

# COMMUNITY DEVELOPMENT

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1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.
2. Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low- and moderate-income persons.

*\*Note: Each specific objective developed to address a priority need, must be identified by number and contain proposed accomplishments, the time period (i.e., one, two, three, or more years), and annual program year numeric goals the jurisdiction hopes to achieve in quantitative terms, or in other measurable terms as identified and defined by the jurisdiction.*

### PRIORITY COMMUNITY DEVELOPMENT NEEDS

The proposed 2013 Action Plan budget anticipates total funding allocations of \$19,809,765, a decrease since 2001 of approximately \$15,000,000 and a reduction in funding of 43%. The result of this has been devastating. Funding for some public service programs has been eliminated, budgets have been reduced across the board for most activities, and fewer funds are available for housing and economic development activities. The estimated CDBG entitlement amount for 2013 is \$16,796,248 with program income of \$600,000, for a total CDBG budget of \$17,396,248.

The following table indicates the City of St. Louis's priority non-housing Community Development needs for the 2013 program year. The needs identified in the table are all considered high as they are to be funded in the upcoming program year. The needs specified in the Consolidated Plan Five Year Strategy are longer term as they require considerably more funding than is available.

ECONOMIC DEVELOPMENT	ACTIVITY	MATRIX CODE	ACCOMPLISHMENT TYPE	GOAL
	Other Commercial/Industrial Impr.	17D	08-Businesses	75
	Direct Financial Assistance to For-Profits	18A	08-Businesses	50
	Planned Repayment of Section 108 Loans	19F	N/A	N/A

NEIGHBORHOOD STABILIZATION	ACTIVITY	MATRIX CODE	ACCOMPLISHMENT TYPE	GOAL
	Public Services	05	01-People	209,151
	Public Services	05	04-Households	100
	Senior Services	05A	01-People	1,165
	Youth Services	05D	01-People	3,950

CAPACITY BUILDING	ACTIVITY	MATRIX CODE	ACCOMPLISHMENT TYPE	GOAL
	Public Services	05	01-People	8,000
	Youth Services	05D	01-People	100
	Child Care Services	05L	01-People	90
	Fair Housing Services	05J	01-People	1,100
	Health Services	05M	01-People	1,800
	Rehab Administration	14H	N/A	N/A
	Non-Profit Organization Capacity Building	19C	09-Organization	18
	Planning	20	N/A	N/A
	General Program Administration	21A	N/A	N/A

**COMMUNITY DEVELOPMENT OBJECTIVES**

***CDBG Non-Profit Organization – Capacity Building:***

The primary objectives associated with CDBG Non-Profit Organization – Capacity Building include supporting development, expanding and implementing effective Management Assistance support and reducing the number of problem and nuisance properties in targeted neighborhoods with CDBG funds. Key objectives related to Neighborhood Improvement projects for 2013 are as follows:

- *Continue to support Community Based Development Organizations (CBDO's)*

It is anticipated that 18 local community development corporations (CDC's) will carry out activities designed to improve housing or public facilities within their service areas. These non-profit corporations are community based, with a defined geographic service area.

The proposed CDBG budget in 2013 for use by Community Based Development Organizations (CBDOs) is \$1,883,589, which is likely to be augmented later in the year. The number of CBDO organizations funded through the CDBG program has remained relatively stable in recent years.

**Public Services:**

The primary strategies associated with Public Services are aimed at achieving family self sufficiency by assisting organizations in providing public supportive services for youth, seniors and low and moderate income individuals including recreational activities, community education, senior meals-on-wheels, after-school programs, adult and child day care services, youth employment training and health care through the use of CDBG funds. Key objectives of Public Services projects for 2013 are as follows:

- *Promote family self-sufficiency by aiding public supportive service activities*

The proposed 2013 budget for public services is \$2,047,478, significantly less than the amount budgeted in 2012. The budget for 2012 already represented a decrease of nearly \$1 million from the 2011 budget. That original budget was decreased midyear after the City was notified of the final FY 2012 CDBG allocation. The \$2,047,478 allocated for public services represents nearly 12% of the total CDBG budget of \$17,386,179.

The regulations set forth at 24 CFR 570.200 (a)(3) require that at least 70% of CDBG expenditures benefit low and moderate income persons. The City intends to meet this requirement for 2013 because virtually all of the proposed 2013 projects, except for housing production and those activities that are exempt, benefit low and moderate income persons on an area, limited clientele, or job creation/retention basis. Low and moderate income benefit activities total approximately \$8,271,938. The amount of the 2013 Community Development Block Grant that is subject to the 70% low and moderate income benefit requirement is \$12,170,325. Low and moderate income benefit activities budgeted total approximately 68% of the amount subject to the requirement, but further expenditures anticipated in Housing Production and added programs that benefit low and moderate income persons will result in a greater percentage of low and moderate income benefit.

**Economic Development:**

The primary objectives associated with Economic Development initiatives includes providing assistance/incentives to retain and attract for-profit, retail businesses and micro-enterprises to the City, to provide jobs to low- and moderate-income persons, and to encourage historic preservation and rehabilitation of business properties through CDBG funds. Key objectives related to Economic Development projects for 2013 are as follows:

- *Provide assistance/incentives to retain/attract businesses to the City*

Economic development activities in 2013 will continue to emphasize the creation and retention of jobs within the City of St. Louis. These jobs are created through the Business Development Support Program operated by the St. Louis Local Development Company. Loans are made to for-profit businesses at slightly below market rates. The main requirement for participation in this program is new job creation or retention. The proposed budget for 2013 is \$675,924.

The Neighborhood Commercial District program, operated by the St. Louis Development Corporation, will continue to encourage stabilization and redevelopment activities in 33

neighborhood commercial districts. The proposed budget of \$1,438,013 will provide funds for the installation of site improvements, curbs, sidewalks, trees, and facade improvements to businesses located in the commercial districts.

In 2013 the City may use a lump sum drawdown procedure to establish a rehabilitation fund in one or more private financial institutions for the purpose of financing eligible rehabilitation activities. These activities may include rehabilitation activities carried out through CDA's housing production program. The rehabilitation fund may be used to finance the rehabilitation of privately owned properties eligible under the general policies in 24 CFR 570.200 and the specific provisions of either 24 CFR 570.202 or 24 CFR 570.203. The primary purpose in establishing the lump sum drawdown procedure is to provide for a more expedient and orderly payment to contractors carrying out housing production activities. Any lump sum agreements entered into with private financial institutions will comply with requirements set forth in 24 CFR 570.513 and copies of all such agreements will be provided to HUD upon execution of the agreements. CDA will review the level of program activity on a yearly basis to ensure that funds are being utilized as anticipated and that undue funds do not remain unspent in financial institutions participating in the program.

In 2013 the City may also utilize float loan financing to undertake housing or economic development activities. This financing mechanism would allow the City to fund eligible CDBG activities using funds that were initially programmed for one or more other activities that do not require funds immediately. These funds can be used on a temporary basis to fund other activities that normally could not be undertaken within the same program year. Activities undertaken with float loan financing will be subject to the same pertinent laws, regulations and rules as other CDBG-assisted activities. The float loan funded activities will be expected to generate a sufficient level of program income within an established time frame to enable the City to carry out all the activities that were initially programmed. However, if funds are not repaid as scheduled, some housing production activities might have to be delayed until subsequent program years. The City anticipates requiring any recipient of a float-financed activity to secure an unconditional and irrevocable line-of-credit payable to the City that may be drawn upon in cases where repayments are delayed.

The City may use CDBG or HOME funds in 2013 to guarantee in whole or in part construction loans from private financial institutions in order to maintain momentum in rehabilitation and new construction of affordable housing and to eliminate slums and blight. Because only construction financing will be eligible for such a program, it is not anticipated that other projects requiring permanent gap financing will be delayed. On the contrary, it is expected that the judicious use of loan guarantees, if needed, should enable projects otherwise languishing to move ahead.

In 2013 the City may use CDBG funds to establish loan loss reserves required by a local non-profit lender who will work with the City and one or more of its Community Based Development Organizations to make strategic loans to small businesses who will create or retain low and moderate income jobs. The thoughtful use of such loan loss reserves will increase the resources available for small business lending in under-served neighborhoods.

In 1998 the City of St. Louis submitted a Section 108 Loan Guarantee Assistance request to the Department of Housing and Urban Development to borrow funds to develop the

Downtown Convention Center Hotel, undertake the Near Southside Development, and fund a number of housing, capital improvement and economic development activities, known as Neighborhood Development projects. The original loan amount for the Convention Center Hotel was \$20,000,000, which was subsequently amended to \$50,000,000 and approved by HUD in 2000. The principal balance on the loan was refinanced in 2012.

## ANTIPOVERTY STRATEGY

1. *Describe the actions that will take place during the next year to reduce the number of poverty level families.*

St. Louis has a substantial number of families and individuals who live in poverty. While many factors related to poverty are beyond the control of City government, the City is committed to addressing poverty issues and improving the welfare and economic status of its residents wherever possible. Most of the services described in the Five Year Strategy are services devoted primarily to helping those in poverty. Some, like Homeless Services, are basic elements of the “safety net” geared to those in most need. Others, like promotion of home ownership, job creation and education, are more fundamental to the long term reduction of poverty in society. Throughout the strategy are recommendations and objectives that are central to the reduction of poverty. The City can most effectively fight poverty over the long term by:

- Promoting Economic Development, especially job intensive industries.
- Providing Employment and Readiness and Training Services to those in need.
- Building the tax base so that basic city services and “safety net” services can be provided to all.
- Helping less affluent citizens purchase a home in a neighborhood where housing values are likely to increase.
- Insuring that problem properties are reduced thereby preserving the value of neighborhood property.
- Striving for better day care, pre-school, after-school and public education systems.

Actions to be undertaken during the 2013 program year that work toward the reduction of poverty in the City include the funding of \$2,042,467 in public service activities through the CDBG program. These activities include youth, elderly, community, homeless, health care, and education services, all of which benefit low and moderate income persons and serve to improve the economic status of lower income City residents. Other CDBG and HOME funded activities will assist lower income persons through such activities as home repair, homeownership, and an expanded senior/disabled person minor home repair program. All of these activities benefit lower income persons and serve to improve their economic well being.