

AMENDMENT TO 2008 CDBG ACTION PLAN

Executive Summary

The City of Gainesville proposes a substantial amendment to its 2008 Annual Action Plan to the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant (CDBG) Program. HUD has allocated \$107,214 in CDBG Recovery Act (CDBG-R) Funding to the city to be used for infrastructure projects.

The following objective will be addressed in the amendment of the 2008 Annual Action Plan:
Priority Objective: Improve public infrastructure, increase public safety, residential desirability, and quality of life in low- and moderate-income neighborhoods. The outcome of this activity will provide sustainability and improve the living environment of the community.

The City plans to implement recommendations of the Flat Creek Watershed Improvement Plan (WIP) through the design and construction of a stream restoration/stabilization project. The regional stormwater detention component of this project will use Recovery Act funding and is in part related to the developing Public Safety Facility. Historically, complaints about flooding have been received from residents in this area. As part of developing this site, the City has expressed the desire to construct a regional stormwater detention pond that will provide storage and regulate discharges released downstream to the maximum extent practical given site constraints.

The regional stormwater detention pond will be located in census tract 11 block group 1 which has a population base of 939 people of which 94% are low and moderate persons. At the local level, there would be approximately 35 jobs that would be created for the local contractors, trades-men, and professionals involved with the site work. It is estimated that at least ten persons will be on-site at any given time.

Citizen Participation Process

The City of Gainesville advertised the amendment to the 2008 Action Plan in the Times, the legal organ of Gainesville-Hall County, as a “Display Advertisement” on May 22, 2009 and May 23, 2009. The public comment period for the proposed amendment opened on May 22, 2009 and will run through June 1, 2009. The City Council will consider the proposed amendment at a public hearing on June 2, 2009 at 5:30 p.m. All public comments received will be provided to the Gainesville City Council before their vote on June 2, 2009.

Draft copies were made available on the City of Gainesville website (www.gainesville.org) and at the Housing & Neighborhood Development Department office to further publicize the document and obtain comments on the draft document.

Project Narrative

The City of Gainesville plans to implement recommendations of the Flat Creek Watershed Improvement Plan (WIP) through the design and construction of a stream restoration/stabilization project. Partial funding for the stream restoration component of this project will come from a 319 (h) grant made available through the Georgia Environmental Protection Division (EPD).

The proposed project is a watershed improvement project involving restoration of approximately 400 feet of moderately to highly degraded stream, including removal of portion of an existing box culvert. This stream restoration project was originally identified in the Flat Creek Watershed Improvement Plan (WIP) as Project No. 29. Through project implementation, nonpoint source pollutants will be reduced through direct treatment and hydrologic conditions will be improved to reduce downstream channel erosion.

The regional stormwater detention component of this project will use Recovery Act funding and is in part related to the developing Public Safety Facility. Historically, complaints about flooding have been received from residents in this area. As part of developing this site, the City has expressed the desire to construct a regional stormwater detention pond that will provide storage and regulate discharges released downstream to the maximum extent practical given site constraints. The development of the Public Safety Facility and its co-location with the stream restoration project previously identified in the Water Improvement Plan offers an excellent opportunity to integrate the design of both projects with the common goals of providing stream stabilization, water quality treatment, and improved stormwater management. The detention pond will be constructed in a “park-like” setting, provide for public access/enjoyment and include overall aesthetic improvement to the area. No fences are anticipated to surround the pond.

The WIP was approved by EPD in a letter dated September 23, 2008. The Corps of Engineers documented receipt of the Environment Review Record (ERR) in a letter dated December 16, 2008. Gainesville contracted with CH2M HILL to begin the design phase of the recommended stream restoration project in October 2008. The design of the restoration project has been funded by Gainesville and this funding will be used as a local match of 319 funds to be used in construction of the restoration project. The design portion of this study began in November of 2008 and should be completed by summer of 2009.

Source and Use of Funds

The City of Gainesville will construct the stormwater detention pond with \$400,000 in Public Utilities Department Capital Projects funds and \$106,000 in CDBG Recovery Act (CDBG-R) funding. Program administration will utilize \$1,214 costs associated with advertising, oversight, management, monitoring, and coordination of above activities.

The project is broken down into four primary areas:

PHASE	AMOUNT	SOURCE
Site preparation	\$165,000.00	Gainesville PUD Capital Projects Fund
Regional Detention Pond Facility	\$106,000.00 \$400,000.00	CDBG-R Funds Gainesville PUD Capital Projects Fund
Park Features/Aesthetic Enhancements	\$100,000	CDBG 2009 Allocation
Stream Restoration	\$229,000.00	319 (h) Georgia Environmental Protection Division (EPD)
Total Project Funding	\$1,000,000.00	

Recovery Act Activity Description Requirements

The Flat Creek Stream Restoration and Regional Stormwater Detention Facility will create and preserve a wide array of jobs and economic benefit throughout the Hall County. This project will also be of great benefit in energy conservation, smart growth, green building technologies, and in reducing pollution emissions.

Job creation/retention will start locally with contractors and then spread out over the region with support services that provide many vital items required for a project of this nature. At the local level, which we call the top of the pyramid there would be approximately 35 jobs that would be created for the local contractors, trades-men, and professionals involved with the site work. It is estimated that at least ten persons will be on-site at any given time. As you step down a tier on the pyramid you would go past salesmen that represent their companies that supply vital materials and equipment that make this work possible. The next level would include the manufacturing plants that are involved in producing the materials needed, such as: steel and aluminum for pipes, re-bar, and heavy equipment; geo-textile materials that will be used for soil stabilization and soil erosion measures at the site; machinist that make the re-placement parts that keep the service trucks and heavy equipment running. As you continue down the pyramid tier by tier you can see that hundreds of jobs would be created and preserved by this project and that the economic benefit felt would be tremendous.

This project would also give assistance to people that have been impacted the most by the recession. With the recession starting in the housing market many of the people that have felt the pains of the recession the most and for the longest period of time were employed by many of the construction jobs that were lost when the housing market came to a halt in the early parts of 2008. This project would directly benefit many of those same contractors, laborers, salesmen, and manufactures and help put them back to work by the start of the third quarter of this year.

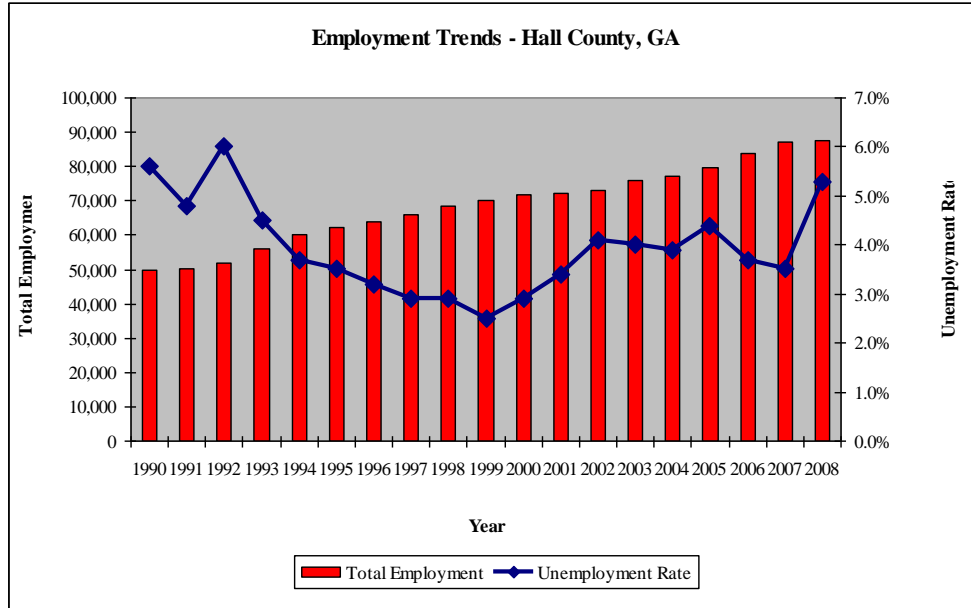
The receipt of this grant by City of Gainesville would increase the economic efficiency to this area by allowing us to leverage the investments that we currently have into other phases of this project and therefore, increase the size and scope of what we can do at this time allowing more jobs to be created and extended for a longer period of time.

The Flat Creek Stream Restoration and Regional Stormwater Detention Facility will help improve and protect the environment in the Flat Creek Drainage Basin by helping to control flooding after heavy rains which will reduce the amount of sediment and stream bank degradation that is currently taking place in this area.

The project encourages smart growth, green building technologies, and reduced pollution emissions. The regional stromwater detention facility will allow for smarter growth to take place up stream in the Gainesville Midtown Area. Some of the stromwater detention needed for the Midtown Area will be utilized in this detention facility in a park like setting and allow for better use of the land upstream.

Economic Conditions

The following chart depicts the employment and unemployment rates for Hall County. The City of Gainesville is the county seat for Hall County and the county data provides the best approximation for the employment trends for the city.



Hall County experienced fairly consistent employment growth over the past 18 years. Total employment growth was relatively strong in 2005, 2006, and 2007. This growth slowed substantially in 2008. It is however important to note that many metropolitan areas actually incurred a contraction in total employment in 2008; therefore, any positive growth is generally considered positive. The economic downturn and national recession of 2008 did nonetheless have a sizeable impact on the local economy. The following table illustrates total employment and unemployment rate trends through 2008 in Hall County.

2008 Employment Trends - Hall County, GA

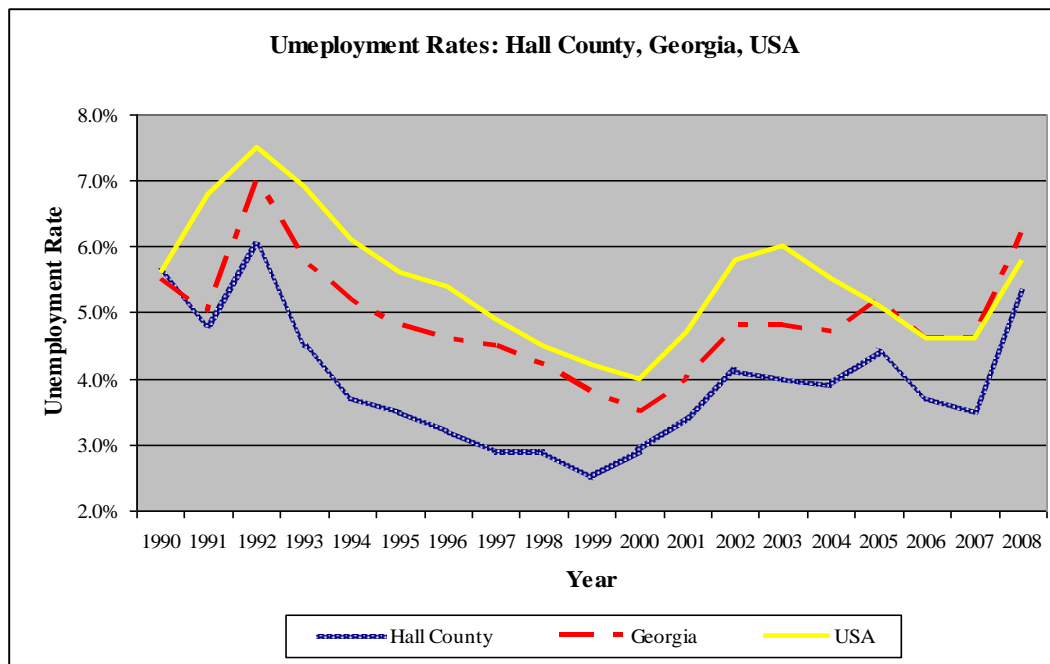
Month	Total Employment	Percent Change	Unemployment Rate	Percentage Point Change
January	87,177		4.2%	
February	87,107	-0.1%	4.4%	0.2%
March	87,589	0.6%	4.4%	0.0%
April	87,591	0.0%	4.2%	-0.2%
May	87,418	-0.2%	4.7%	0.5%
June	87,427	0.0%	5.2%	0.5%
July	88,795	1.6%	5.3%	0.1%
August	88,165	-0.7%	5.4%	0.1%
September	87,176	-1.1%	5.7%	0.3%
October	86,824	-0.4%	6.2%	0.5%
November	87,327	0.6%	6.4%	0.2%
December	86,580	-0.9%	7.0%	0.6%

Source: U.S. Bureau of Labor Statistics and Real Estates Center at Texas A&M University

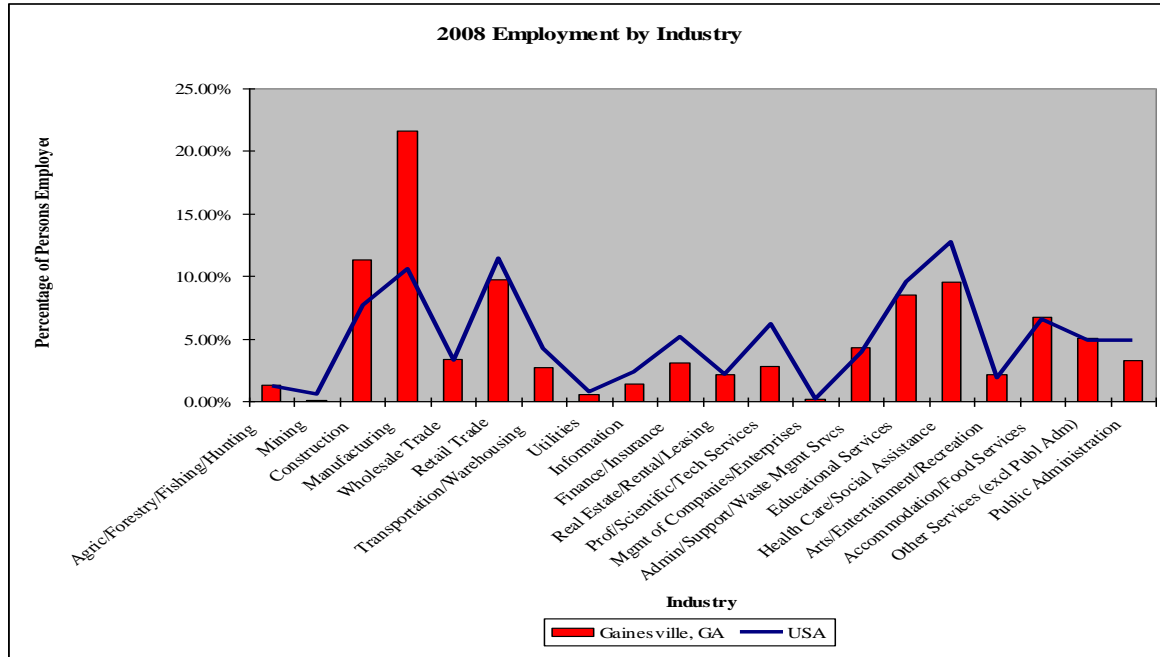
As illustrated, the national economic downturn did have an influence on the local economy, particularly in the second half of the year. Unemployment increased by nearly 67 percent between January 2008 and December 2008. Further, while the overall annual change in total employment was slightly positive (0.5 percent), December 2008 actually reported a lower total employment than that reported in January 2008. The spike in the summer months indicates a presence of seasonal labor in the market as well.

The 2008 figures also indicate a sizeable increase in the local unemployment rate. This increase in unemployment is the largest increase in the past 18 years. It is important to note that the 2008 YTD data is an average for the whole year. Hall County's unemployment rate increased substantially in the later part of 2008 increasing from an average of 4.8 percent from January through September to an average of 6.5 percent from October to December. Overall, the December 2008 unemployment rate in Hall County increased by nearly 67 percent over the unemployment rate in January 2008. The national unemployment rate increased by 33 percent during this same period.

Hall County has historically maintained an unemployment rate below that of Georgia and the nation as a whole. Further, although unemployment in Hall County increased substantially in 2008, the overall unemployment remains below both the state and national average. The following graph illustrates unemployment rate trends in Hall County, Georgia, and the USA from 1990 to 2008.



Despite the area's heavy reliance upon manufacturing, Hall County has traditionally maintained an unemployment rate that is lower than that of both Georgia and the nation as a whole. The following table illustrates the employment by industry in Gainesville compared to national averages.



As illustrated, the largest discrepancies between employment by industry in Gainesville compared to national averages are evident in the construction, manufacturing, finance/insurance, professional/scientific/tech services, and healthcare/social assistance industries. While the first two (construction and manufacturing) employ a significantly greater percentage of the population in Gainesville than in the nation, the remaining industries employ a greater percentage of the national population than that of Gainesville. The largest difference is in the manufacturing industry, 21.6 percent in Gainesville compared to the national average of 10.6 percent. This is largely due to the presence of the poultry plants in Gainesville and the city’s name as the “Poultry Capital of the World”. With the exception of these industries, the employment by industry distribution in the PMA is relatively similar to national trends.

Major Employers

The following table depicts the top 20 employers in Hall County as of 2008.

MAJOR EMPLOYERS, Hall County, GA		
Employer	Industry	Number Employed
Northeast Georgia Medical Center	Healthcare	4,700
Hall County School System	Education	3,400
Fieldale Farms	Manufacturing	2,520
Gainesville City School System	Education	1,861
Hall County Government	Government	1,646
Pilgrims Pride	Manufacturing	1,560
Mar-Jac, Inc.	Manufacturing	1,270
Colemna Natural Foods	Manufacturing	1,100
Wrigley Manufacturing Company	Manufacturing	1,000
Kubota Manufacturing of America	Manufacturing	860
Gainesville City Government	Government	768
Wal-Mart Super Center	Retail Trade	722

Kock Foods, Inc.	Manufacturing	520
Cottrell, Inc.	Manufacturing	490
PFG Milton's Institutional Foods	Manufacturing	450
The Longstreet Clinic	Healthcare	450
Liberty Mutual Insurance	Insurance	435
Baldor Electric	Utilities	390
Beaulieu of America	Textiles	380
Lake Lanier Islands	Tourism	370
TOTAL		24,892

Source: Greater Hall Chamber of Commerce, 2008 Major Employers, 3/2009.

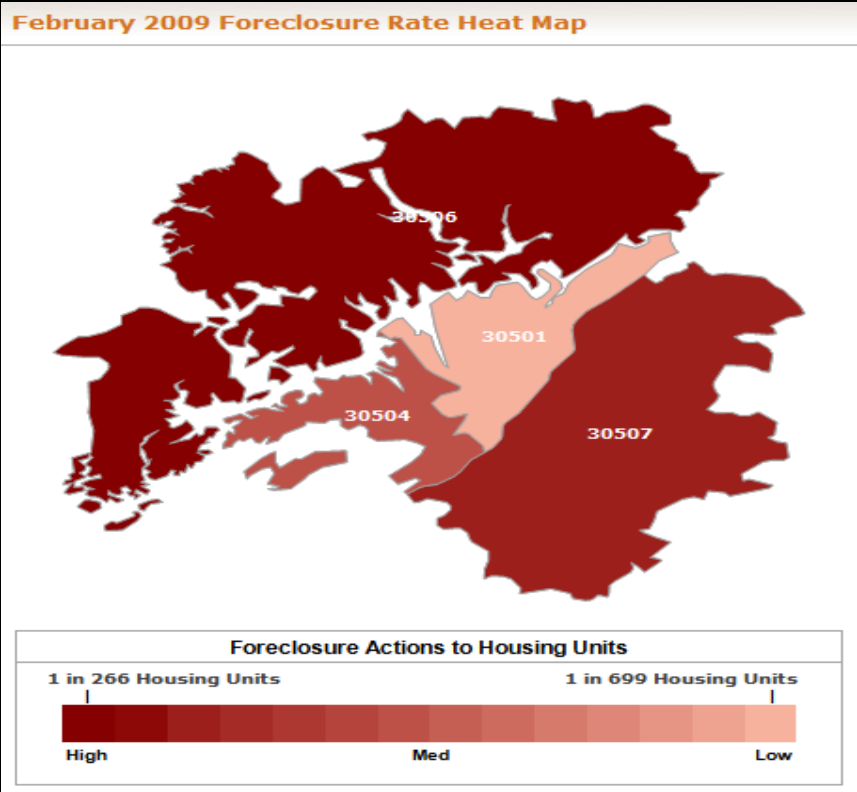
Approximately 28 percent of the total employed persons in Gainesville are employed by one of the 20 major employers. Nine of the top 20 employers are in the manufacturing industry indicating a reliance in the local economy on the manufacturing industry. This trend was also evident in the employment by industry in which nearly double the percentage of persons in Gainesville are employed in the manufacturing industry than the national average. Despite the heavy reliance on the manufacturing industry, Gainesville continues to maintain a lower unemployment rate when compared to the national average which is indicative of a resilient economy. This resilience may be fueled in part by four of the five top employers which represent the healthcare, education, and government sectors, industries that have historically been recession proof.

Current Economic Recession and Mortgage Crisis

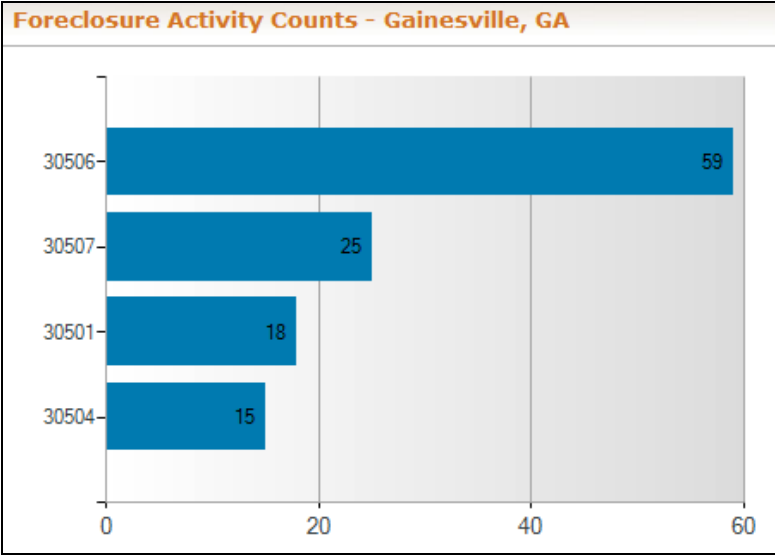
Although the City of Gainesville has historically maintained a very low unemployment rate when compared to the national average, unemployment has increased considerably in the last six months. The 2008 figures indicate a sizeable increase in the local unemployment rate. This increase in unemployment is the largest increase in the past 18 years. Overall, the December 2008 unemployment rate in Hall County increased by nearly 67 percent over the unemployment rate in January 2008. The national unemployment rate increased by 33 percent during this same period. Despite the significantly larger increase in unemployment in Hall County in 2008, the overall unemployment remains below both the state and national average.

A large number of jobs being lost appear to be those held by low- to moderate-income households. This is likely a result of the region’s dependence on the manufacturing and construction industries both of which have been significantly impacted by the recession. As economic conditions worsen, so to will the number of unemployed in the area. The majority of property managers at both LIHTC and market rate developments attributed the increased vacancy rates to the economic downturn. As people lose their jobs, they are forced to double up which further aggravates the overcrowding issue.

The following map and charts demonstrate which areas in the City of Gainesville are experiencing the highest foreclosure rates.



Source: RealtyTrace.com



Source: RealtyTrace.com

CITY OF GAINESVILLE FORECLOSURES FEBRUARY 2009

Rank	Zip Code	Number of Foreclosures	Foreclosures-to-Housing Unit Ratio	Classification
1	30506	59	1:266	High
2	30507	25	1:336	High
3	30504	15	1:458	Medium
4	30501	18	1:699	Low

As the previous data indicates, the northern portion of the City is experiencing the highest rate of foreclosure followed by the southeastern portion. The 30507 zip code is located east of I985 and is in the unincorporated area.

Job Related Services

There are a variety of services provided to low and moderate-income residents of the Gainesville area.

Lanier Technical College once offered the New Connections to Work Program that was provided to residents at no charge. It was a two-week program for six hours per day that was offered monthly and provided quick training to low-income households in the city. The program has four major components: assessment of the person's skills, skill training, life management, and job readiness and retention. Participants were referred to the program through various agencies including Department of Family & Children's Services and participants completed the program with a resume, cover letter, and references, along with other job and life skills. However, this program was disbanded in 2007 due to a lack of state and federal funding. According to Jennifer Pulliam of Lanier Technical College's Student Affairs program, there is demand for training for single parents and low-income women in the city, particularly computer training classes. According to Ms. Pulliam, the local library offers computer training classes but this service could be expanded.

Second, the Atlanta Office of Consumer Credit Counseling Service has a local branch and provides credit counseling to the public and teaches the credit sessions of the local home buyer education classes. These services include budget counseling, debt management plans, and community outreach activities.

Third, the Georgia Department of Labor provides job placement, unemployment insurance, vocational rehabilitation, job search assistance, and job training services at the Gainesville Career Center, which serves five counties (Dawson, Forsyth, Hall, Lumpkin, White). We attempted to contact Mark Winters of the Gainesville Career Center but were unable to reach him. According to the Georgia Mountains Workforce Investment Board (GMWIB) January 2009 meeting, Mark Winters reported that employees at the One-Stop Center have worked overtime in order to deal with the increased number of applicants. According to a January 2009 article in the Gainesville Times, unemployment insurance claims in the City of Gainesville increased by 216 percent in December 2008 compared to December 2007, a percent increase that surpassed that of the state (174 percent) over the same period.

Fourth, the Chamber of Commerce's Quality Education Strategy Team (QUEST) provides high school students access to the workplace. This access is provided through the Greater Hall Youth Apprenticeship Program, the Student and Teacher Internships, career speakers, job shadowing, and Partners in Education. All of these programs and initiatives allow both students and teachers interaction with people that are currently in the workplace in the county and the City. Currently, 400 students are enrolled in the youth apprenticeship program. According to Dana Miller with the Hall County Chamber of Commerce, there is a need for the expansion of the Partners in Education program. However, the expansion does not require additional funding; it requires volunteer time from business partners and potential mentors.