


COMMUNITY & ECONOMIC DEVELOPMENT OFFICE	
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CDBG

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Proposed Expenditures of Community Development Block Grant Funding Received under the American Recovery and Reinvestment Act of 2009 - Substantial Amendment of 2008 Action Plan for Housing & Community Development

The city of Burlington is receiving \$238,821 under the American Recovery and Reinvestment Act of 2009 (Recovery Act) to carry out, on an expedited basis, eligible activities under the Community Development Block Grant (CDBG) program. On May 5, 2009, the U.S. Department of Housing & Urban Development (HUD) published a June 5, 2009, deadline to submit a plan for spending this money and issued the following guidance:

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. . . . The Department desires that CDBG-R grantees carefully evaluate proposed projects for consistency with the overarching goals of the Recovery Act, especially the above-cited purposes. To this extent, 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. . . .

While grantees have the full range of CDBG eligible activities at their disposal for CDBG-R, Congress clearly intends that CDBG-R funds should primarily be invested in economic development, housing, infrastructure and other public facilities activities that will quickly spur further economic investment, increased energy efficiency, and job creation or retention. In selecting activities for CDBG-R funding, grantees should keep in mind that some eligible activities under the Housing and Community Development Act are unlikely to substantively address the intent of the Recovery Act.

The plan for spending the CDBG-R funding is a "substantial amendment" to the city's 2008 CDBG Action Plan. To meet the tight turnaround time, HUD is shortening the minimum time for citizen comments from 30 to 7 calendar days. Substantial amendment materials must be posted online as the materials are developed, published, and submitted to HUD. The city's local rules require that substantial amendments must be authorized by the Mayor and the Board of Finance.

Three activities are proposed for CDBG-R funding in Burlington:

1. Installing new solar panels on the roof of Three Cathedral Square, a 108-unit affordable senior housing development in downtown Burlington. Three Cathedral Square is the only affordable senior housing in Vermont that provides both independent and Assisted Living. Built 30 years ago, the 10-story building will be undergoing significant modernization over the next 18 months, including replacing the elevators, windows and appliances. \$90,000 of CDBG-R funding will be used to replace the failing existing solar panels, installed in 1980, with a system utilizing current solar technology. The work will be bid this summer, and the estimated completion date is the summer of 2010. The entire \$1,000,000 project is anticipated to produce 40 construction jobs.
2. Making business loans for energy efficiency and/or to reduce environmental waste; operating capital or financing fixed assets or inventory; and access modifications. The city will work with commercial customers of the Burlington Electric Department (the municipally owned electric utility for the city) who have identified a current interest in efficiency upgrades; with local businesses affected by the tight credit market; and with owners and tenants of older commercial properties whose use of upper story space is constrained by lack of accessibility. Loan applicants must meet the size guidelines of the U.S. Small Business Administration.

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Loans may range from \$500 up and interest rates will range from 0 to 4%. Repayment schedules will vary according to what's being financed, and loans must be secured by business and/or personal assets. \$99,939 of CDBG-R funding will be used for this loan program. Based on current identified demand, it is estimated that all of this funding will be lent by the end of October 2009. The loans are anticipated to create at least 9 permanent jobs and 23 construction jobs.

3. Redeveloping the Moran Plant, a defunct coal-fired generating plant on Burlington's waterfront, into a public facility in accordance with the project concept approved by 65% of Burlington voters in March 2008. A public-private partnership will redevelop the blighted industrial property, create new public park space, provide educational and recreational opportunities for residents and visitors, and have a significant impact on the regional economy. The city is currently in the process of cleaning-up environmental contamination at the site. \$25,000 of CDBG-R funding will be used for two activities:
 - a. Stabilization of the building as part of cleaning up environmental contamination at the site. That expenditure is anticipated to create 5 construction jobs.
 - b. Retaining a development consultant to help move the project from pre-development into the development phase, including evaluation of specific financing strategies, and development of development proformas.Both activities will be completed by September 1, 2009. The overall completion date for the project is anticipated to be February 2011, and overall, the project is anticipated to produce 200+ construction jobs and 80 permanent jobs.

The city also proposes to use the allowable 10% of CDBG-R funding (\$23,882) for administration.

The Finance Board will consider the proposed expenditure of CDBG-R funding at its **May 21, 2009**, meeting. Comments are due by the close of business on May 21.

For more information or to comment, contact:

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