

Options for CDBG-Funded Economic Development Activities

Following is information requested on potential PY 2014 CDBG allocations that remain under consideration. Please note: after previous Committee consideration, an estimated \$376,455 of CDBG funds remain available for allocation (\$76,455 of entitlement funds, and an estimated \$300,000 of program income)

1) Holding for a Future Project, e.g Isthmus Park Project Up to \$376,455

Staff projections show that the City's CDBG Program will be well under the HUD required levels of expenditures (termed "Spend-Down" by HUD) by the June 30, 2015 deadline. This good performance would allow flexibility for the Council to retain these funds in the Isthmus Park Project Fund until PY 2015, at which time they could potentially leverage the available PY 2014 with PY 2015 new CDBG grant funds, Section 108 loan funds or other monies that may be available in the future. The Council can amend their allocation in the future to fund a different project or program if the Isthmus Park Project does not move forward or receive other funding.

2) Small Business Loan Pilot Program: \$250,000

Discussions with the Economic Development Council, Thurston Chamber of Commerce, and the Olympia Downtown Association have identified the need for a Revolving Loan Fund (RLF) to provide an additional tool for strengthening downtown businesses. Such an RLF should be designed to complement existing tools, i.e. technical assistance; business training; and business coordination programs provided by EDC, ODA and Enterprise for Equity, and the incubator program of the Thurston County Chamber.

Council could set goals for such a fund, which could be administered by National Development Council (NDC) and potentially leverage other funding programs, such as NDC's "Grow America Fund". Goals could include:

- Retaining and growing existing downtown businesses
- Infilling vacant storefronts with new or relocated businesses
- Emphasizing a diversity of businesses that provide jobs and activity to create more foot traffic and an "18-hour business day"
- Focus on strategic small business sectors, identified by the EDC to be:
 - Light manufacturing
 - Information technology
 - Professional services
 - Theater arts/performance retail

The City CDBG allocation would serve as "seed money" to be leveraged with other funds as a Business Loan Pilot Program.

Options Previously Considered by the Committee

- 3) CPTED Safety Program \$25,000**
(Note: The Committee directed staff to include this option in the proposed CDBG allocations at the March 18, 2014 meeting)

Municipal planners and public safety officials utilize “Crime Prevention through Environmental Design (CPTED)” as a planning tool to make their communities safer. This program would be operated as a Revolving Loan Program (RLF) ensuring that program income could be made available for future CPTED Safety Program projects. The City has been participating in a public planning process to assess needs, identify resources and proceed with high priority CPTED projects. The majority of these projects will involve private property but some may involve public property. These priorities fall into two general categories:

A) Façade Improvement Loans (\$10,000)

Façade Improvement loans are utilized by communities across the nation to provide financial incentives to restore highly visible store fronts in central business cores. When a downtown is in good shape it sends a positive message of urban vitality. Conversely, when multiple storefronts in a downtown district are dilapidated, it sends a message of urban decay. In concert with other Olympia Downtown Project initiatives, a City of Olympia façade improvement micro-loan program could encourage a district-wide make-over, which in turn could spur additional economic development activity.

There are three elements of a façade improvement program:

- 4) *Small CDBG Loans:*** CDBG funds could be made available through a low- or no-interest loan program to property owners interested in improving their property. Funds could be used for materials costs only, i.e. paint, to support façade upgrade projects.
- 5) *Volunteer Labor:*** Twice each year the Olympia Downtown Association recruits 100 – 200 volunteers who pick up garbage, pull weeds and paint. In recent years, these volunteers have been under-utilized as a direct result of the successful Downtown Clean Team. Painting projects are often limited by the lack of available paint in the right color. A specially designated “Paint the Town New” clean-up in fall could mobilize the same number of volunteers to focus exclusively on painting buildings.
- 6) *Recycled Materials:*** A number of local paint companies carry recycled paint, which both ensures re-use of a valuable building material and demonstrates a commitment to sustainable building maintenance practices. Recycled paint also saves money; one estimate shows that “Metro Paint” produced by an Oregon municipal enterprise costs half as much as new paint.

Past Façade Improvement Programs: The City utilized a CDBG-funded Façade Improvement Program during the early 1980's as one of many tools to address urban decay. Funds were issued as loans to key downtown building owners to cover the material costs associated with awning replacements and exterior paint. Additional resources were leveraged by working with private lenders and painter-training programs. As a result, approximately 20 buildings received new paint jobs and approximately 10 buildings received new awnings. The loans were administered in-house to lower loan closing costs. All the loans were re-paid within five years and the funds were re-allocated for other purposes. The City did not at that time create a revolving loan fund with repayments.

B) CPTED Safety Projects (\$15,000):

The City has worked with downtown building and business owners along with other stakeholders to develop a priority listing of CPTED projects involving physical improvements. These projects fall into the following two categories:

- 1) *Gates:* Building owners have identified key alcoves that currently attract a broad range of illegal and disruptive activity that are detrimental to business activity and discourage criminal activity.
- 2) *Dumpster Enclosures* Police have identified several "hot spot" areas where the existing enclosures are large, block line of sight and encourage illegal activities that are shielded from view. Replacing these with enclosures that meet the CPTED standards would greatly reduce criminal activity.

3) Small Business "Micro" Loan Pilot Program: \$25,000

Micro loans provide small businesses with the minimal start-up funds needed to launch. Typically, micro loans assist entrepreneurs who operate home-based businesses located in basements and garages rather than storefronts. Enterprise for Equity administers a small business micro loan program with funds from the United States Department of Agriculture (USDA) utilizing a total loan pool of up to \$270,000 and making loans that average \$2,000 - \$5,000. Providing additional funds to this micro loan program or others in the community could provide key financial support for small business through a partnership with Enterprise for Equity as a pilot project.