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Spokane

Council OKs plan for federal block grants

Proposal includes potential cuts in community development funds to cover possible shortfalls in loan payments from River Park Square

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The Spokane City Council approved on Monday a multimillion-dollar community development spending plan that includes potential cuts caused by River Park Square.

Council members voted 6-1 in favor of the 2004 action plan for \$4.6 million in federal community development block grants, plus \$1.8 million for housing under the federal HOME program and \$170,000 to assist emergency shelters.

Community development block grants are used for home repair, street work, nonprofit services and the like. The grants are targeted largely to the city's 12 designated low-income neighborhoods.

But \$1.5 million may have to be diverted to cover shortfalls in loan payments from River Park Square.

In 1998, the city pledged its community development block grants as collateral against a \$22.6 million construction loan to the downtown mall.

The loan through the city and U.S. Department of Housing and Urban Development was granted because River Park Square qualified as a revitalization project for downtown and its adjoining low-income neighborhoods.

But the mall's public-private parking garage has not performed as expected, leaving the mall short on lease payments it had planned to use for part of its HUD loan payments.

In January, HUD took \$323,000 from the city's community development money to make up for shortfalls in the payments. Another \$1.17 million could be taken from community development funds for the August payment.

As a result, the city's Community Development Board included \$1.5 million in contingency cuts to satisfy the loan payments.

None of the cuts would come from \$975,000 in allocations to 12 community development neighborhood committees. Each year, residents use federal guidelines to decide how that money is spent.

The cuts would come from separate spending on street paving, sidewalk improvements, street trees, a small business loan fund and a list of projects sought by nonprofit agencies.

Board Chairman Jerry Numbers said the cuts were chosen to affect the smallest number of people.

Councilman Al French, who once chaired the Community Development Board, said community development funds have "eliminated the evidence of blighted neighborhoods" in Spokane.

For the most part, the money goes for smaller projects that have a cumulative benefit rather than one single large project like River Park Square, he said.

"The \$1.5 million here represents what we will pay because we tried the big fix," French said.

River Park Square is owned by affiliates of Cowles Publishing Co., which owns The Spokesman-Review.

Councilwoman Cherie Rodgers said the city was warned in 1998 that the loan could result in loss of community development funds.

"Everything we have said has come back to haunt the city," she said.

Councilman Brad Stark said after Monday's meeting that he voted no because he wants the allocation system to be re-evaluated to emphasize economic revitalization.

- In other business, the council approved an ordinance to continue the downtown business improvement district through 2007.

In a separate vote, the council approved a contract with the Downtown Spokane Partnership to run the district through 2007.

Assessments on businesses and properties are used to pay for district programs, which include security ambassadors, special events, planning, cleanups, parking and promotion.