

# CDBG Funding of a Business Recruitment Program

January 6, 1989

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT

Honorable J. E. Bud Clark  
Mayor of Portland  
Portland, Oregon 97204

Dear Mayor Clark:

Thank you for your letter of September 20, 1988, to James R. Broughman, Director of the Entitlement Cities Division, Office of Block Grant Assistance, concerning the fundability under the Community Development Block Grant (CDBG) Program of Portland's Business Recruitment and Marketing Program, which the City uses to attract businesses, primarily from overseas.

It is our understanding from your letter that the activity you wish to fund with your CDBG grant is confined to the business recruitment portion of the overall program at a cost of \$191,000. This was confirmed during the visit with Mr. Broughman and members of his staff on September 22, 1988, of Timothy L. Gallagher, Director of Portland's Bureau of Community Development, and Joseph P. Gonzales, President of Gonzales and Wisenfeld. We further understand that this activity is limited to working with businesses one-on-one which have expressed an interest in locating in Portland and does not involve broad-based marketing and advertising efforts. Assistance provided to businesses under this activity may include detailed market information, economic briefings, studies, tours, identification of available sites and buildings, job training and employment resource linkages, relocation service referrals, and introductions to community leaders. These businesses are advised that, should they elect to receive these services and relocate to Portland, they will be required to participate in the City's employment referral service which is used to meet the low and moderate income jobs requirements under CDBG.

The business activity you have described is an eligible CDBG activity under 24 CFR 570.203(b) provided that the required determination is made that the assistance is necessary or appropriate. You also indicated that you believe this activity can qualify under the national objective of benefit to low and moderate income persons through job creation (24 CFR 570.208(a)(4)). This national objective will be met provided that:

- 51 percent of the permanent, full-time equivalent jobs created by each assisted business that locates in Portland are filled by or made available to low and moderate income persons and each such assisted business enters into a written agreement that it will participate in the employment referral service system described in your letter; and

· the cost of creating each job, as measured by the total number of jobs filled by low and moderate income persons in relation to the total cost of the CDBG funded portion of the program, is reasonable.

In establishing these criteria for meeting the national objective, we also wish to make it clear that in no case may the number of jobs made available to or held by low and moderate income persons fall below 51 percent for each assisted business, regardless of the percentage of CDBG funding in relation to the cost of the overall program.

I trust this decision will enable you to proceed with this program and the task of providing employment for low and moderate income persons.

Sincerely,

(signed)

Jack R. Stokvis  
Assistant Secretary