economic Development

- As noted above, one of the key activities that can be undertaken by nonprofit development organizations under [105(a)(15)] of the statute is community economic development.
- These are projects that are designed to improve the overall economy of a jurisdiction or a neighborhood within the jurisdiction and may include a wide range of activities.

Ineligible Activities

- The general rule is that any activity not authorized under the CDBG regulations is ineligible to be assisted with CDBG funds.
- The State CDBG program relies on the statute to describe eligible programs and its regulations do not directly address ineligible programs. States may use the entitlement program regulations as guidance.
- The entitlement regulations stipulate that the following activities may not be assisted with CDBG funds:

- Buildings for the general conduct of government are ineligible. However, the removal of architectural barriers from government buildings is eligible under the category of public facilities and improvements.
- General government expenses are ineligible.
- Financing for political activities or to engage in other partisan political activities are ineligible. However, a facility assisted with CDBG funds may be used on an incidental basis to hold political meetings, candidate forums, or voter registration campaigns, if the building is available to all community organizations on an equal basis.
- Per the entitlement regulations, the following activities may not be assisted with CDBG funds unless authorized as a special economic development activity or when carried out by a Community-Based Development Organization (CBDO) (under the State program, these organizations are known as nonprofit development organizations under [105(a)(15)]):
 - Purchase of equipment is generally ineligible; however:
 - Compensation for the use of construction equipment through leasing, depreciation, or use allowances is eligible.
 - Fire protection that is considered an integral part of public facilities is eligible. This includes fire engines and specialized tools such as “jaws of life” and life-saving equipment as well as protective clothing worn by fire fighters.
 - Purchase of personal property, including equipment, fixtures, motor vehicles, furnishings, or other personal property is generally ineligible.
 - Operating and maintenance expenses (of public facilities, improvements, and services) are ineligible.
 - Specific exceptions to this general rule are operating and maintenance expenses associated with public service activities, interim assistance, and office space for program staff employed in carrying out the CDBG program.
 - New housing construction except under certain conditions or when carried out by a 105(a)(15) nonprofit development organization.
 - Income payments made to an individual or family for items such as food, clothing, housing, or utilities are ineligible. One-time grants, emergency type grants, or loans for such purposes may be eligible under the category of public services.

National Objectives

- CDBG recipients are responsible for assuring that each eligible activity meets one of three national objectives (§ 570.208):
 - Benefit to LMI persons;
 - Aid in the prevention or elimination of slums or blight; or
 - Meet a need having a particular urgency (referred to as urgent need).

Low Mod Job Creation or Retention Activities (LMJ)

- The job creation and retention LMI benefit national objective addresses activities designed to create or retain permanent jobs, at least 51 percent of which (computed on a full-time-equivalent basis) will be made available to or held by LMI persons.
 - If the business will create permanent part-time jobs, the part-time jobs must be added together in order to calculate the needed 51 percent of full-time-equivalent (FTE) jobs.
 - For example, if the business creates two quarter-time jobs and one half-time job, together these constitute one FTE.
 - The calculation of FTE is based on the number of hours worked per week, divided by 40.
- Some examples of activities that qualify when at least 51 percent of jobs created/retained will be for LMI persons include:
 - Clearance activities on a site slated for a new business;
 - Rehabilitation activity that will correct code violations and enable a business to survive and retain jobs;
 - Financial assistance to a manufacturer for the expansion of its facilities that is expected to create permanent jobs; and
 - Assistance to expand a small house cleaning service with four employees that agrees to hire three additional LMI employees.
- The following requirements must be met for **jobs to be considered created or retained**.
 - If jurisdictions fund activities that **create jobs**, there must be documentation indicating that at least 51 percent of the jobs will be held by, or made available to, LMI persons; and
 - For funded activities that **retain jobs**, there must be sufficient information documenting that the jobs would have been lost without the CDBG assistance and that one or both of the following applies to at least 51 percent of the jobs:
 - The job is held by a LMI person; or
 - The job can reasonably be expected to turn over within the following two years and steps will be taken to ensure that the job will be filled by, or made available to, a LMI person.
- The following requirements apply for jobs to be considered available to or held by LMI persons.
 - Created or retained jobs are only **considered to be available to LMI persons** when:

- Special skills that can only be acquired with substantial training or work experience or education beyond high school are not a prerequisite to fill such jobs, or the business agrees to hire unqualified persons and provide training; and
 - The State and the assisted business take actions to ensure that LMI persons receive first consideration for filling such jobs.
- Created or retained jobs are only considered to be held by LMI persons when the job is actually held by a LMI person.
- For the purpose of determining if the preceding requirements are met, a person may be presumed to be LMI if:
 - He/she resides in a census tract/block numbering area that has a 20-percent poverty rate (30-percent poverty rate if the area includes the central business district); and the area evidences pervasive poverty and general distress; or
 - He/she lives in an area that is part of a federally designated EZ, EC, or NRSA (see p. 58); or
 - He/she resides in a census tract/block numbering area where at least 70 percent of the residents are LMI.
- Jobs created or retained by assisted businesses may also be presumed to be LMI if the job and business are located in an area that:
 - Has a 20-percent poverty rate (30-percent poverty rate if the area includes the central business district) and the area evidences pervasive poverty and general distress; or
 - Is part of a federally designated EZ or EC; and
 - The jobs will be located in the qualifying area.
- To determine if an area evidences pervasive poverty and general distress, the following standards are applicable:
 - All block groups in the census tract have poverty rates of at least 20 percent;
 - The specific activity being undertaken is located in a block group that has a poverty rate of at least 20 percent; and
 - Upon the written request of the State grantee, HUD determines that the census tract exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness, abandoned housing, and deteriorated infrastructure or substantial population decline.
- As a general rule, each assisted business shall be considered to be a separate activity for purposes of determining whether the activity qualifies under the job creation and retention category for meeting a national objective.
- However, in certain cases, such as where CDBG funds are used to acquire, develop, or improve a real property (e.g., a business incubator or an industrial park), the requirement may

be met by measuring jobs in the aggregate for all the businesses that locate on the property, provided such businesses are not otherwise assisted by CDBG funds.

- There are five suggested options for documenting the LMI status of an applicant or employee:
 - Referrals from an agency that has agreed to refer individuals who are determined to be LMI based on HUD's category. These agencies must maintain records, which must be available to the State or Federal inspection, showing the basis upon which they determined that the person was LMI;
 - A written self-certification by the employee or applicant of his/her family size and total income that is signed and dated and subject to Federal review. Certification can either include actual size and income of family or can contain a statement that the annual family income is below the Section 8 low-income limit for the applicable family size;
 - Qualification of employee or application for assistance under another program with income qualification that are as restrictive as those used by the CDBG program. Examples include referrals from public housing, welfare agency, or the Workforce Investment Act (WIA) program;
 - Evidence that the individual is homeless; and
 - Evidence that the individual may be presumed to be LMI by way of residence address and poverty rates of applicable census tract or documentation of area designation as EZ or RC.
- When documenting income, the income status of an individual is made at the time the CDBG job is filled. This may have an effect on the retention of high-paying, unskilled jobs counting as eligible except for turnover purposes. This is because a person who occupies a high-paying but low-skilled job may not qualify as a LMI person. Whereas a LMI person may fill the job at a lower pay rate if it were created or if it became available through turnover.

Opportunities to Support Small Business Development with CDBG Funding

Small Business Development

A small business has 500 or fewer employees, although in some industry categories business can have up to 1,500 employees and still be considered a small business. The CDBG regulations make reference to Section 3(a) of the Small Business Act of 1958, which establishes specific employment or sales standards for each industry.

Eligible CDBG Activities for Small Business Development

A CDBG recipient or its subrecipient can support small business development with a wide array of direct and indirect tools, including:

- Technical assistance (TA) and training;
- Financing programs and mechanisms that provide access to much-needed capital;
- Incubators or shared physical facilities that can enhance small business survival rates;
- Infrastructure development; and
- Planning;

A. Training and Technical Assistance

Training and technical assistance are among the most frequently cited needs by small business owners, bankers, and economic development practitioners. This assistance can range from general help with business planning to specialized assistance in creating an Internet site for online sales. Training and TA programs must be tailored to specific needs and should utilize professionals with solid industry experience and an ability to assess the critical problems within any business. TA can be CDBG-funded as part of specific economic development project (§570.203), or as a public service.

B. Financial Assistance

The CDBG grantee can become a financial partner with a business or can delegate this to a subrecipient. Financing tools generally include:

- Debt –amortized loans, interest only payments for a set time, completely deferred, partially forgiven, co-lending, revolving loan fund, etc.
- Grants – cash when project cannot incur more debt, or to reduce principal to enable refi at better rate, for example;
- Equity (with or without ownership interest) – funds invested with expected ROI; and
- Credit enhancement – interest subsidies, loan guarantees.

Recipients can mitigate these risks through prudent screening, underwriting, structuring, and monitoring of business loans. In addition, the new flexibility of the CDBG regulations concerning economic development means that more recipients are funding small business loans.

Providing CDBG financing to a for-profit business qualifies under Special Economic Development. This assistance, however, triggers the use of optional underwriting guidelines and mandatory Public Benefit tests (no more than \$35,000 can be spent per job created).

Documenting a National Objective for Financial Assistance to small businesses (non-microenterprises)
Programs can meet the LMI National Objective under the following two criteria:

- As an Area Benefit activity if the business provides a service that is available to all residents of a primarily residential service area; or
- As an LMI Job Creation/Retention activity.
- Financial assistance to businesses rarely qualifies under Slum and Blight or Urgent Need.

C. Special Economic Development Activities

CDBG funds may be used to undertake small business assistance as special economic development activities (§570.203). These activities include:

- Acquiring; constructing; reconstructing; rehabilitating or installing commercial or industrial buildings; structures and other real property; equipment and improvements, including railroad spurs or similar extensions. Such activities may be carried out by the recipient or public or private nonprofit subrecipients.
- Assisting a private, for-profit business (e.g., loans, grants, interest subsidies, and technical assistance).
- Providing economic development services in connection with other eligible CDBG special economic development activities. This includes, but is not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities. This may include the costs of providing job training for persons filling those positions.

CDBG assistance to a for-profit business under 570.203 Special Economic Development triggers the requirements for the optional underwriting guidelines and mandatory Public Benefit standards.

Microenterprise Development

CDBG recipients have flexibility in serving microenterprises (§570.201(o)).

A “microenterprise” is a commercial enterprise that has five or fewer employees, one or more of whom owns the enterprise.

“Persons developing microenterprises” means persons who have expressed interests in and who are, or after an initial screening process are expected to be, actively working toward developing businesses, each of which is expected to be a microenterprise at the time it is formed. §570.201(0)(3)

Eligible Activities for Microenterprises

Eligible microenterprise activities under the CDBG program include providing:

- Credit, including, but not limited to, grants, loans, loan guarantees, Individual Development Accounts (IDAs), and other forms of financial support for the establishment, stabilization, and expansion of microenterprises;
- Technical assistance, advice, and business services to owners of microenterprises and persons developing microenterprises;
- General support to owners of microenterprises and persons developing microenterprises. General support may include such activities as peer support programs, counseling, childcare, or transportation; and
- Training, technical assistance, or other support services to increase the capacity of recipients or subrecipients to carryout microenterprise activities.

Financial Assistance to Microenterprises

The CDBG program does not cap the amount of assistance that may be provided to a microenterprise. However, many recipients limit the level of microenterprise financial assistance in order to target small startups, minimize the recipient's financial exposure, and help the assisted business to maintain a reasonable debt level.

- Loans or grants to microenterprises are usually quite small, ranging from \$500 to \$20,000. The small size of the grants/loans, combined with the cost of large amounts of technical assistance, means that such programs usually require ongoing public subsidy.
- Depending upon the program type selected by the recipient, underwriting criteria must be established.
- Many recipients require that the microenterprise borrower obtain technical assistance on issues such as budgeting, marketing, or business planning in conjunction with the microloan in order to help alleviate risk and assure success.

Microenterprise activities are not subject to the *Public Benefit* tests if they are maintained as a separate program, apart from assistance to “larger” small businesses. (Public benefit test =no more than \$35,000 per job created or \$350 per assistance to LMI person.)

Documenting National Objective for Microenterprise Activities

There is substantial flexibility in how CDBG-funded microenterprise activities can meet a National Objective. The most typical approaches are:

- Microenterprise assistance can qualify under the limited clientele criteria for LMI benefit, if the business owner is LMI. This eliminates the need to track job creation or retention. In certifying LMI status, the recipient need look only at the owner's income, not that of any employees. Furthermore, there is a 3-year presumption of LMI status to allow for continued assistance. (Note, however, that in order to qualify as an eligible microenterprise activity, the business must still meet the definition of “microenterprise” each time new financing is provided.)
- If the owner is not LMI, the recipient can still provide microenterprise assistance by meeting the LMI job creation/retention criteria.

Homeless Housing CDBG Program Funding Policies

The City of Albany Community Development Department announces the availability of funds for Community Development Block Grant (CDBG) activities related to Homeless Housing for Fiscal Years 2013-2014 and 2014-2015.

Program Objectives

The objectives of this CDBG funding are to:

- Provide a safe emergency shelter for families and/or unaccompanied youth; or
- Provide permanent supportive or transitional housing to transition people out of homelessness and into stable housing; or

Proposals must be in accordance with the City's Five-year Consolidated Plan and in compliance with National objectives to develop viable urban communities, decent housing, and suitable living environments principally for the benefit of low-and moderate-income (LMI) persons.

Program Terms

1. Loan Minimums and Maximums - Where limited funding exists, projects identified as higher priority in the plan, will be given higher priority for funding consideration.

Minimum Request: \$10,000 per fiscal year.

Maximum Request: \$40,000 per fiscal year.

2. Loan Terms - Funds will be disbursed through loans, or a combination of loans or grants.

Terms: Loan repayment terms will be based on individual project needs, with the maximum term of six (6) years. Loans will be zero-interest unless the applicant requests one of the following options:

- Deferring payments for up to two years, and be subject to monthly interest-only payments during the deferral period as outlined below; or
- Forgiving up to 20 percent of the loan at the end of the loan term, and interest will be applied to the full loan amount and due monthly with principal payments.

Interest Payments: Non-profit organizations will pay an interest rate of 3% and for-profit developers will pay an interest rate ranging from 5% to the applicable Treasury bill rate at the time of loan closing or similar term, depending upon the financial analysis identified in the project's proforma statements.

Collateral: Security will be required, as necessary, to adequately collateralize the loan. Security will usually consist of liens against real property and/or business personal property.

Funding Restrictions

- Pre-development loans or grants will not be funded.
- Purchase of equipment is not an eligible expense of funds.
- Total indebtedness cannot exceed property insurance coverage.
- All project applicants must be current on any outstanding City loans.

Eligible Activities

The following activities are eligible uses of CDBG funding:

1. Property Acquisition - CDBG funds may be used to acquire real property either in whole, or in part by purchase, long-term lease, donation, or otherwise for any public purpose. CDBG funds may be used under this category by the grantee; a public agency; a public nonprofit entity, or a private nonprofit entity.
 - Real property to be acquired may include, but is not limited to: land, air or water rights, easements, rights-of-way, buildings, and other real property improvements.
 - CDBG funds may be used to pay for the cost of surveys to identify the property to be acquired, appraisals, the preparation of legal documents, recordation fees, and other costs that are necessary to the acquisition process.
2. Foreclosed property acquisition - CDBG funds may be used to assist housing units acquired through tax foreclosure proceedings. To prevent abandonment and deterioration of such housing in primarily LMI neighborhoods CDBG funds may be used to make essential repairs; and to cover operating expenses needed to maintain habitability.
3. Clearance Activities - Clearance activities are usually related to demolishing structures or preparing a site for development for a CDBG-eligible activity.
4. Infrastructure Improvements - Construction or installation including, but not limited to streets, curbs, storm, water, and sewer lines
5. Privately Owned Utilities - CDBG funds may be used by a grantee, subrecipient, and other for-profit and public entities to acquire; construct; reconstruct; rehabilitate; and install the distribution lines and related facilities for privately-owned utilities. A privately-owned utility refers to service that is publicly regulated and is provided through the use of physical distribution lines to private properties. Utilities include, but are not limited to, electricity, telephone, water, sewer, natural gas, and cable television.

Not eligible for Funding: The following activities are **not** eligible to be funded under this category:

- The costs of moveable equipment, furnishings, or machinery if this is the principal purpose of the activity because these items are not real property;
- Acquisition of property which is then expected to be donated or sold at less than the purchase price to the same entity that purchased the property because this is not considered a legitimate change of ownership;
- Acquisition of newly-constructed housing or an interest in the construction of new housing.
- The maintenance and repair of public facilities and improvements is generally ineligible (e.g., filling potholes, repairing cracks in sidewalks, mowing grass at public recreational areas or replacing street light bulbs).

Land Use and Environmental Review

- Land use compliance must be confirmed prior to application. Projects must meet all planning permit requirements (construction/rehabilitation only).
- All projects are subject to federally required environmental reviews in accordance with 24 CFR Part 58.