

HUD'S ECONOMIC DEVELOPMENT TOOLBOX

As the nation's community development agency, HUD is also dedicated to helping communities attract new private sector investment and jobs, through support for locally driven economic development efforts. HUD's Office of Economic Development focuses on the forgotten corners of the American economy, providing grants and other resources on a competitive basis, as well as technical assistance, to revitalize polluted brownfields; grow the rural economy; train disadvantaged youth in housing construction; and fuel private sector investment in our nation's most economically distressed communities. For more information about HUD's economic development programs, visit our [website](#).

Brownfields: HUD's Brownfields Economic Development Initiative

The Brownfields Economic Development Initiative (BEDI) provides grants of up to \$2 million to local governments for the redevelopment of polluted "brownfields." BEDI grants must be used in conjunction with HUD's Section 108-guaranteed loans and support activities such as land acquisition, site remediation or enhancing the loans to businesses.

Rural America: HUD's Rural Housing and Economic Development Program

The Rural Housing and Economic Development program (RHED) provides grants of up to \$150,000 to rural nonprofits and federally recognized Indian tribes to improve their capacity to provide housing and economic development services. Grants of up to \$400,000 support innovative housing and economic development projects, including the new housing construction, loans to businesses and homeownership counseling.

Disadvantaged Youth: HUD's Youthbuild Program

Youthbuild provides grants of up to \$700,000 to nonprofits and public agencies to provide construction training, education and leadership skills to disadvantaged at-risk youth, through housing construction or rehabilitation for homeless and low-income families. Grants of up to \$400,000 are available to organizations seeking to implement a new Youthbuild program or for organizations located in rural America.

Distressed Communities: HUD's Community Renewal Initiative

Since 1994, more than 100 distressed urban and rural communities gained access to grants and tax incentives to create jobs and expand business opportunities through the Community Renewal Initiative. These communities are designated as either Renewal Communities (RCs), Empowerment Zones (EZs) or Enterprise Communities (ECs). Each designation provides a community with a defined program of federal grants, tax incentives and/or tax-exempt bonding authority for redevelopment within a defined geographic area.

BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE (BEDI)

Purpose:

The Brownfields Economic Development Initiative (BEDI) provides funds to local governments to support redevelopment contaminated Brownfield sites for economic development purposes. BEDI grants must be used in conjunction with HUD Section 108-guaranteed loans for the same brownfields redevelopment project.

Type of Assistance:

Funds made available under the BEDI program are awarded competitively on an annual basis, through a selection process conducted by HUD. Within 60 days of receiving a BEDI award, grantees must submit an application for Section 108 loan guarantee assistance for the same brownfields project. BEDI grant funds are made available contemporaneously with Section 108-guaranteed loan funds.

Eligible Applicants:

Units of general local government that participate in the Entitlement, States' Program or the Small Cities segments of the Community Development Block Grant (CDBG) program.

Eligible Activities:

BEDI grants support a full range of activities associated with brownfields redevelopment and economic development, but all activities must also meet the national objective and eligibility requirement of the Community Development Block Grant program. All BEDI projects must benefit low- and moderate-income persons, eliminate slums or blight, or address imminent threats and urgent needs. Activities that may be supported by BEDI funds include site acquisition and remediation, building construction, funding of operating reserves and credit enhancement.

Applications:

Following the annual publication of a Notice of Funding Availability (NOFA) for the BEDI program, applicants must submit specific information about the proposed project or activities through an application. Following HUD's selection, awardees must then submit additional information as a condition of award. In FY 2002, \$25.3 million was awarded to 23 grantees, out of 48 applications received.

Contact:

William Seedyke, Senior Economic Development Specialist, Office of Economic Development (202) 708-1686; or visit our [website](#).

BEDI GRANT CLEANS UP SITE, PRESERVES HISTORY, CREATES JOBS

The Wheeling Stamping Building
Ohio Valley Industrial and Business Development Corporation
PO Box 1029, Wheeling WV 26003
(304) 232-7722

The Wheeling Stamping Building had been abandoned and deteriorating for more than a decade in the Historic Warehouse District of Wheeling, West Virginia. The City used an EPA Brownfield Pilot Assessment grant to finance site investigation and the development of a remediation plan for the site, which is located in the Wheeling National Heritage Area. In 1999, Wheeling submitted an application

for a \$1,000,000 BEDI grant and \$2.25 million in Section 108-guaranteed loan assistance for the redevelopment of the building. The City and its developer, the Ohio Valley Industrial and Business Development Corporation proposed the creation of 88,000 square feet of new commercial



Picture of the exterior of the Wheeling Stamping Building after renovation.



Picture of the exterior of the Wheeling Stamping Building after renovation.

space in Stamping Building. The renovation of the building was completed in early 2001 and is today home to the high-tech Global Operations Center for the international law firm of Orrick, Herrington and Sutcliffe. Eighty-five employees currently staff the Center with a total of 250 new jobs to be created at the center by 2005.

RURAL HOUSING AND ECONOMIC DEVELOPMENT (RHED)

Purpose:

The Rural Housing and Economic Development Program provides funds to build the capacity of rural State and local organizations to deliver housing and economic development services. RHED also provides funds to support innovative housing and economic development activities in rural areas.

Type of Assistance:

Funds made available under the RHED program are awarded competitively on an annual basis, through a selection process conducted by HUD in consultation with the U.S. Department of Agriculture.

Eligible Applicants:

Eligible applicants are local rural nonprofits, community development corporations, state housing finance agencies, state community and/or economic development agencies, and federally recognized Indian tribes.

Eligible Activities:

RHED funds are available in two categories. The Capacity Building category provides funds to enhance efforts by existing organizations to carry out new functions or to more effectively implement current functions. Possible activities include hiring and training of staff, purchasing software, obtaining expertise from outside sources and developing strategic plans. The Innovative Housing and Economic Development category supports such activities as the preparation of plans, land acquisition, infrastructure, construction and job training. Other possible activities include homeownership and financial counseling, financial assistance to homeowners or businesses, or the establishment of CDFIs, revolving loan funds and small business incubators.

Applications:

Following the annual publication of a Notice of Funding Availability (NOFA) for the RHED program, applicants must submit specific information about the proposed project or activities through an application. Following HUD's selection, awardees must then submit additional information as a condition of award. In FY 2002, \$25 million was awarded to 100 grantees, out of 272 applications received.

Contact:

Holly A. Kelly, Economic Development Program Specialist, Office of Rural Housing and Economic Development (202) 708-2035; or visit our [website](#).

RHED GRANT FUNDS COLONIAS HOME MORTGAGES, CONSTRUCTION

PPEP Microbusiness and Housing Development Corporation
901 E. 46th Street, Tucson, AZ 85713
(520)806-9513

The PPEP Microbusiness and Housing Development Corporation (PPEP) in Tucson, AZ received a \$500,000 Rural Housing and Economic Development (RHED) grant in 2000 under the Innovative Housing and Economic Development category. This RHED grant, combined with other public and private financing sources, was used to establish a single-family home mortgage loan pool and construct new homes for residents located primarily in the Colonias. PPEP will make approximately 40 loans over a five-year period. Additionally, the organization has completed construction and financing on 9 single-family homes and has partially completed 6 homes. The total construction cost of the 15 homes is \$1,167,000. PPEP has received approximately \$1,050,000 in funds and services for this project from partners including the United States Department of Agriculture, the City of Superior, AZ, Wells Fargo Bank, and community volunteers.

YOUTHBUILD

Purpose:

The Youthbuild program provides funds to support programs that provide on-site construction training, education and leadership skills to disadvantaged, at-risk youth, through the construction or rehabilitation of housing for homeless and very-low income families.

Type of Assistance:

Funds made available under the Youthbuild program are awarded competitively on an annual basis, through a selection process conducted by HUD.

Eligible Applicants:

Eligible applicants are public and private nonprofit agencies, State or local housing agencies or authorities, States or units of local governments, or any entity eligible to provide education and training under other Federal employment programs.

Eligible Activities

Youthbuild grants support a full range of activities and services for training economically disadvantaged youth. These include the construction and rehabilitation of housing for homeless and very-low income persons; relocation expenses; education and job training costs; counseling and leadership development services; outreach activities; employment and stipends for program participants; and administrative costs.

Applications:

Following the annual publication of a Notice of Funding Availability (NOFA) for the Youthbuild program, applicants must submit specific information about the proposed project or activities through an application. Following HUD's selection, awardees must then submit additional information as a condition of award. In FY 2002, \$ million was awarded to grantees, out of applications received.

Contact:

Phyllis Williams, Community Planning and Development Specialist, Office of Rural Housing and Economic Development (202) 708-2035; or visit our [website](#).

YOUTHBUILD GRANT PROVIDES NEW SKILLS AND HOUSING

BCA Youthbuild
6125 Imperial Avenue
San Diego, CA 92114
(619) 263-2008

The San Diego Association used a \$700,000 Youthbuild grant to support a joint effort of the county school system, the City of Diego and the San Diego Workforce Partnership to provide job skills and education to disadvantaged youth, while also producing new homes for low and very low income San Diego residents. In October, 2002, the Association celebrated the completion of its

first home under the Youthbuild project. Of the 28 youth completing the program, five had gone on to earn their high school diplomas and



San Diego Councilman Ralph Inzunza cut the ribbon, amid the colorful flowers and smiles that marked the occasion.



Some of the youth workers, along with Abdur-Rahim Hameed, took pride in the finished product, a new homeownership opportunity developed in an older San Diego neighborhood.

another seven earned their GEDs. In addition, five youth who had already received their diplomas have move into the Association's apprenticeship program. Another six Youthbuild participants have enrolled in college and another six are completing high school through continued participation in the program.

COMMUNITY RENEWAL INITIATIVE

Purpose:

The Community Renewal Initiative (RC/EZ/EC) provides tax incentives and performance grants to create jobs and expand business opportunities in more than 100 urban and rural communities throughout the nation. The Initiative also focuses on activities that support people looking for work, such as job training, childcare and transportation.

Type of Assistance:

Tax incentives and grant funds made available under the Community Renewal Initiative may be used for economic development, community development and housing projects, within the boundaries of communities that have been competitively designated as an Empowerment Zone (EZ), Enterprise Community (EC) or a Renewal Community (RC).

Eligible Activities

EZs and "Enhanced" ECs designated in the first round of competition in 1994, received grants of up to \$100 million and \$22 million, respectively, for community and economic development purposes. Other ECs designated from that initial round received grants of \$3 million for those purposes. EZs were also provided with access to wage credits for business hiring employees who live within the EZ boundaries, along with increased tax expensing for equipment purchase, incentives for brownfields redevelopment and access to welfare-to-work and work opportunity tax credits. All EZ and ECs are also eligible for tax-exempt bond financing for business development. In 1999, an additional 15 communities were designated as urban EZs, receiving \$19 million in grants for community and economic development activities, along with access to various tax incentives and tax-exempt bond authority extended to the initial round of zones. In 2001, 40 Renewal Communities and 8 urban EZs were designated, with no grant funds provided but with access to \$22 billion worth of tax incentives, including those extended to earlier EZs, along with Low Income Housing Tax credits and New Markets tax credits.

Applications:

Competitive designations are periodically authorized by Congress, with most recent round of designations in December 2001, in which 40 new urban and rural Renewal Communities were designated, along with 8 new urban Empowerment Zones.

Contact:

Pamela Glekas-Spring, Director, Office of Community Renewal (202) 708-6339; or visit our [website](#).

COMMUNITY RENEWAL INCENTIVES EXPAND BUSINESS, CREATE JOBS

Northern Louisiana Renewal Community
Macon Ridge Economic Development Region
903 Louisiana Avenue
Ferriday, LA 71334
(318) 757-3033.

The Sullivan Veterinary Clinic is located in the Northern Louisiana Renewal Community (RC) in the town of Winnsboro. Dr. Chris Sullivan owns the clinic as a sole proprietorship and his seven employees all live in the RC. In early 2002, Dr. Sullivan built a new clinic and applied for an allocation of the RC Commercial Revitalization Deduction worth hundreds of thousands of dollars. This massive deduction could yield thousands of dollars in savings to his business. In addition, Dr. Sullivan divided his equipment purchases between 2002 and 2003 to take the full Section 179 deduction available to businesses located within RCs. Since his business activity is focused within the RC, Dr. Sullivan is aware also that his clinic qualifies as a "Renewal Community business." As such, he can avoid paying capital gains when he sells his business property if holds it for just five years. Dr. Sullivan also gets a \$1,500 RC employment credit every year for each of his seven original employees, since they live in the RC. With his tax savings, Dr. Sullivan recently hired four new employees. He selected 18-24 year-old employees who all live in the RC, thus he is eligible to claim up to \$3,000 in Work Opportunity Tax Credits for each of these new employees. The assets that Dr. Sullivan purchased in 2002 for his clinic include the building, land and equipment. He plans to hold onto these assets for at least 5 years and then sell them. He will avoid the capital gains and plans to apply the profits to his long-awaited retirement.

OED'S ECONOMIC DEVELOPMENT TOOLBOX

OFFICE OF ECONOMIC DEVELOPMENT PROGRAMS	Community Renewal Initiative	Rural Housing and Economic Development	Brownfields Economic Development Initiative	Youthbuild
Access to Capital	✓	✓	✓	
Business Assistance	✓	✓	✓	
Capacity Building	✓	✓		
Commercial and Industrial Development	✓	✓	✓	
Community and Public Facilities		✓	✓	
Crime and Public Safety	✓	✓		
Environmental Clean-Up	✓	✓	✓	
Homebuyer Assistance	✓	✓	✓	
Housing Construction and Rehabilitation	✓	✓	✓	✓
Infrastructure	✓	✓	✓	
Technical Assistance	✓	✓		
Skills Training and Education	✓	✓		✓