Program Description
The Neighborhood Economic Development Opportunities Program (NEDO) seeks to support activities that nurture and energize neighborhood improvement projects and sustainable economic development opportunities. Since the NEDO Program uses Community Development Block Grant (CDBG) funds, all project activities must meet a national objective to be eligible.

The three National Objectives in the CDBG program are:
1) benefiting low-and-moderate income (LMI) persons;
2) preventing or eliminating slums or blight; and
3) meeting other community development needs that are deemed to be urgent because of existing conditions pose a serious and immediate threat to the health and welfare of the community, and other financial resources are not available to meet the need.

Most projects under the NEDO Program will qualify under two categories:
1) benefiting low- and moderate-income persons and in some cases
2) preventing or eliminating slums or blight.
In order to meet the National Objective of Benefitting LMI persons, the project may do so either directly or on an area-wide benefit.
Direct benefits are those activities that serve certain persons – the activities must benefit 100% low- and moderate-income persons.
Area-wide benefits are those activities that benefit communities and are not participant specific – the activities must benefit at least 51% low- and moderate-income persons.

What eligible activity category best fits the proposed activity? (Please mark only one)

Special Economic Development Activities
- Small business financing
  Acquiring; constructing; reconstructing; rehabilitating or installing commercial or industrial buildings; structures and other real property; equipment and improvements, including railroad spurs or similar extensions.
  Assisting a private, for-profit business (e.g., loans, grants, interest subsidies, and technical assistance).
  Providing economic development services in connection with other eligible CDBG special economic development activities. This includes, but is not limited to, outreach efforts to market available forms of assistance; screening of applicants; reviewing and underwriting applications for assistance; preparation of necessary agreements; management of assisted activities; and the screening, referral, and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities. This may include the costs of providing job training for persons filling those positions.

Public facilities and Improvements for Economic Development
Public Facilities for Neighborhood and Community Projects
Commercial Rehabilitation
Commercial New Construction
Residential Rehabilitation - check if:
  Rental – where at least 51% of the development will be occupied by LMI residents
Residential New Construction – check if:
  Rental – where 51% of the development will be occupied by LMI residents;
  For-Sale – where all units will be sold to eligible families at or below 80% HUD AMI
Clearance/Demolition to eliminate blight or in connection with another eligible activity as listed above

If proposing Economic Development activities, 60% of beneficiaries must be LMI. Additionally, applicants must ensure that NEDO projects do not benefit moderate-income persons to the exclusion of low-income persons.

Low- and Moderate-Income (LMI) Households Defined:

Low and moderate-income households in metropolitan areas are defined as those with incomes equal to or less than eighty percent (80%) of the median family income of the metropolitan area. “2020 or the most current Income Limits,” published by the Department of Housing and Urban Development (HUD), defines income limits for low and moderate-income families per family size for non-metropolitan and metropolitan areas of the state. The document is available on the HUD Exchange Website using this link https://www.huduser.gov/portal/datasets/il.html.

The NEDO program will support programs and projects that enhance a neighborhood’s overall quality of life by investing in economic development activities that support anchor neighborhoods of opportunity, as defined in the Memphis 3.0 Comprehensive Plan and HCD Consolidated Plan, specifically in ‘Accelerate’ neighborhoods – areas seeing real estate market investment and that have infill opportunities can be accelerated with public and private support, AND ‘Nurture’ anchor neighborhoods – areas with low market demand or experiencing higher vacancy and disinvestment can be nurtured catalytic public investments and incremental improvements. To view the Memphis 3.0 anchor map, go to http://bit.ly/MEM_ANCHOR_MAP[1]

The Memphis 3.0 goals and objectives for strengthening neighborhood commercial districts include:

- Develop a small business creation, attraction, and retention strategy to support and strengthen community-oriented retail and services within anchor neighborhoods.
- Pilot tenant attraction efforts in accelerate anchors to build critical mass and experience that can scale to other anchors.
- Building improvements, tenant buildouts, and infrastructure improvements needed in anchors.
- Redevelop underutilized commercial properties in anchor neighborhoods
- Adaptive reuse
- Create or expand neighborhood-based entities to assist with and support the revitalization of anchors.

- Improve walkability and multimodal access within and around community and Citywide Anchors to promote local economies and connect neighborhood residents and local businesses.
- Preserve existing businesses in Community Anchors with an emphasis on legacy businesses that have contributed to neighborhood history and identity.
- Promote and leverage tactical urbanism interventions in Community Anchors to stimulate neighborhood commercial activity.
- Buy local campaigns.
- Explore business improvement districts (BIDs) to revitalize and strengthen commercial corridors
- Encourage higher-density commercial and residential development in anchors supported by high frequency transit.
- Target efforts to reduce solid waste generation from large commercial, institutional, and industrial entities.
- Pilot high quality public wireless internet in key anchors and commercial corridors and determine opportunities to scale Citywide.
- Projects and/or programs that encourage the activation of vacant and under-used storefronits and real properties to help build local businesses within anchor neighborhoods. Based on the notion that retail plays a vital role in revitalizing neighborhoods, NEDO seeks to help build local programs, projects and businesses and increase neighborhoods visibility and vibrancy.

NEDO can finance five categories of Projects

1. Special Economic Development Activities

- This category of eligible activities is very broad in its ability to assist in large-scale project development and is a very common way of undertaking such activities.
- Activities may be undertaken by non-profit subrecipients or for-profit businesses
- Non-profit subrecipient Activities:
  - Acquire, construct, reconstruct, rehabilitate, or install commercial or industrial buildings, structures, and real property equipment and improvements
Possible activities under this category might include things like:
1. Recipient-owned commercial facilities such as a farmer’s market;
2. Subrecipient-owned commercial properties, such as an office building or retail plaza; or
3. Purchase or installation of recipient- or subrecipient-owned commercial equipment such as the walk-in freezer or the air-cooling system in a recipient-owned farmers’ market.

2. **For-Profit Business Activities**
   - This category is extraordinarily flexible and permits recipients to provide the for-profit business with a loan, grant, loan guarantee, interest supplement, technical assistance, and other forms of support for any type of activity for which assistance is appropriate to carry out an economic development activity.

   - Activities explicitly prohibited under 24 CFR Part 570.207(a) may not be undertaken. (i.e. buildings where government will be a tenant, general government expenses, political expenses, purchase of furniture, fixture and equipment, fire protection equipment, new housing construction)
   - The assistance to the business must minimize displacement of existing businesses and jobs in the neighborhood.
   - Given the flexibility within this category, there are a huge variety of large-scale activities that may be funded by recipients, including assistance to a business to build or renovate their commercial establishment; increase the amount of working capital (receivable financing, purchase inventory, commercial supplies, etc.); or clean up or clear the site of their business.

3. **Commercial Rehabilitation**
   - Certain types of commercial rehabilitation as a rehabilitation activity may be undertaken under this category, rather than a special economic development activity.

   - Additional CDBG assistance must be considered under the special economic development activities category discussed above.

   - Assistance may be provided to for-profits and non-profits. For-profit property owners are limited in the use of the funding for rehabilitation. For-profits can only use rehab dollars to improve the exterior and correct code violations on the interior of the structure regarding electrical, plumbing, and HVAC.

4. **Public Facilities for Economic Development**
   - Development of Public Facilities that are specifically related to creating employment and economic opportunities

5. **Public Facilities for Neighborhood and Community Facilities**
   - Development of public facilities including neighborhood and community facility owned by nonprofits and available to the general public.
   - Enhanced Public Facilities and Improvements including:
     i. Acquisition, construction, reconstruction, rehabilitation or installation of public facilities owned by a nonprofit and operated so as to be open to the general public
     ii. Public improvements, such as streets, sidewalks, parks, water and sewer facilities, sanitary sewers, neighborhood centers.
     iii. Activities may be directed to the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements.
     iv. Design features and improvements which promote energy efficiency may be included to these activities. Such activities may also include the execution of architectural design features and similar placemaking treatments intended to enhance the aesthetic quality of facilities and improvements receiving CDBG assistance, such as decorative pavements, railings, sculptures, pools of water and fountains, and other works of art.
     v. Redevelop underutilized facilities in neighborhoods

Within each Project, the eligible activities include:

1. Acquisition
2. Rehabilitation/Facade Improvements
3. New Construction
4. Clearance/Demolition

All projects must:
- Must comply with CDBG guidelines at 24 CFR Part 570
- Must meet HUD national objectives of benefiting low- and moderate-income residents; or low to moderate income areas.

**CDBG Financial Assistance**
1. CDBG financial assistance must be in the form of a loan and **not** a grant.
2. CDBG loans may be deferred, deferred forgivable, or amortized with low interest. A deferred loan is repaid if the property funded by the program is transferred to another owner. A deferred forgivable loan is proportionally forgiven over an applicable term of recapture. An amortized loan is repaid monthly during the term of the loan.
   The City’s equity position in the development will be secured through a Deferred Lien secured by a Deed of Trust at closing and will be released when the loan is paid off or the term of the compliance period has ended. The loan amount is dependent on program funding availability and the project and will be determined by such factors as the type of development project and the terms set by the other participating lenders. The loan amount and terms will be negotiated before contract execution. An equity investment of 20%-30% of total project cost is required, depending on funding request amount.

**Economic Development – Public Benefit Standards**
Recipients receiving assistance for special economic development projects, must comply with the public benefits standards (24 CFR Part 570.482(e), (f) and (g)). There are two types of public benefit standards as follows:
- Jobs created and retained;
  - Individual Standard – every project – Create/retain 1 Job per $50,000 CDBG funds
  - Aggregate Standard – average of all projects grantee funds in a program year
    - Create/retain 1 Job per $35,000 CDBG funds
- Goods or services provided to LMI persons.
  - Individual Standard – every project - Goods and services to 1 LMI person per $1,000 CDBG
  - Aggregate Standard - average of all projects grantee funds in a program year – Goods and services to 1 LMI person per $350 CDBG
For more information on how the anchor neighborhoods were identified and other recommendations, please view the full comprehensive plan at www.memphis3point0.com.