

EXAMPLES OF CDBG SUCCESS STORIES

From CDBG 30th Anniversary Achievement Awards

State of Texas – Colonias Initiatives

Colonias are rural communities and neighborhoods located within 150 miles of the U.S.-Mexican border that lack adequate infrastructure and other basic services. Colonias typically have high rates of poverty making it difficult for residents to pay for roads, sanitary water and sewer systems, decent housing, street lighting and other services. There are an estimated 2000 colonias in the border region. Texas has the largest number of colonia and the largest colonia resident population.

In 1991, Congress mandated that the four southwest border states must set aside up to 10 percent of their annual CDBG program allocations for activities that address the infrastructure and housing needs of colonias residents. HUD requires Texas to set aside the full 10 percent of its CDBG allocation for use in colonias. As Texas' annual CDBG allocation is over \$80 million, this set-aside has provided nearly \$114 million in CDBG resources for colonias over the past 14 years.

In dealing with the needs of its colonias residents, the State of Texas has chosen to go well beyond what Congress or HUD requires. Texas law directs 12.5 percent of the State's CDBG program be used in colonias. The Office of Rural Community Affairs (ORCA) has worked hard to coordinate and maximize the delivery of other federal and state resources along with CDBG funds to improve the lives of colonia residents.

The State of Texas has an impressive track record of accomplishments. The state has funded more than 300 projects in the colonias using its CDBG funds. In addition, more than \$38 million of HOME, State Housing Trust Fund and State Housing Bond Financing funds have been provided for colonia activities including:

- Home improvement loans
- Downpayment assistance for first-time homebuyers
- Self-Help Housing programs
- Loans for acquisition & construction of new owner-occupied housing
- Development of new affordable rental housing units
- Tenant-Based Rental Assistance
- Installation of first-time water and sewer service to colonias
- Installation of new wells and septic systems for homes
- Construction of community centers
- Planning activities
- Ongoing funding of 5 colonia self-help centers along the border

Much remains to be done in the border region; populations are growing and the estimated cost to address needs is astonishingly high. But the State of Texas is making things happen, and can point to hundreds of colonias in which they have already made a significant improvement in peoples' lives.

State of Virginia: Self-Help Water Program

One of the most pressing rural community development challenges is finding cost-effective ways to provide dependable potable water and sanitary wastewater disposal to residents of small rural communities. (Nationally, states spend about 25% of their State CDBG funds on water and sewer activities.) One novel concept is to take the self-help construction approach (most commonly associated with housing construction for extremely-low income homebuyers) and apply it to the installation of water and sewer lines. This concept, pioneered by the Rensselaerville Institute, has been adopted by several states, including the State of Virginia.

The Self Help Virginia water and sewer program is particularly innovative and successful. Through this program, the state is able to bring centralized water or sewer service (and often both) to remote, underserved, low-income rural communities where conventional infrastructure financing (loans or grants) would simply not be economically feasible. The Self Help Virginia program has been especially successful in the Appalachian counties of the state; the mountainous topography increases the engineering and cost challenges of building facilities for isolated communities, and the effects of coal mining in the region have resulted in severe water quality and supply problems.

The Self Help Virginia program takes advantage of local volunteer labor, initiative and creativity to provide water and sewer services where those services would be difficult or unaffordable to provide through conventional means. The Virginia Department of Housing and Community Development provides extensive up-front technical assistance and capacity-building help to help communities assess whether the program makes sense for them. Involving neighborhood residents in the construction management and in the actual installation of water and sewer lines means CDBG funds can be directed to engineering, materials and other necessary construction costs. The reduced labor costs mean savings of 40% or more can be achieved over conventional, entirely- contractor- built systems. This means first-time or upgraded water and sewer service can be provided to communities where it would otherwise be cost-prohibitive.

In the past six years, the Virginia Department of Housing and Community Development has provided over \$6.1 million of CDBG funding to assist 30 projects. Over 100 miles of pipe have been laid. Over 2800 people now have (or will soon have) reliable water and sewer service. The state has further

supported revitalization in these areas with housing rehabilitation grants and other community development investments. The state has stretched its dollars by combining CDBG funding with Appalachian Regional Commission funding and local dollars. The state estimates the cost savings from the Self Help Virginia program to be nearly \$10 million (a 62% reduction from the estimated "retail cost" of these projects had they been totally contracted out). The ultimate beneficiaries of this program are not just the community residents served, but other communities as well; by minimizing the CDBG investment in individual projects, more communities can be served statewide.

Jacksonville, Florida – Comprehensive Infrastructure Improvement

The Royal Terrace neighborhood is one of the City of Jacksonville's oldest and poorest neighborhoods. The community is home to 4,286 residents with nearly 65 percent being of low- and moderate-income. The City has invested more than \$20 million of CDBG funds to greatly revitalize the neighborhood. When non-CDBG funds are added to the revitalization effort, the cost exceeds \$25 million. Much of this revitalization has been accomplished during the last seven years.

The improvements that resulted directly from CDBG include extensive drainage, sewer, paving, and curbs and gutter improvements. These have directly benefited all of the neighborhood residents. Since 1998, CDBG and HOME funds have been expended to rehabilitate the homes of 72 low- and moderate-income residents. In addition, CDBG-funded rehabilitation has resulted in 75 homes of low- and moderate-income persons being hooked up to sewer lines. A \$700,000 Section 108 loan guarantee assisted with the rehabilitation of a 200-unit apartment complex where all of the residents receive Section 8 assistance. A private investor contributed \$4.5 million to the rehabilitation.

CDBG funds also addressed part of the rehabilitation of vacant buildings that have now been converted into commercial facilities that house businesses. The converted facilities include a public dental clinic, community room, and a women's public health clinic. All the commercial facilities primarily serve the neighborhood. The commercial facilities are located at Royal Terrace Plaza I, and Royal Terrace Plaza II. Finally, the local Habit for Humanity Chapter (Habijax) has constructed 214 homes in the neighborhood since 1999. Of course, all of these homes were built for low- and moderate-income families that are now sharing in the American Dream of homeownership. The CDBG public facility improvements mentioned above had a direct and positive impact on the Habijax home construction in the neighborhood.

Philadelphia, Poplar-Nehemiah Homeownership Program

The Poplar Nehemiah Homeownership development in Philadelphia built and sold 176 new construction homeownership units in North Philadelphia, in an

area centered on 13th and Poplar Streets. CDBG and a Section 108 guaranteed loan totaling \$14.6 million acquired the site, performed environmental cleanup, and subsidized the construction of the units. HUD's Nehemiah program also provided \$15,000 per unit. In addition, the City's Capital Program provided funds for infrastructure and streets construction. The houses were completed in phases between 1997 and 2000.

The development reconfigured the existing street pattern and created a Village Green community park, which is maintained by the Homeowners' Association. The project was instrumental in transforming a blighted, abandoned area located between Center City and Temple University. Housing values in the area have doubled since the project was completed.

Poplar Enterprise Development Corp., the project's developer, helped to create a joint venture between a CDBG-supported Neighborhood Advisory Committee ("NAC") called the West Poplar NAC, and the Enterprise Foundation of Columbia, Maryland, a nationally known affordable housing developer and intermediary. The development (including site planning and house design) grew out of a collaborative planning process between the community and the City. The architectural firm of Kise, Straw, Kolodner worked with the design team throughout the process.

The Poplar Nehemiah Homeownership development is a shining example of a successful activity undertaken by a community-based development organization to provide affordable housing for low- and moderate-income household

Los Angeles, CA - The Business Technology Center (BTC)

The Business Technology Center (BTC) is California's largest high-tech business incubator and the only technology incubator in the nation owned and operated by a County agency. Opened in 1998, the BTC is a 40,000 square foot facility that has been visited by delegations from more than 25 countries. The total project costs for the BTC was approximately \$5.5 million, of which \$3.5 million funded through Community Development Block Grant and more than \$2 million from the U.S. Department of Commerce, Economic Development Administration (EDA).

One of the most unique features of the BTC is its location in a minority community whose residents are 48 percent low- or moderate-income. Most high technology incubators are operated by universities or are located in high-technology settings. The County of Los Angeles Community Development Commission (CDC) made a conscious decision to locate the BTC in a redevelopment project area. The primary risk was that the surrounding corridor would dissuade new technology firms from locating at the BTC. However, placing the BTC in Altadena met three key objectives and the results have been impressive:

Removing slum and blight - The CDC purchased a three-acre site that had been used as an illegal recycling center, a storage yard for heavy equipment, a tobacco billboard and a trash dumping area. It cleared the site and built a new "wired-for-sound" building which would be at home in any high tech corridor in the nation.

Providing an anchor to revitalize a commercial corridor - Since its construction, the CDC has entered into an agreement with a developer for new retail, office and housing for the corridor.

Using technology to jump-start a disadvantaged community - Studies indicate that technology will be the catalyst for economic development in the next decades. Rather than using common place methods for energizing a disadvantaged community such as community centers, training facilities, retail development, the CDC decided to bring a center for high technology business creation right into a disadvantaged community. The calculus was that there would be short-term benefits (elimination of slum and blight); mid-term benefits (100-200 people bringing income into the community for purchases of office supplies, services, lunches, etc.); and, long-term benefits (nexus to high technology to bridge the digital divide).

Today, the BTC serves 39 tenant and affiliate firms with specialties ranging from fuel cells to biometric software to make DNA micro arrays more effective. Over 45 percent of BTC firms have received more than \$65 million in equity investment and creating more than 475 jobs. The BTC has been honored by awards from the National Association of Counties, the California Association for Local Economic Development, and the Governor's Office of the State of California.

Wichita, Kansas - Cessna 21st Street Learning and Work Campus

For many decades, Northeast Wichita was an important economic and residential center of the city. However, by the beginning of the 1980's, it had become Wichita's most troubled areas. In 1990, the Cessna Aircraft Company, in partnership with the City of Wichita, opened a training facility on 21st Street to provide employment opportunities for individuals on public assistance considered unemployable and to begin revitalization of northeast Wichita's 21st Street Corridor.

With the assistance of HUD and the City of Wichita, Cessna dramatically expanded the program in 1997. The project is comprised of two components- in the first phase, the City acquired the former 48-acre Heartspring property for a total of \$1.2 million, after that organization announced it was moving to another part of the city. An eight-acre portion of the site was redeveloped into Cessna 21st Street Learning and Work campus. The complex consists of a campus that includes a 27,000-square foot light assembly facility and a 20,000-square foot learning/day care center for Cessna trainees living in the

neighborhood. The Campus also includes on-site trainee housing. Construction was completed October 1997.

The willingness of Cessna to undertake this major commitment significantly contributed to the success of this project. This approach was spearheaded by Cessna's former Chairman and CEO, Russ Meyer, as a means to give something back to the community, beyond the regular charitable activities. There were four unique elements of the training program that existed which contributed to its success. Program length was tailored to the individual trainees. Counseling was provided throughout. Wages and benefits were provided during training, and guaranteed employment was provided upon graduation. Those elements, plus a day care center capable of holding 40 children and safe, affordable housing, was made available on the campus for trainees.

Despite hard economic times as result of September 11th, the basic premise of the program remains intact-to train public assistance clients and place them in entry-level employment. The project exceeded all goals. The initial goal was to place 115 welfare-to-work clients in full-time employment. To date, the project placed 321 persons in full-time jobs-279 percent above the original goal! This public-private investments represents one of the most exciting and dynamic partnerships in the nation between the federal government, local government, and the private sector to transition individuals from public assistance to private sector jobs and to economically revitalize a major part of the city.

The total facility costs were \$5.9 million dollars financed by the City of Wichita using approximately \$750,000 in Community Development Block Grant funds, \$3.6 million in HUD Section 108 Loan Guarantee Funds and \$1.6 million in Tax Increment Financing. Cessna invested over \$17 million dollars in the project.

Santa Fe- New Mexico - Business Incubator

The "business incubator" concept is a very successful method for creating strong businesses. Since opening in December 1997, the Santa Fe Business Incubator has developed 45 companies that have created over 260 new jobs and increased tax revenues. The City of Santa Fe provides Community Development Block Grant (CDBG) funds to the Business Incubator to expand economic opportunities for persons of low and moderate income. The Business Incubator is located in Tierra Contenta, a planned community that focuses on affordable housing for low- and moderate-income residents. The 30,000-square foot facility includes office, service and production spaces, along with meeting rooms, break areas and administrative spaces.

The objective of the Business Incubator is to assist the participants in increasing their economic opportunities by helping them start and grow their own successful businesses and create more jobs. This program provides rent

subsidies, special technical assistance and educational opportunities for low- to moderate-income entrepreneurs, and assists the participants in attending business seminars and workshops. Through their participation in the Business Incubator, these entrepreneurs are exposed to professional business practices, consulting and technical assistance. They also have the use of a full-range business facility, a business library and resource room, workshops and business training. They have access to the help and support of the Business Incubator's CEO, staff, the Advisory Council, and other entrepreneurs in the Business Incubator. Most clients stay approximately three years before "graduating" into commercial space in the community.

CDBG funds are used to fund the Low- and Moderate-Business Opportunity Program (BOP). The BOP is especially important in that it provides intensive assistance to low- and moderate-income entrepreneurs in Santa Fe where high rents and labor costs make it difficult to start and grow new businesses. The Business Incubator is a very successful tool for creating strong businesses and the BOP makes its programs more readily accessible to lower income members of the community.

Since 1998, the Santa Fe Business Incubator and the Business Opportunity Program achievements include:

12 companies have created 35 new jobs.

Of the seven companies currently enrolled in the BOP, five are women- and/or minority-owned businesses.

One BOP company increased revenues by 32 percent last year. Another achieved a 25 percent revenue growth.

In addition to the BOP program, the Business Incubator received \$60,000 in planning funds from CDBG in 1995-1997. Also, the Business Incubator has been awarded a Section 108 Loan Guarantee Grant in the amount of \$300,000 for construction of Phase II of Business Incubator and rehabilitation and retrofit of Phase I facility and an Economic Development Initiative grant of \$300,000. These funds have not yet been disbursed, but should be available during the first half of FY 2004/05.

Sheboygan, Wisconsin - Water Street Housing Redevelopment

The Water Street Housing Redevelopment is the largest housing redevelopment project in the history of Sheboygan and has created 198 units of multi-family and elderly housing. The project is located on 15 acres along the Sheboygan River on an old industrial site. The residential section of the neighborhood, in close proximity to downtown and a scenic riverfront, was in serious disrepair with many vacant lots. The neighborhood was in such bad shape that longtime residents of Sheboygan commonly referred to it as "the Hole".

In 1995, the City of Sheboygan began acquiring tax delinquent parcels and purchasing and cleaning vacant lots with \$1 million in CDBG funds. Next, the City of Sheboygan approved a Tax Incremental Financing (TIF) district, which contributed \$6 million and was awarded \$1 million in Section 108 loan guarantee assistance to acquire the remainder of the buildings on the site. Good planning and \$2 million in CDBG funds allowed the project to leverage an additional \$15,000,000 in private sector dollars. The project also received \$1,000,000 in Section 42 tax credits from the Wisconsin Housing and Economic Development Authority (WHEDA) and on-going assistance from HUD Section 8.

The results are impressive. An old dilapidated industrial building was completely rehabilitated into a 72-unit apartment building. The beautiful Garton Toy Factory has a mix of 50 Section 42 affordable family units and 22 market rate family units with gorgeous views of the Sheboygan River. In addition, there are 66 units of HUD-subsidized Older Adult housing at the Waterview Senior Apartments and 60 Section 42 affordable family units at the Riverwalk Apartments. The success of these projects has facilitated a - unit market rate condominium project, named River's Edge, and in 2004 a ground-breaking ceremony was held for the first of 27 market rate townhomes and condominiums. The Water Street Redevelopment project also includes two neighborhood parks with amenities that include: restroom facilities, trails, playground equipment, a basketball court, sand volleyball court, children's splash pad, benches, lighting, and landscaping.

According to Mayor James Schramm, "Sheboygan has embraced change and has worked hard toward an integration of lower and higher income households and neighborhoods that offer recreational, cultural, and social opportunities to all people of all backgrounds, incomes, and ages. Teamwork played a pivotal role in the Water Street Redevelopment Project. Without the cooperation of HUD, WHEDA, Wisconsin Department of Natural Resources (WDNR), private developers, and more importantly the residents of the community, the Water Street neighborhood in the City's downtown district would have remained blighted, dilapidated, and contaminated. Instead, Sheboygan celebrates a neighborhood that is diverse both economically and culturally, with architecture that is high quality, cohesive, and desirable."

St. Paul, Minnesota - Ames Lake Redevelopment Project

Ames Lake Redevelopment is a four-phase project that encompasses a four-city block area within St. Paul. When the project began, there were 38 apartment buildings that had received little or no investment over the years. More than 1,600 residents lived in one- and two-bedroom units constructed in the 1960s. The apartment buildings had multiple owners and suffered from inconsistent property management. Numerous police calls were made to the area and people generally felt unsafe.

With the help of CDBG funds, the City acquired these buildings with the help of Real Estate Equities who will own and manage all of the units. Extensive renovation created larger units to accommodate families and new rental townhomes will be constructed to replace the most blighted buildings. Much needed green space and a community center will be included in the third phase.

The first two phases of the project, Rose Hill and Barclay Terrace, consisted of 48 one-bedroom units and 48 two-bedroom units in each phase. After rehabilitation, each phase will consist of 28 one-bedroom units, 42 two-bedroom units and seven three-bedroom units, 73 percent of which are affordable to low- and moderate-income households. Rose Hill is fully occupied and Barclay Terrace is completed and occupancy has begun.

The third phase of Ames Green is anticipated to begin in this month. Ames Green will rehabilitate additional units, construct 11 townhomes and includes adding green space and a community center to the area. The final phase, Ashwood Court II, will begin in 2005.

The total project cost is approximately \$52.4 million including nearly \$7 million from HUD's Community Development Block Grant Program. Other sources include \$1.6 million Economic Development Initiative Grant and \$16 million through the Low-Income Housing Tax Credit. CDBG funds will be used for acquisition and rehabilitation of the low- and moderate-income housing units. A one-for-one replacement plan has been completed.

Yuma, Arizona - Carver Park Neighborhood Revitalization Strategy Area

In addition to receiving a substantial amount of CDBG funds, this project has a large social impact on the area in that crime in the area has been reduced and people no longer fear living or visiting the area.

The historic Carver Park Neighborhood is a 22-block area located in the older part of Yuma. The neighborhood is 73 percent Hispanic, has a high rate of unemployment with nearly half of its residents living in poverty. Much of the housing was substandard. Existing resources included a neighborhood park and several faith-based organizations. For many years Carver Park was severely blighted with few prospects for revitalization.

When the decision was made to create a NRSA, input was gathered from the community to determine the needs and concerns of its residents. In this way, the plan became neighborhood driven. As a result, local partnerships were established. With the encouragement and technical assistance provided by HUD's Phoenix Office, the Carver Park NRSA Plan was approved on March 25, 2000.

Significant improvements and additions have been made to the housing stock. Thirty-six town homes and 89 units of new rental housing (constructed

supported by the Low-Income Housing Tax Credit) have been built. An additional 40 units of private single-family home development have been added to the housing stock. Approximately 53 single-family units have been rehabilitated. Two homes were reconstructed. HUD also approved a Section 108 loan guarantee for homeownership activities.

Considerable emphasis has also been placed upon reducing crime. The neighborhood received designation as an official "Weed and Seed" site by the U. S. Department of Justice. In addition, more stringent application has been made with code enforcement and rental inspection programs. Several neighborhood cleanups were organized. A neighborhood newsletter was created. The community has received a Make-a-Difference Day National Award.

The Carver Park neighborhood just celebrated the opening of the Dr. Martin L. King Neighborhood Community Center, a safe place for youth to gather. The improvements made in this neighborhood demonstrate grass roots community involvement and impressive leveraging of public and private funds and programs to maximize HUD CDBG funding. To date a total of \$27.5 million has been leveraged for neighborhood revitalization from a total HUD investment of \$4.1 million.

Wheeling, West Virginia - Celeron Plaza Development

Where Wheeling Creek meets the Ohio River, French explorer Celeron de Bienville laid claim to all of the territory to the west of the Ohio River for the King of France. This area directly south of the Wheeling Civic Center is now known as Celeron Plaza.

Formerly a warehouse district, the Celeron Plaza area is the premier development site in Wheeling. Located in the southern portion of the City, Celeron Plaza offers prime views of the Ohio River and a strategic geographic location providing access to Interstate 470, the heavily used Wheeling Heritage Walking/Biking Trail and the Wheeling Convention Center. The City of Wheeling has invested in nine of 11 properties to facilitate the development of the area while attempting to preserve its historic flavor.

The City's investment in Celeron Plaza has fueled further development interest from both the private and public sectors. The State of West Virginia completed construction of a new bridge that will provide greater access to Celeron Plaza from the Central Business District. The Maxwell Partners, a private development group, recently invested several million dollars into the award-winning rehabilitation of a former YMCA building in the Celeron Plaza area. This building, now known as Maxwell Center, houses Wheeling's largest law firm and two large professional firms. The Maxwell Partners also completed the renovation of the Wagner Building, an historic 1915 warehouse, into Class A office space. Just Us, another local development group, redeveloped the recently purchased Continental Bakery Building for

retail and office use. The Catholic Diocese of Wheeling/Charleston is investing several million dollars into a West Virginia Catholic Heritage Center located in another historic structure within Celeron Plaza.

Neighborhoods adjacent to Celeron Plaza are also experiencing significant redevelopment interest. The Heritage Port Complex, a renovated port area and 6,000-seat amphitheater located north of the Celeron Plaza area, was completed last summer. Ogden Newspapers, Inc. has invested several million dollars for the renovation of an abandoned warehouse for its printing facilities to a site on the eastern side of Celeron Plaza.

The Celeron Plaza project is within the City of Wheeling's established Neighborhood Revitalization Strategy Area (NRSA), and as such, this project has met specific goals for economic development within the NRSA, including: Redeveloping underutilized properties; eliminating blight; providing opportunities for new or expanding businesses; providing meaningful and expanded employment opportunities; and, advocating public/private partnerships.

Wheeling has used a total of over \$3.6 million (from CDBG, Section 108 and Brownfields Economic Development Initiative resources) to finance a \$10 million revitalization project.