

**PROPOSED SUBSTANTIAL AMENDMENT TO THE CONSOLIDATED PLAN  
PY 2011 ACTION PLAN  
30 DAY COMMENT PERIOD**

**CITY OF BIRMINGHAM, ALABAMA**

In accordance with 24 CFR Part 91, as amended, the City of Birmingham, Alabama (the City) is publishing a summary of a Proposed Substantial Amendments to its Program Year (PY) 2011 (July 1, 2011 thru June 30, 2012) Action Plan One Year Use Of Funds, for citizen comment for a period of at least thirty (30) calendar days from July 5, 2011. The Proposed Substantial Amendments are published in order to afford affected citizens an opportunity to examine its contents and to submit comments relating thereto.

**I. BACKGROUND:**

In 1995 the U.S. Department of Housing & Urban Development (HUD) introduced a consolidated application process involving four HUD Community Planning and Development (CPD) formula programs: Community Development Block Grants (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA). This process replaced at that time all current HUD-CPD planning and application requirements with a single submission, and satisfied the minimum statutory requirements for the four referenced HUD-CPD formula programs.

In summary, the Consolidated Plan actually serves four separate, but integrated, functions. The Consolidated Plan is 1) A planning document for the City, which builds on a participatory process; 2) An application for federal funds under HUD's formula grant programs referenced above; 3) A strategy to be followed in carrying out HUD programs, and lastly; 4) An action plan that provides a basis for assessing performance. The City's current Five Year Consolidated Plan covers the period July 1, 2010 thru June 30, 2015 and contains six basic components: (1) housing and homeless needs assessment, (2) housing market analysis, (3) strategies and priority needs and objectives, (4) action plan, (5) certifications, (6) monitoring. The action plan and certification portions of the document must be submitted annually to HUD for approval.

Copies of the City's PY 2010-2015 Consolidated Plan are available for inspection in the City's Community Development Department, 710 North 20th Street, Room 1000, Birmingham, Alabama from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays. Copies are also available for inspection at the Birmingham Public Central Library, 2100 Park Place, Birmingham, Alabama, during regular business hours. Copies are also available for inspection on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov).

## **II. PY 2011 ACTION PLAN:**

The City's Proposed Action Plan is an annual description of the City's Federal and other resources that are expected to be available to address its priority needs and how the Federal funds will leverage other resources. The description includes proposed activities for Program Year (PY) 2011 (July 1, 2011 thru June 30, 2012) to address the needs identified in the City's PY 2010 thru 2015 Five Year Consolidated Plan. The Action Plan explains where the assistance will be directed by geographic area during PY 2011.

The Action Plan also includes narrative, maps and tables which identify the geographic areas in which it will direct assistance, a description of homeless and other special needs activities, as well as a description of other proposed actions to foster affordable housing, public housing improvements and resident initiatives, evaluation and reduction of lead-based hazards, reducing the number of persons below the poverty line, development of the City's institutional structure, efforts to enhancing coordination between housing and service agencies, and assistance to public housing.

Copies of the PY 2011 Action Plan are available for inspection in the City's Community Development Department, 710 North 20th Street, Room 1000, Birmingham, Alabama from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays. Copies are also available for inspection at the Birmingham Public Central Library, 2100 Park Place, Birmingham, Alabama, during regular business hours. Copies are also available for inspection on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov).

## **III. CONSOLIDATED PLAN AMENDMENT POLICY:**

In accordance with the City's (HUD) Approved Consolidated Plan and Citizen Participation Plan, the City shall amend its Consolidated Plan Statement whenever it decides not to carry out an activity described in the Plan, or decides to carry out an activity not previously described or decides to substantially change the purpose, scope, location beneficiaries, or budgeted dollar amount of an activity. The amendment of a budgeted dollar amount of an activity in an existing Action Plan by more than 25 percent, plus or minus, shall be considered to be a substantial change for purposes of requiring a written amendment.

Prior to amending its Consolidated Plan, the City shall provide citizens with reasonable notice of, and opportunity to comment on such proposed changes in its use of funds. The City will consider any such comments, and if the City deems appropriate, modify the proposed changes. The city will make available to the public, and shall submit to HUD, a description of any changes adopted.

Additionally, the City will provide a period, not less than thirty (30) days, to receive comments, written or oral, on the substantial amendment prior to its adoption. A summary of comments and views are attached to the substantial amendment of the Consolidated Plan.

#### **IV. PROPOSED SUBSTANTIAL AMENDMENTS TO PY 2011 ACTION PLAN:**

The City proposes the following substantial amendment to its PY 2011 Action Plan:

##### **A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG):**

Float Loan Program:

The City proposed the increase of funding for the Float Loan Program by **\$500,000.00** from its previously authorized funding level of **\$500,000.00** to an amended level of **\$1,000,000.00**. This proposed adjusted program is described below:

##### **PROJECT: INTERIM FLOAT LOAN PROGRAM- ECONOMIC DEVELOPMENT: (570.203)/HISTORIC PRESERVATION (570.202(d)): \$1,000,000**

Project ID/Local ID 4; Project Title: Interim Float Loan Program; Priority Need 5-Promote City Wide Economic Development; Eligibility 570.203-Special Economic Development Activities and 570.202(d)- Historic Preservation; National Objective 570.208 (a)-Activities Benefiting low-and moderate-income persons and 570.208(b)-Activities which aid in the prevention or elimination of slums or blight; Help the Homeless? No; Help people with HIV or AIDS? No; Sub-recipient: N/A; Location: City Wide; HUD Matrix Code:18A-ED Direct Financial Assistance to For-Profits: Accomplishments: 2 Businesses To Be assisted; Start Date: 7/1/2011; Completion Date: 6/30/2012; Performance Measure Objective: #3-Economic Opportunity; Performance Measure Outcome: #3-Sustainability.

##### **Float Loan Activities & Description:**

In accordance with 24 CFR 570.301 the City may use undisbursed funds in its line of credit and its CDBG program account that are budgeted in action plans for one or more other activities that do not need the funds immediately. Such funds are referred to as the “float” for purposes of this section and the action plan. The City intends to use its “float” to provide support for Economic Development and Historic Preservation activities to promote and strengthen the economic base and the business climate through the creation and retention of jobs for low and moderate income persons.

The City has not yet decided on the specific location of the float funded activities to be undertaken. For activities for which the City has not yet decided on a specific location, such as when the grantee is allocating an amount of funds to be used for making loans or grants to businesses or for residential rehabilitation, 570.301(a) provides that the description in the action plan or any amendment shall identify who may apply for the assistance, the process by which the grantee expects to select who will receive the assistance (including selection criteria), and how much and under what terms the assistance will be provided. Accordingly, the following information is provided:

##### **General Area Location:**

**The City will undertake float loans on a City Wide basis under the following Float Loan Program areas:**

##### **\* City Center Float Loan Program:**

Location: City Center Master Plan Area; I-65 to the West; Highway 31 to the East; 13th Avenue South to the South; and 12th Avenue North to the North.

##### **\* Neighborhood Commercial Revitalization Float Loan Program:**

Location: City Wide

Who May Apply: Eligible private for profit businesses or other entities who intend to undertake eligible Special Economic Development Activities as authorized and described at 24 CFR 570.203 or eligible Historic Preservation Activities outlined at 24 CFR 570.202(d) and who meet the following float loan application threshold requirements:

**Float Loan application threshold requirements:**

The minimum threshold application requirements for the CDBG Float Loan Program include, but are not limited to, the following:

Float Capacity: Is an estimate of the total CDBG Float Funding available to the City. As CDBG program income is received float capacity goes up; as CDBG expenditures are incurred for budgeted activities float capacity goes down. The City's present float capacity is approximately \$1 million. The City will consider no float funded activities or applications that may cause it to exceed its estimated float capacity.

Minimum Loan Amount and Maximum Loan Term: Because of the high cost of underwriting and processing loans, HUD guidelines recommend that the minimum commercial float loan should be at least \$100,000.00. The maximum term of any CDBG float loan is 30 months (2.5 years).

Job Creation Requirements: Applicants must demonstrate the ability to create or retain at least one full-time equivalent, permanent job per \$35,000.00 in the aggregate and/or \$50,000.00 per project of CDBG funds used during the term of the loan. At least 51 percent of the jobs must be held by, or made available to, low and moderate income persons as defined by HUD.

Irrevocable Letter Of Credit Requirements: The City hereby declares that a letter of intent from a commercial lender must accompany the application which states that upon approval of assistance by the City of Birmingham a direct pay irrevocable letter of credit for the full amount of the float loan principal and interest will be issued in favor of the City. To qualify for this purpose, such letter of credit must be unconditionally available to the City in the amount of any loan principal and/or interest approved for the full term of the loan. This requirement is non-negotiable.

1. Application Information: Upon meeting minimum threshold requirements, applicants may obtain an application which includes all HUD required guidelines for evaluating and selecting economic development projects. Applications for assistance are accepted Monday thru Friday at the Office of Operation New Birmingham, 505 20<sup>th</sup> Street, North, Suite 150; Birmingham, Al 35203; phone 324-8797 or at the offices of Main Street Birmingham; One 55<sup>th</sup> Place South; Birmingham, AL 35232; phone 595-0562.

2. Selection Criteria and Approval Process: All applications will be reviewed in accordance with the CDBG underwriting guidelines listed in Appendix A to 24 CFR Part 570 as well as the guidelines outlined at 570.209 copies of which are available for inspection in the City's Community Development Department. Additionally, all applications must be approved by the Mayor, Birmingham City Council and U.S. Department of Housing and Urban Development prior to the disbursement of funds.

Float Loan Program Income: In accordance with 570.301(b) (3), unlike other projected program income, the full amount of income expected to be generated by a float-funded activity must be shown as a source of program income in the action plan containing the activity, whether or not some or all of the income is expected to be received in a future program year. The City has reflected the full amount of program income expected to be generated by float loan activities as a source of income in subpart III-2 Federal Resources of the Action Plan and expects all of the identified float loan program income to be received in a future program year. Also, in accordance with 570.301(b)(5) all float loan program income expected to be received from a float-funded activity which was shown in a prior year Action Plan has been identified in this Action Plan in subpart III-2 Federal Resources of the Action Plan. The planned use of said program income was described in Subpart III-2 in all Action Plans submitted by the City within 30 months (the maximum float loan term) preceding the submission of this Action Plan. All expected sources of funds including expected float loan program income were fully budgeted for the program purposes described in HUD Table 3C-Summary Project listing of those Action Plans.

Source of CDBG Funds:

Due to the nature of Float Loan Program Income reporting, the following adjustment is proposed to be made to the CDBG Budget thereby balancing sources and uses of CDBG funds:

Current PY 2011 Budget:

Community Development Block Grant Program:	
PY 2011 Grant	\$6,500,803.50
PY 2011 Anticipated Program Income:	1,500,000.00
Surplus Urban Renewal Funds:	0.00
Returned Grant Funds:	0.00
Prior Year Funds:	0.00
Future Year Income Expected from a Float Funded Activity	<u>500,000.00</u>
	\$8,500,803.50

Proposed Amended PY 2011 Budget:

Community Development Block Grant Program:	
PY 2011 Grant	\$6,500,803.50
PY 2011 Anticipated Program Income:	1,500,000.00
Surplus Urban Renewal Funds:	0.00
Returned Grant Funds:	0.00
Prior Year Funds:	0.00
Future Year Income Expected from a Float Funded Activity	<u>1,000,000.00</u>
	\$9,000,803.50

CITIZEN COMMENT PERIOD & PUBLIC HEARING:

The City encourages citizens to participate in the development of the City's Final Substantial Amendment to its PY 2011 Action Plan described herein regarding its proposed use of CDBG funding and accepted written comments for a period of at least

thirty (30) calendar days from July 5, 2011. Copies of the City's Proposed Substantial Amendment are available for inspection in the City's Community Development Department, 710 North 20th Street, Room 1000, Birmingham, Alabama from 8:00 a.m. to 5:00 p.m., Monday through Friday, except legal holidays. Copies are also available for inspection at the Birmingham Public Central Library, 2100 Park Place, Birmingham, Alabama, during regular business hours and a copy is posted on the City's website at [www.birminghamal.gov](http://www.birminghamal.gov) under the Community Development Department.

**The City's Community Development Department will conduct a public hearing on Thursday, July 21, 2011 at 9:30 a.m. the Birmingham City Council Chamber, 710 North 20<sup>th</sup> Street, 3<sup>rd</sup> Floor City Hall; Birmingham, Alabama. The purpose of the hearing will be to obtain comments regarding the proposed use of PY 2011 Program Funds. Also, citizens will be afforded an opportunity to 1) identify housing and community development needs and priorities; 2) review proposed uses of funds; and 3) comment on and review the City's program performance. All comments received will be considered in the development of the City's Final PY 2011 Substantial Amendment and submission to HUD.**

The hearing location is accessible to persons with disabilities; however, anyone who requires further information or has a disability which might require special materials, services, or assistance should notify the Community Development Department at the referenced address no later than 48 hours prior to the scheduled hearing dates. The City does not discriminate on the basis of disability in admissions to, access to, or operations of its programs, services, or activities. The City does not discriminate on the basis of disability in its hiring or employment practices as mandated by Title 11 of the Americans with Disabilities Act of 1990.

**Written comments regarding the City's Proposed PY 2011 Substantial Amendment should be submitted to James F. Fenstermaker, Director; Community Development Department at the address referenced herein. All written comments must be received at the referenced address no later than Friday, August 5, 2011 by 5:00 p.m. to be considered in the development of the City's Final PY 2011 Action Plan Substantial Amendment. No comments submitted by e-mail or fax transmission will be accepted or considered.**

James F. Fenstermaker, Director  
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710 North 20<sup>th</sup> Street  
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