

Section 108 Loan Guarantee Program Project Summaries - Fiscal Year 2019

In the fiscal year 2019, the U.S. Department of Housing and Urban Development (HUD) approved **\$63,146,000** in Section 108 Guaranteed Loan commitments for a variety of community and economic development projects throughout the United States. The loan guarantee amounts ranged from \$650,000 for an affordable housing development in High Point, North Carolina, to a \$23 million re-issuance for a city-wide loan pool in Indianapolis, Indiana.

The Section 108 Loan Guarantee Program provides states and local governments access to low-interest financing for a variety of projects, including: affordable housing developments, public infrastructure improvements and facilities and financing for commercial/industrial development. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the [Community Development Block Grant \(CDBG\)](#) program. In all cases, however, these projects are well suited to the financing assistance available through the Section 108 Loan Guarantee Program.

The Section 108 Loan Guarantee assisted projects approved in FY 2019 are described in the summaries provided below. These assisted projects are grouped into (4) four categories: *Economic Development*, *Public Facilities and Improvements*, *Housing Development Projects* and *Mixed-use Development*.

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Economic Development Projects

Economic Development Loan Pool – Covington, KY

Section 108 Loan Guarantee - \$3,970,000

The City continues its previously issued commitment from 2013 to fund the Economic Development Loan Pool. The purpose of the Loan Pool is to make micro- and small-business loans and fund public real property rehabilitation, primarily in the City's Neighborhood Revitalization Strategy Area. The projects will be located primarily in Covington's Neighborhood Revitalization Strategy Area in the downtown area, but the City may also fund projects in other low- and moderate-income areas of the city.

National Objective: The Community Development Block Grant (CDBG) program national objective to be met by the eligible activities is benefit to low- and moderate-income (LMI) persons on an area basis. Since the business are expected to primarily be in an NRSA, the jobs created will be treated as benefiting an area where at least 51 percent of the residents are LMI persons. This treatment permits the City to carry out job creating activities without requiring income documentation.

Guaranteed Loan Features:

Term: The City is requesting a 10-year loan term with level principal repayments.

Repayment Source: The City will use revenue from the City's loan to the business.

Additional Security: The Section 108 guaranteed loan will be secured by the City's pledge of its interest in its loan to the assisted business.

For Additional Information: <https://www.covingtonky.gov/news/2019/09/09/covingtons-grass-roots-economic-growth>

BUILT in Cook Loan Fund – Cook County, IL

Section 108 Loan Guarantee – \$21,500,000

The County continues its previously issued commitment from 2013. The Borrower established the BUILT (Broadening Urban Investment to Leverage Transportation) in Cook Loan Fund, which the County will use Section 108 loans to continue funding four types of sustainable development located in suburban Cook County: (1) transit-oriented development, which is generally mixed-use development within one half-mile of passenger rail service; (2) cargo-oriented development, which aggregates logistics providers and related facilities and manufacturers near freight rail lines; (3) mixed-use hospitality and service sector developments, located near transit lines; and (4) business development loans for start-ups and/or expansions of existing businesses.

National Objective: The Community Development Block Grant (CDBG) program national objective to be met by the eligible activities is benefit to low- and moderate-income (LMI) persons through job

creation. At least 51% of the jobs created will be made available or held by persons with LMI income status.

Guaranteed Loan Features:

Term: The County is requesting a 20-year loan repayment term, with principal payments beginning in year one.

Repayment Source: Repayments will be primarily from the third-party borrowers or from the County's CDBG revenues to repay financing for public improvements that support economic development projects.

Additional Security: The County will pledge its interest in its third-party loans which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory. For any non-third-party project financing, the County will pledge other appropriate real property or revenues.

For More Information: <https://www.cookcountyil.gov/service/economic-development-division>

Housing Development Projects

Avondale Trace Affordable Housing Project – High Point, NC Section 108 Loan Guarantee – \$650,000

The City of High Point will use the \$650,000 in guaranteed loan funds for acquisition and site improvement for Avondale Trace, an affordable housing community that will target families with incomes between 40 and 60 percent of area median income in order to help meet the high demand that exists for affordable housing in the High Point area. After acquiring and improving the site, the City will convey the improved property to Wynnefield Properties, a for-profit affordable housing developer, who will arrange for construction of the housing development with non-Section 108 financing. Wynnefield Properties is an experienced affordable housing developer and has previously developed three similar projects in the city. Furthermore, the North Carolina Housing Finance Agency approved a Low-Income Housing Tax Credit (LIHTC) allocation award to the Project in August 2018. The above-described model for development is the same model the City has used for three prior Section 108 financed affordable housing projects in recent years.

The project community will consist of 72 units within 4 three-story buildings, which will include 12 one-bedroom, 36 two-bedroom, and 24 three-bedroom units. This project represents the City's fourth affordable housing development in recent years utilizing Section 108 guaranteed loan funds. This development will assist in implementing the City's plan to address the impediments to affordable locally and result in new housing adjacent to key community corridors that provide low-income households with additional opportunities to improve their quality of life through better access to quality educational, retail, and employment opportunities.

National Objective. The Community Development Block Grant (CDBG) program national objective to be met by this project is benefit to low- and moderate-income (LMI) persons by providing permanent residential structures, which will be primarily occupied by LMI households.

Guaranteed Loan Features:

Term: The City is requesting a 20-year loan term with payments of approximately \$20,000 in principal each year with a balloon payment in Year 20; however, the Developer intends to refinance the outstanding debt on the property before the final maturity.

Repayment Source: The City will use net operating income from the Project and will supplement payment as needed from its General Funds for debt service payments.

Additional Security: During the first phase of the project, the City will pledge a first lien mortgage in favor of the Secretary on the Project site, including site improvements, as additional loan security for repayment. After the transfer of the property to the developer, the City will pledge its interest in the Developer's Note for purchase of the improved project site, secured by a second priority lien on real property and improvements, including any and all rights, titles, and interests of the Developer to any leases covering the real property.

For Additional Information: <https://hpenews.com/news/3010/city-to-get-more-affordable-housing/>

Public Facility and Improvement Projects

Dr. Joe Lee Smith Community Center project – Cocoa, FL

Section 108 Loan Guarantee – \$894,000

The City of Cocoa will use \$894,000 in loan guarantee assistance to finance a new 16,000 square-foot community center, with an estimated total development cost of \$4.52 million. The Center will be in the city's Diamond Square Community Redevelopment Area, one of its three designated Opportunity Zones. The Center will be dedicated to serving the needs of lower-income area residents through recreational activities, various services, and healthcare programs. Furthermore, the City has partnered with the following entities to provide needed services to the residents at the Center: Cocoa Police Athletic League, the Alliance for Neighborhood Restoration, Inc., Brevard County Action Team, Brevard Health Alliance, Career Source Brevard and the Central Adult Community Education Center. These partners will provide services such as rental and housing resources, including grants to pay for utility bills; burial and cremation assistance; self-sufficiency programs; financial literacy, budgeting, and asset development; and employment and job training programs.

National Objective. This project will meet the Community Development Block Grant (CDBG) program national objective of benefit to LMI persons on an area basis, where at least 51 percent of the residents are LMI persons. The population of the census tract to be served by this project is 78.4 percent LMI persons.

Guaranteed Loan Features:

Term: The City is requesting a 20-year loan term with payments of at least \$44,000 in principal each year, except for the first year, which will be interest-only.

Repayment Source: The City will use its annual CDBG allocation to repay the loan.

Additional Security: The City will set-up a debt service reserve funded with the maximum annual estimated debt service due on the loan during its loan term. Moreover, if its annual CDBG funds are not sufficient to repay its loan, the City will agree to include funds in its annual budget each fiscal year in order to fund its debt service payments with non-ad valorem revenues.

For Additional Information: <https://www.cocoacommunityfirst.org/projects>

Recreational Facility Project – Texarkana, AR

Section 108 Loan Guarantee – \$885,000

The City of Texarkana will use Section 108 guaranteed loan funds to rehabilitate a former Boys and Girls Club facility into a recreational center. The facility will provide recreational space and facilitate community programs and events for area residents, while also seeking to generate economic development through sports tourism. The 12,245-square foot facility will provide the community with indoor sports facilities (a basketball/multi-purpose gym and fitness/activity room), a play area for younger children, a computer lab, a tutoring room, and meeting areas. The building is in the City's Ward 2, a low- and moderate-income area that the City is trying to revitalize through public investment. The project is immediately adjacent to the one designated Opportunity Zone in the city, which is also in Ward 2, and will serve residents living in that area.

National Objective: The Community Development Block Grant (CDBG) program national objective to be met by the eligible activity is benefit to low- and moderate-income (LMI) persons on an area basis, where at least 51 percent of the residents are LMI and the area is primarily residential. The City has identified the service area as 71.41% LMI.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term.

Repayment Source: The repayment source will be revenue produced by the center as well as the City's annual CDBG allocation.

Additional Security: The City will pledge a first lien on the project property. The City anticipates that the property will be worth at least \$1.3 million after improvements.

For Additional Information: <https://www.arklatexhomepage.com/news/local-news/vacant-recreation-center-on-road-to-renovations/>

Pasco Market Redevelopment Project– Pasco, WA

Section 108 Loan Guarantee – \$3,781,000

The City will use \$3,781,000 in guaranteed loan funds to rehabilitate the City’s Farmers Market and the connected Peanuts Park in downtown Pasco, completing a top priority in the City’s capital improvement plan. The restoration and expansion of the Pasco Farmers Market will allow for increased flexibility and use by the community, as well as provide economic benefits to surrounding area businesses. It will also leverage the City’s investment in the Pasco Specialty Kitchen, a state-of-the-art certified commercial kitchen for local entrepreneurs located across the street. Similarly, the Peanuts Park restoration will update the park to modern standards, creating a more open and inviting public space.

The city-owned site is already considered an asset to the community, serving families in east and central Pasco. The park is currently used for community events and festivals as well as a long-standing farmers market. The Pasco Farmers Market is an institution in the area that sells fresh produce and local goods and accepts Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Program payments. The Section 108 project will greatly enhance the user experience of the space, opening it up to serve more of the community.

National Objective: The City’s project will meet the Community Development Block Grant (CDBG) program national objective of benefit to low- and moderate-income (LMI) persons through area benefit. The proposed Project’s service area will be central and eastern Pasco, which is primarily residential and is 63.89 percent LMI.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term.

Repayment Source: The City will use Community Development Block Grant funds to pay the debt service on the Project.

Additional Security: The City will pledge a lien on real property collateral. The collateral will be a first position lien on a portion of 2400 acres of real property that is characterized as crop circles that serve as the City’s urban growth boundary.

Mixed Use Projects

Community and Economic Development Project – Indianapolis, IN

Section 108 Loan Guarantee - \$23,175,000

The City of Indianapolis continues a commitment issued in 2012. The purpose of the project was to fund economic development and housing rehabilitation projects, public facility rehabilitation and

construction for the benefit of low-moderate income (LMI) persons. The City's primary uses of the Section 108 guaranteed loan funds include: acquisition for improved or unimproved real property; clearance, demolition and remediation; site preparation including construction and reconstruction; special economic development activities, community economic development projects; public facilities rehabilitation; and housing rehabilitation. The City will primarily target activity located within its Neighborhood Revitalization Strategy Area (NRSA).

National Objective: The City's project will meet the Community Development Block Grant (CDBG) program national objective s of benefit to low- and moderate-income (LMI) persons through Job creation or retention activities where at least 51% of the jobs will be held by or made available to low- and moderate-income persons, area benefit activities where at least 51% of the residents are LMI persons and housing activities through the improvement of permanent residence structures which will be occupied by low and moderate income where at least 51% of the units must be occupied by low- and moderate-income persons. The project will also undertake activities which aid in the prevention or elimination of slums or blight on an area or spot basis.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term.

Repayment Source: The primary source of repayment will be project revenues from third party borrowers. Where applicable, the Borrower may pledge Tax Increment Financing (TIF) revenues as a source of repayment for non-revenue generating projects.

Additional Security: The Borrower will pledge its interest in its third-party loans which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory.

For any non-third-party project financing, the Borrower will pledge other appropriate real property or revenues, including TIF revenue.

Loan Pool Project – Newark, NJ

Section 108 Loan Guarantee - \$8,291,000

The City of Newark continues a commitment issued in 2013. The purpose of the project is to help spur revitalization efforts in downtown areas which include facilitating a "Living Downtown" program with expanded housing, retail education, office and hospitality options. The loan pool will target projects consistent with the Master Plan Re-examination Report. The City's primary uses guaranteed loan funds will include acquisition of real property, economic development activities and housing.

For the "Living Downtown" concept, Section 108 assisted projects will be targeted to seven downtown areas and corridors identified as crucial to the City's future growth. Five of the seven target areas consist entirely of census tracts with poverty rates that exceed 30 percent; the City expects that

transactions in those areas that create jobs will be able to qualify for presumptive benefit to low- and moderate-income (LMI) persons.

For transactions in other areas using the national objective of creating low-moderate income jobs which do not satisfy the requirements for presumptive benefit, the loan agreement with the third-party borrower will specify a minimum number of jobs and indicate that at least of 51% of the new jobs must be held by LMI persons. The target areas are generally in redevelopment areas with significant slum/blight conditions.

National Objective: The financed eligible activities will meet a Community Development Block Grant (CDBG) program national objective for assisting low- and moderate-income persons through the creation or retention of jobs that primarily benefit LMI persons and housing activities where the permanent residence structure will be occupied by LMI households. Also, certain eligible activities will meet the CDBG national objective criteria for the elimination of slums or blight on an area basis.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term.

Repayment Source: The primary source of repayment will be project revenues from third party borrowers

Additional Security: The City will pledge its interest in the loan pool's third-party loans which will be secured by (i) a lien on real property; (ii) security interests in machinery and equipment, accounts receivable, and inventory; (iii) personal/corporate guaranties; and (iv) other appropriate revenue sources or any combination thereof.

In addition, the City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

Section 108 Loan Guarantee Program Project Summaries - Fiscal Year 2016

In the fiscal year 2016, the U.S. Department of Housing and Urban Development (HUD) approved **\$80,715,000** in Section 108 Guaranteed Loan commitments for a variety of community and economic development projects throughout the United States. The loan guarantee amounts ranged from \$694,000 for development of a library in Homestead, Florida to a \$20 million for a city-wide loan pool in Philadelphia, Pennsylvania.

The Section 108 Loan Guarantee Program provides states and local governments access to low-interest financing for a variety of projects, including affordable housing developments, public infrastructure improvements and facilities, and commercial/industrial developments. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the [Community Development Block Grant \(CDBG\)](#) program. In all cases, however, these projects are well suited to the financing assistance available through the Section 108 Loan Guarantee Program.

The Section 108 Loan Guarantee assisted projects approved in FY 2016 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development*, *Housing*, and *Public Facilities and Improvements*.

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Economic Development Projects

The Farragut Hotel – Knoxville, TN

Section 108 Loan Guarantee – \$2,900,000

The City will use \$2.9 million in Section 108 guaranteed loan funds to assist in financing the redevelopment of the vacant, historic Farragut Hotel building. This 137,000 square foot building has been vacant for the past nine years and is the last vacant structure in the City's locally designated empowerment zone to be redeveloped. The building will be redeveloped into a mixed-use structure with a functioning hotel and 900 square feet of storefront commercial space, helping to stimulate additional economic development in the downtown area.

National Objective: The CDBG national objective to be met by the eligible activity is benefit to low-and moderate-income persons through the creation of jobs to be held by or make available to a low- and moderate-income persons. It is expected that 61 jobs will be created by this project.

Guaranteed Loan Features:

Term: The City will repay its loan over a 20-year period with principal payments beginning in year four (4) and interest only payments in years one through three (1 – 3).

Repayment Source: The repayment source will be principal and interest payments from the developer on its loan with the City, which is to be repaid with hotel revenue.

Additional Security: The City pledges and will assign its interest in its third party loan secured by second lien position on the leasehold deed of trust on the Farragut Hotel building. In addition, the developer will provide a personal guarantee.

For Additional Information:

Old Farragut Hotel downtown being redeveloped as a Hyatt Place:

<http://archive.knoxnews.com/business/old-farragut-hotel-downtown-being-redeveloped-as-a-hyatt-place-2fab18d9-90de-4595-e053-0100007fd541-374535051.html>

City Wide Loan Pool – Philadelphia, PA

Section 108 Loan Guarantee – \$20,000,000

The City will fund the tenth round of its City-wide Loan Pool, established in 1995, for a subrecipient, the Philadelphia Industrial Development Corporation ("PIDC"), to make loans to commercial and industrial borrowers and non-profit and community-based institutions. PIDC will focus its loan efforts on three areas: business expansion; targeted neighborhood commercial development; and community-based organization development.

National Objective: PIDC will evaluate all assisted projects to ensure that they will meet the criteria for benefit to low- and moderate-income persons by: assisting low- and moderate-income persons on

an area basis; assisting activities that benefit a limited clientele, at least 51 percent of whom are low- and moderate-income persons; assisting activities designed to create or retain permanent jobs, where at least 51 percent of jobs involve the employment of low- and moderate-income persons ; or addressing prevention or elimination of slums or blight.

Underwriting: PIDC performs a thorough assessment of all prospective borrowers through its established loan underwriting process and independent loan committee evaluation.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Sources: Repayments will be made from revenue generated by projects carried out by third-party borrowers.

Additional Security: The City will pledge its interest in its third-party loans, which will be secured by liens on real property, equipment, or other assets, depending on the particular project or business.

For Additional Information:

PIDC Subordinate Term Loan:

<http://www.pidcphila.com/product/subordinate-term-loan>

Economic and Community Development Loan Fund – Norfolk, VA

Section 108 Loan Guarantee – \$19,000,000

The City of Norfolk is requesting a \$19 million Section 108 loan guarantee to create an Economic and Community Development Loan Fund ("Loan Fund") to focus investment in 19 target geographic areas within the city.

The Loan Fund will provide loans to businesses and developers to promote real estate development. Targeted business clusters are healthcare\life sciences, defense\cyberspace, technology, manufacturing, policy associations, creative film, retail and renewable energy. It is anticipated that the average loan size in the Loan Fund will be approximately \$1.5 million with the loans ranging from \$500,000 to \$5 million. It is estimated that this project will create 500 full time equivalent jobs.

National Objective: The Community Development Block Grant (CDBG) national objective to be met is benefit to low- and moderate-income (LMI) persons through 1) the creation/retention of jobs where at least 51% of the jobs created or retained will be made available to or held by LMI persons; 2) on an area benefit basis; 3) on a limited clientele basis; or 4) through the improvement of permanent residential structures which will be occupied by LMI households. Additionally, activities may also be funded under the national objective of prevention or elimination of slums or blight.

Underwriting: The City's Department of Development (DoD) will conduct financial underwriting for new applications while the National Development Council (NDC) concurrently conducts regulatory

reviews on applications to ensure compliance with HUD requirements. The two teams, DoD and NDC, will reconvene after their individual, initial reviews and decide which projects to forward to the City's loan committee for the next level of review. The loan committee will consist of five community representatives from the financial, real estate and small business communities of Norfolk. The loan committee will make a recommendation to the City's Economic Development Authority (EDA) Board of Directors who will serve as the ultimate decision maker.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term.

Repayment Sources: The City will use revenue generated by projects carried out by third-party borrowers to pay the debt service on the Section 108 loan.

Additional Security: The City will pledge its interest in third party loans as secured by liens on real property, new or used equipment, accounts receivable, inventory, and personal or corporate guarantees.

For Additional Information:

Large Scale Project Fund:

http://www.norfolkdevelopment.com/files/Section_108_Handout.pdf

Downtown Dining District Loan Fund – Springfield, MA

Section 108 Loan Guarantee – \$1,500,000

The City will use a Section 108 loan guarantee in the amount of \$1.5 million to establish a low-interest loan fund to target a dining district in downtown Springfield. The Dining District Loan Fund will help establish new full-service restaurants and job opportunities in the heart of downtown Springfield's business district.

National Objective: The CDBG national objective to be met by the eligible activity is benefit to low-and moderate-income persons through the creation of jobs to be held by or make available to a low- and moderate-income (LMI) persons, where at least 51 percent of these jobs will be offered to or held LMI persons.

Underwriting: Applicants will be vetted through an Investment Committee composed of members from DevelopSpringfield (a private non-profit), the Springfield Business Improvement District Boards of Directors, and key City employees. The Committee will report to the City's Office of Planning and Economic Development.

Guaranteed Loan Features:

Term: The City is requesting a 20-year term for principal repayment with principal payments beginning in Year two.

Repayment Sources: The City will use the revenue generated by assisted projects carried out by third-party business borrowers to pay the debt service on the Section 108 loan.

Additional Security: The City will pledge its interest in third party loans, secured by subordinate liens on real property and improvements as well as liens on machinery and equipment, accounts receivable, inventory and other items of personal property.

For Additional Information:

New Downtown Springfield Restaurants Plan Gets \$1.5 Million HUD Loans Boost:

http://www.masslive.com/news/index.ssf/2016/10/hud_allocates_15_million_in_fe.html

Community and Economic Development Loan Fund – St. Clair County, IL

Section 108 Loan Guarantee – \$15,000,000

The County is currently requesting \$15 million in Section 108 loan guaranteed loan funds to be used to create a loan pool targeted to projects that will have positive economic and community development benefits throughout the county.

National Objective: : The CDBG national objective to be met by the Section 108 guaranteed loans is benefit to low- and moderate-income (LMI) persons through either area benefit, where at least 51 percent of the residents are LMI persons or through the creation or retention of jobs, where at least 51 percent of the jobs will be held by LMI persons.

Underwriting: The St. Clair County Intergovernmental Grants Department (IGD) will manage the Loan fund. IGD will underwrite all loans with assistance provided by a consultant as needed and approved by the U.S. Department of Housing and Urban Development (HUD).

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment term with interest-only payments in Years 1 and 2.

Repayment Sources: The County will use revenue generated by projects carried out by third-party borrowers to pay the debt service on the Section 108 loan.

Additional Security: The City will pledge its interest in third party loans as secured by liens on real property and personal guarantees.

Housing Development Projects

Hartley Ridge Housing Project – High Point, NC

Section 108 Loan Guarantee – \$694,000

The City proposes to use guaranteed loan funds for acquisition and improvement of a property in support of Hartley Ridge, an affordable multi-family housing development (hereafter the "Project") by Wynnefield Properties, a for-profit developer (hereafter the "Developer"). The housing units will support a high demand for affordable housing for low-income residents in the High Point area. The Project will be carried out in two phases. In Phase 1, the City will acquire and prepare the project site. In Phase 2, the City will sell the improved project site to a third party, the Developer.

National Objective. The Community Development Block Grant (CDBG) national objective to be met by the eligible activities is benefit to low- and moderate-income (LMI) persons by providing permanent residential structures, which will be occupied by LMI households. The Developer intends to market the units to families at 30%, 50%, and 60% of area median income

Guaranteed Loan Features:

Term: The City is requesting a 20-year loan term, with total annual debt service of approximately \$30,000 per year, including interest, with a balloon payment in Year 20.

Repayment Source: The City will use net operating income from Project proceeds and will supplement payment as needed from its General Funds to ensure it has adequate funds for debt service payments. The Developer intends to refinance the outstanding debt on the Project prior to the due date of the balloon payment in order to pay off the Section 108 guaranteed loan and any remaining debt under the bank loan. The City will also collect an origination fee from the Developer for the amount of \$25,000 and purchase a 10-year Treasury Bond as an additional source of repayment.

Additional Security: During Phase 1, the City will pledge a first lien mortgage in favor of the Secretary on the Project site, including site improvements, as additional loan security for repayment. During Phase 2, the City will pledge its interest in the Developer's Note for purchase of the improved Project site, secured by a second lien on real property and improvements, including any and all rights, titles, and interests of the Developer to any leases covering the real property. This additional security will be collaterally assigned to HUD.

For Additional Information:

New Apartment Complex Planned in High Point:

http://www.greensboro.com/news/local_news/new-apartment-complex-planned-in-high-point/article_e36b1bd2-c77f-11e3-8436-0017a43b2370.html

Union Avenue Project – Memphis, TN

Section 108 Loan Guarantee – \$4,107,000

The City will provide Section 108 loan guarantee financing for the proposed redevelopment of two blighted parcels (encompassing two acres) in the Midtown/Overton Square Redevelopment Area in Midtown Memphis. The Developer will demolish, clear, and reconstruct the blighted building at 1835 Union Avenue into a mixed-use commercial and residential structure. The building will include 10,000 square feet of retail space on the first level and four additional stories of residential space above for a total of 66 units. The Developer will also rehabilitate a former hotel at 1837 Union Avenue into nine floors of 100 affordable rental housing units.

National Objective: The Community Development Block Grant (CDBG) national objective met by the eligible activities are to: (1) address slums or blight on a spot basis, and (2) assist activities designed to create or retain permanent jobs, where at least 51 percent of jobs involve the employment of low- and moderate-income persons. The project should create 67 full time permanent jobs.

Guaranteed Loan Features:

Term: The City is requesting a 20-year loan repayment term with interest-only payments during the first seven years of the project.

Repayment Sources: The City will make guaranteed loan repayments from the City's General Fund or other sources during the first seven years, and beginning in the eighth year from residential and commercial rents collected by the Developer.

Additional Security: The City will assign its interest in its third party loan to the Developer, secured by in a second lien mortgage on the project site land, which includes the buildings and a parking garage.

For Additional Information:

Midtown Corner Sold for Mixed-Use Development:

<http://archive.commercialappeal.com/business/real-estate/372449692.html>

Public Facility and Improvement Projects

Fire Equipment Purchase – Fall River, MA

Section 108 Loan Guarantee – \$4,998,000

The City is requesting Section 108 guaranteed loan funds to finance replacement fire equipment. The City will own the assets after it purchases them. The City previously used a Section 108 guaranteed loan to purchase its existing fire equipment over 20 years ago, and that equipment now needs to be replaced.

National Objective: The Community Development Block Grant (CDBG) national objective to be met by the eligible activity is benefit to low- and moderate-income (LMI) persons on an area basis, where at least 51% of the residents of the area are LMI.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term with interest-only payments for the first year.

Repayment Source: The repayment source for this non-income producing activity will be the City's annual CDBG allocation.

Additional Security: The City will either pledge its annual tax revenue, specifically receipts and real estate taxes, or, alternatively, pledge its full faith and credit, as additional security for the loan.

For Additional Information:

Fall River Gets Green Light for \$4.9M in New Equipment:

<http://www.heraldnews.com/news/20160812/fall-river-fire-department-gets-green-light-for-49m-in-new-equipment>

Community Recreation and Wellness Center – Hammond, IN

Section 108 Loan Guarantee – \$8,651,000

The City proposes to use its Section 108 guaranteed loan proceeds to develop and construct a community and wellness center (the "Project") of approximately 85,000 square feet. This new center will offer access to recreational facilities and programming that are not currently offered by the City's existing community facilities.

National Objective: The Community Development Block Grant (CDBG) national objective to be met by this activity is benefit to low- and moderate-income (LMI) persons on an area benefit basis, where at least 51% of the residents of the area are LMI.

Guaranteed Loan Features:

Term: The City is requesting a twenty-year term with interest-only payments for the first five years.

Repayment Source: The City will use the revenue stream from the income generating activities, like the sponsorship donations, activity fees and any lease payments, to fund operations as well to repay its Section 108 guaranteed loan. Furthermore, the site for the Project is located within the Hammond Central Tax Increment Financing (TIF) District. This TIF district is currently generating approximately \$1.5 million in revenue each year, which is also available to pay debt service.

Additional Security: The City will provide collateral in the form of a first priority lien on real property and the assignment of all generated income from the project.

For Additional Information:

Hammond Gets Money for Woodmar Wellness Center:

http://www.nwitimes.com/news/local/lake/hammond/hammond-gets-money-for-woodmar-wellness-center/article_c2c2ca70-409c-5594-94a5-41513079e98d.html

Downtown Library (Cybrary) – Homestead, FL

Section 108 Loan Guarantee – \$3,865,000

The City proposes to use its Section 108 guaranteed loan proceeds to develop the “Cybrary,” a state-of-the-art library (the “Project”) of approximately 25,000 square feet in a two-story building. The City has decided to relocate and develop a new library because its current facility is considered obsolete and is located on a campus of vacant municipal buildings. In addition, the City stated that the Project will be a valuable community asset that will not only assist in the preparation of its residents for the workplace of the 21st century but also will help stimulate to the revitalization of the downtown area.

National Objective: The Community Development Block Grant (CDBG) national objective to be met by this activity is benefit to low- and moderate-income (LMI) persons on an area basis, where at least 51% of the residents of the area are LMI.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term.

Repayment Source: The City will use its annual CDBG allocation to repay the loan.

Additional Security: The City will provide collateral in the form of the establishment of a Debt Service Reserve Account in the amount of the highest projected annual debt service payment due over the term of the loan. The account will have a separate account number and will be located within the City’s General Fund.

Section 108 Loan Guarantee Program Project Summaries -Fiscal Year 2015

In the fiscal year 2015, the U.S. Department of Housing and Urban Development (HUD) approved **\$123,271,000** in Section 108 Guaranteed Loan commitments for a variety of community and economic development projects throughout the United States. The loan guarantee amounts ranged from \$1,250,000 to assist a community health Center in Pleasanton, California, to a \$40,000,000 loan pool to support affordable housing, mixed-use, and economic development activities in non-entitlement communities throughout the State of Iowa.

The Section 108 Loan Guarantee Program provides states and local governments access to low interest rate financing for a variety of projects, including affordable housing developments, public infrastructure improvements and facilities, and commercial/industrial developments. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the [Community Development Block Grant \(CDBG\)](#) program. In all cases, however, these projects are well suited to the financing assistance available through the Section 108 Loan Guarantee Program.

The Section 108 Loan Guarantee assisted projects approved in FY 2015 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development*, *Housing*, and *Public Improvements and Public Facilities*.

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Economic Development Projects

Sears Crosstown Multi-use Redevelopment – Memphis, TN

Section 108 Loan Guarantee – \$4,000,000

The City of Memphis will provide assistance for an economic development replacement project: the \$198.7 million Sears Crosstown Multi-Use Redevelopment project. Upon completion, this adaptive re-use project will create a major economic anchor in northwest Memphis. This mixed-use, redeveloped commercial building will include leasable space for office, retail uses, medical and related healthcare services, education and community-based arts organizations, and for approximately 260 residential units.

Crosstown Arts, a non-profit arts organization, will serve as the developer for the project. Crosstown Arts will use the funds guaranteed under Section 108 as part of a larger loan to redevelop and rehabilitate a vacant ten-story, 1.5-million-foot former Sears Crosstown Redistribution Facility. The Sears building is one of 14 such facilities built nationwide by Sears during the 1920s. Five facilities – in Atlanta, Boston, Dallas, Minneapolis, and Seattle – have each been successfully renovated into similar mixed-used facilities.

Crosstown Arts has commitments with tenants in healthcare, education, and arts-based community and economic development that need additional space in Memphis, and these tenants have agreed to pre-lease approximately 60% of the estimated 886,000 net rentable square feet in the building.

The following eight tenants will be part of one of the largest planned historic adaptive re-use projects in the state's history:

- Church Health Center, the nation's largest privately funded faith-based health clinic;
- Methodist Le Bonheur Healthcare, a non-profit healthcare delivery system;
- Gestalt Community Schools, a K-12 college preparatory charter school;
- St. Jude's Children's Research Hospital, a children's hospital, which will lease residential space related to its training programs;
- ALSAC, a healthcare charity affiliated with St. Jude's Hospital;
- Crosstown Arts, a Memphis-based contemporary arts organization;
- Memphis Teacher Residency, a non-profit teacher recruiting/training/housing organization; and
- Rhodes College, a private college located in Memphis, which will lease residential space for student outreach programs.

The remaining approximately 40% of the rentable area will be for residential, retail, and office space.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The City estimates that the project will create 877 full-time equivalent (FTE) jobs, of which at least 51% of the jobs created will be held by or made available to low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term. The City will make interest-only payments during the first seven years of the loan, as part of the New Markets Tax Credit (NMTC) financing structure.

Repayment Source: The primary source of repayment will be revenue from the City's general fund.

Additional Security: The City will pledge non-ad valorem revenue for the 20-year loan term, subject to annual appropriations from its General Fund. At the conclusion of the NMTC seven-year compliance period, the Crosstown ST Investment Fund will assign to the City a \$4 million Developer note secured by a third lien mortgage on real property (Developer's project property), in which the City will then collaterally assign to HUD its interest in the note secured by a third lien mortgage. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:**Crosstown Crossroads:**

<https://www.memphisdailynews.com/news/2015/feb/14/crosstown-crossroads/>

In Memphis, New Markets Tax Credits Spur Economic Development:

<https://www.treasury.gov/connect/blog/Pages/In-Memphis,-New-Markets-Tax-Credits-Spur-Economic-Development.aspx>

Lorenzo Hotel – Dallas, TX

Section 108 Loan Guarantee – \$11,000,000

The City of Dallas has proposed to redevelop the former 12-story Ramada Inn Hotel into a four-star, 237-room Lorenzo Hotel under the Choice Hotels International, Inc.'s Ascend Hotel Collection. The new hotel will include two full-service restaurants – a 75-seat restaurant on the 12th floor and a 90-seat restaurant with a patio bar on the first floor; a gift shop; four meeting areas; concierge service; a fitness center and outdoor putting green; guest laundry facilities; free Wi-Fi; free transportation within a three-mile radius; an outdoor swimming pool with patio bar; and a structured parking garage with an upper level parking lot sound stage for major outdoor music concerts. The redevelopment activities under the project will include the acquisition of the hotel, demolition of the adjacent three-story annex building, and redevelopment of the former Ramada Inn.

The former Ramada Inn Hotel is currently a vacant and blighted structure located in southern Dallas in the Cedars neighborhood. The hotel has been closed since 2009 and has been subject to vandalism and homeless squatters since its closing. According to the City, the hotel poses a threat to public health and safety and has the following environmental and blighting conditions: asbestos throughout the hotel and annex building, mold and mildew on walls and ceiling, broken glass, damaged and exposed electrical wiring, falling ceiling tile and wall plaster, water leaks in the ceilings, boarded up windows, rusted pipes and broken pipes, heavy accumulation of animal droppings and trash debris, damaged/broken fixtures,

and overgrown brush. All hazardous materials will be removed and environmental deficiencies corrected as a first step in the redevelopment process.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The City estimates that the project will create 220 FTE jobs, of which at least 51% of the jobs created will be held by or made available to low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 13-year term, with interest-only payments during the first two years of the loan.

Repayment Source: The primary source of repayment will be revenue from hotel operations.

Additional Security: The City will assign its interest in the third party loan, which will be secured by a second lien on the hotel. In addition, the developer will establish a \$1,000,000 debt service reserve with tax increment financing (TIF) proceeds. The debt service will be funded over five years. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

After two-year wait, feds OK \$11 million loan guarantee needed to redo Cedars hotel tower:

<http://www.cnadallas.com/node/306>

Northland Hotel – Green Bay, WI

Section 108 Loan Guarantee – \$4,700,000

The Section 108 guaranteed loan will assist a developer to acquire and renovate the Hotel Northland, a vacant hotel in downtown Green Bay into a full-service luxury boutique hotel. The former eight-story hotel building was built in 1924 and is on the National Register of Historic Places. The hotel will consist of 160 guest rooms, two food and beverage outlets, 10,450 square feet of banquet and meeting space, and spa and fitness facilities.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The City estimates that the project will create 160 FTE jobs, of which at least 51% of the jobs created will be held by or made available to low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term, with interest-only payments during the first year of the loan.

Repayment Source: The primary source of repayment will be revenue from hotel operations.

Additional Security: The City will assign its interest in the third party loan, which will be secured by a second lien on the hotel. Further, the Developer will fund an escrow account funded with two years of loan payments for the 20-year loan term. The Developer will assign the escrow account to the City, which will collaterally assign it to HUD. The account will continually remain in the City's control for the duration of the Section 108 loan term. The debt service will be funded over five years. Additionally, the developers will provide personal guarantees. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Hotel Northland developers secure \$44M for renovation:

<http://www.greenbaypressgazette.com/story/money/2015/04/16/hotel-northland-funding/25900855/>

HUD Approves \$4.7 Million Loan Guarantee to Green Bay:

<http://hotelexecutive.com/newswire/52945/hud-approves-47-million-loan-guarantee-to-green-bay>

21C Museum Hotel – Oklahoma City, OK

Section 108 Loan Guarantee – \$6,900,000

The City is proposing to assist with the redevelopment of the historic Fred Jones Manufacturing Plant building at 900 W. Main Street in Oklahoma City into a 135-room hotel. The hotel is in the Film Row District in the downtown Oklahoma City and within the City's HUD-approved Neighborhood Revitalization Strategy Area (NRSA), which includes several vacant lots and blighted buildings in need of redevelopment. This 2.04-acre site includes the Fred Jones Assembly Plant, a 173,680 square foot building constructed in 1916 by Henry Ford as a Model-T production facility. It is eligible for individual listing in the National Register of Historic Places.

The developer will carry out the redevelopment by converting the existing site into a hotel, in accordance with historic preservation standards. The hotel interior will feature a contemporary art museum with approximately 13,000 square feet of exhibition space, 5,100 square feet of meeting and event space, and a restaurant featuring locally grown and produced ingredients.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The City estimates that the project will create 138 FTE jobs, of which at least 51% of the jobs created will be held by or made available to low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term. The City will make interest-only payments during the first seven years of the loan, as part of the New Markets Tax Credit (NMTC) financing structure.

Repayment Source: The primary source of repayment will be developer repayments based on museum operations.

Additional Security: The City will collaterally assign its interest in its third party loan to the developer, secured by a first priority lien on Furniture, Fixture and Equipment, and a second subordinated position to the senior lender position in a leasehold interest in real property. The developer will also pledge a personal guarantee, and the developer a corporate guarantee. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

City of Oklahoma City approves \$6.9 million loan for 21C Museum Hotel development:

<http://newsok.com/article/5336109>

21C Museum Hotels: Oklahoma City:

<http://www.21cmuseumhotels.com/oklahomacity/>

Community Revitalization and Economic Enhancement Loan Fund– Iowa Section 108 Loan Guarantee – \$40,000,000

The State of Iowa’s Economic Development Authority (IEDA) will capitalize a Section 108 Community Revitalization and Economic Enhancement Loan Fund (“R&E Program”) to make loans to non-entitlement units of local governments. The non-entitlements will primarily re-lend this financing to various non-profit entities, public/private partnerships, and private for-profit businesses and/or developing entities to implement a variety of affordable housing, mixed-use, and economic development projects.

In 2012, the Iowa Finance Authority commissioned a statewide housing study which identified an increased need for affordable housing in non-entitlement communities. The housing needs of more than 25 non-entitlement communities were included in the study. The study highlighted aging housing stock as a major contributor to this need for additional housing as well as a limited amount of funding available for housing rehabilitation activities. For those reasons, housing rehabilitation is a primary focus of the R&E Program.

Approximately 81% of the R&E Program financing will be for affordable housing and related projects and approximately 19% for economic development projects. The IEDA estimates that assisted economic development projects will create 380 new jobs. R&E program funds will generally be used for the following types of projects:

1. *Rehabilitation/Reconstruction/Conversion of Buildings to Provide Mixed-Use Residential Units (estimated financing – \$20 million):* These loans are focused on providing new or renovated/upgraded, code-compliant and energy-efficient housing units primarily for low- and moderate-income persons in mixed-use structures. Projects will address local needs for low- and moderate-income housing and provide for a variety of housing for various populations, including single persons, families, and senior persons.
2. *Rehabilitation of Vacant and Unoccupiable Single-Family Residential Units and/or Demolition of*

Blighted, Vacant Single-Family Residential Units (estimated financing – \$10 million): These loans will be used to purchase, demolish and clear vacant, blighted single-family residential units or acquire, gut, and rehabilitate vacant residential units for re-use. These projects can include entire blocks or districts and contribute to the elimination of slum and blight. The rehabilitated units will be sold or leased exclusively to households at or below 80% area median household income.

3. *Adaptive Conversion or Reuse of Presently Vacant or Underutilized Commercial or Industrial Buildings (estimated financing – \$2.4 million):* These loans are designed to provide gap financing needed to bring together public and private for-profit or non-profit entities in collaborative effort to rehabilitate, renovate and reuse vacant, underutilized, deteriorating, or functionally obsolete buildings. The primary reuse would be affordable housing with commercial retail or business offices as a secondary use.
4. *Economic Development Resulting in Substantial Private Investment and Job Creation/Retention (estimated financing – \$7.6 million):* These loans are designed for site and/or building acquisition and preparation, construction as well as equipment acquisition. Funds may also be used to provide interim financing for commercial/industrial projects.

Additional Eligible Activities in Support of Housing and Economic Developments: The State (through non-entitlements) will make loans for project-related site improvements, including financing for infrastructure improvements or public facilities needed for housing developments. It will also provide funds to enhance the feasibility of loans by funding debt service reserves, payment of guaranteed loan interest, as needed, and payment of issuance costs for participating in public offerings.

Underwriting:

All detailed underwriting and loan recommendation will be done by an IEDA review team consisting of experienced lending and financial analysts from the IEDA Community Development and Business Development divisions. Additionally, outside finance consultants are available to assist IEDA review team members with any complex multi-funded projects. The review teams will make loan recommendations to the IEDA Board of Directors, which will make final loan approval decisions. Units of general local government (UGLGs) applying to the R&E program must submit the following for consideration: business or project development plan; detailed sources and uses for all project funds; statement of projected cash flow for the life of the loan (monthly for first three years); audited financial statements; and supporting documentation including, but not limited to, environmental studies, real estate appraisals, and market studies.

National Objective:

The CDBG national objectives to be met by the eligible activities of the various projects will assist low- and moderate-income persons through either job creation or retention or through providing housing, or aiding in the prevention or elimination of slums or blight.

Guaranteed Loan Features:

Term: The State has a 20-year repayment term on its guaranteed loan.

Repayment Sources: The source of repayments will depend on the nature of the project being carried out by the UGLG.

Additional Security: The State will assign its interest in its third-party loans, which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory, depending on the type of each individual project. The State agreed to allow HUD to use existing pledged grants to prepay (or defease) the guaranteed loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Economic Developments through HUD's Community Development Block Grant Investment Tools in Iowa State:

<http://www.cloudburstgroup.com/info/economic-development-through-huds-community-development-block-grant-investment-tools-in-iowa-state/>

Section 108 Loan Pool – St. Louis County, MO

Section 108 Loan Guarantee – \$24,000,000

The County will establish a loan pool to fund four types of developments within suburban St. Louis County: (1) transit-oriented development near three underdeveloped Metrolink stations in North St. Louis County, a predominately low- and moderate-income area; (2) mixed-use commercial and retail and multi-family rental development, to spur job growth and encourage sustainable development; (3) business development loans, to start-ups and expanding small- to mid-size businesses; and (4) infrastructure and public facilities, including collaborative projects across municipal borders. The County will fund projects only in communities that participate in the St. Louis County Urban County CDBG program.

The County's Office of Community Development will administer the loan pool. It will supplement existing staff by either (1) establishing a loan committee consisting of local commercial bankers and established community developers; or (2) partnering with Community Development Financial Institutions with experience in providing loans similar to those proposed by the County. The County will procure a third party to provide loan servicing functions.

The County will seek to leverage Section 108 loan guarantee financing with public and private funds. When possible, HUD Emergency Solutions Grant, HOME, and Neighborhood Stabilization Funds will supplement Section 108 financing. Additionally, the County is working to develop a strategy with the 77 CDBG participating units of general local government that are currently members of the St. Louis County Urban County to leverage CDBG funds for collaborative projects.

Underwriting:

Prospective applications will be reviewed upon the basis of weighted scoring criteria submitted for review to the County and the proposed loan committee. The County intends to issue a formal Request for Proposals with a specific timeline, but it will also accept rolling applications subject to funding availability. The County will ensure that applications will be evaluated according to the following criteria: reasonableness of project costs, committed financing, need for federal assistance, project

feasibility and readiness, return on equity investment, development capacity, loan-to-value (“LTV”) ratio, and pro rata disbursement of funds. The County will also implement criteria related to market demand and capacity, development capacity, and project readiness.

National Objective:

The CDBG national objective to be met by the eligible activities of the various projects will assist low- and moderate-income persons through either job creation or retention, on an area basis, or through limited clientele activities.

Guaranteed Loan Features:

Term: County has a 20-year repayment term on its guaranteed loan with principal payments beginning in year one.

Repayment Sources: The primary source of repayments will be from revenue generated by projects carried out by third-party borrowers.

Additional Security: The County pledged its interest in its third-party loans, which will be secured by a first or second lien on real property, personal guarantees, equipment, accounts receivable, and/or inventory, depending on the type of each individual project. The County agreed to allow HUD to use existing pledged grants to prepay (or defease) the guaranteed loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

HUD Awards More Than \$26 Million to St. Louis County to Boost Economic Growth and Revitalize Distressed Communities:

<http://www.komu.com/news/st-louis-county-gets-26-million-in-funding-from-hud/>

St. Louis County gets \$26 million in funding from HUD: <http://www.komu.com/news/st-louis-county-gets-26-million-in-funding-from-hud/>

North Mare Island Acquisition and Demolition/Clearance – Vallejo, CA Section 108 Loan Guarantee – \$4,719,000

The City proposes to assist with the acquisition and site preparation for the redevelopment of 125-157 acres for commercial and light industrial development on the historic Mare Island, a former U.S. Naval Shipyard recently deeded to the City. This site is located along San Francisco Bay, 30 minutes from Oakland and 45 minutes from San Francisco.

The redevelopment will support the community and spur economic development with an emphasis on creating employment opportunities for low- and moderate-income persons. The project site’s zoning is approved for 1.2 million square feet of commercial/industrial development. There are approximately 125 acres currently owned by the City, and another 32 acres are due to be transferred to the City from the Navy by 2017. There are approximately 30 vacant, deteriorated buildings on North Mare Island that are proposed to be demolished as part of the site preparation for redevelopment.

The City contracted with the National Development Council (NDC) to conduct a commercial/industrial market feasibility study. Based on its surveyed data and analysis, NDC concluded that commercial/light industrial developers would be attracted to develop on Mare Island site because of its inner bay location, proximity to the Port of Oakland, and good access to road networks in the North Bay and U.S. Interstate 80. NDC also noted the very low vacancy in commercial/light industrial space in the surrounding markets combined with lack of available commercial/industrial space for business expansion.

National Objective:

The CDBG national objective met by this project is benefit to low- and moderate-income persons through the creation of 135 jobs, with the potential of the creation of up to 1,200 jobs.

Guaranteed Loan Features:

Term: The City will repay the guaranteed loan over an eight-year term.

Repayment Source: The source of repayment will be funds from a sales tax increase and proceeds from the sale of a City-owned property.

Additional Security: The City will assign its interest in its third party loan to the developer, secured by a debt service reserve in its Section 108 Guaranteed Loan Repayment account. This debt service reserve will retain annual net deposit amounts after the City's annual debt service payments. Also, the third party loan is secured by a first lien on real property. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

Business Loan Pool – Atlantic City, NJ

Section 108 Loan Guarantee – \$2,000,000

The City will establish a Business Loan Program (BLP) designed to: (1) make loans to for-profit businesses and (2) leverage Section 108 funds generally with the Small Business Administration Section 504¹ private financing or Federal Home Loan Bank members' private sector financing combined with businesses' equity funds in order to create jobs and to increase the City's tax base.

The City's BLP loans will be made to two categories of local borrowers: (a) small- to medium-size businesses eligible for loans up to 40% of project costs or \$400,000, whichever is lower and (b) smaller businesses, including family-owned businesses that need microloans from \$1,000 to \$35,000. The City will generally provide all loans for the purpose of financing the "gap" between private sector lending and businesses' equity contributions for projects. The BLP loans will be provided at either fixed or variable interest rates lower than conventional financing. The City will charge a processing fee to all applicants and a loan closing fee to all approved local borrowers.

The BLP financing will be marketed to private, for-profit businesses that have been conducting industrial, retail, or distribution activities for at least two years and can demonstrate sufficient profitability, including small family-owned business. Eligible business applicants will include sole

¹ The SBA CDC/504 Loan Program provides financing for major fixed assets such as equipment or real estate.

proprietorships, incorporated businesses, partnerships, or any other legally organized businesses registered with the State of New Jersey.

Underwriting:

The City will enter into a subrecipient agreement with the Atlantic County Improvement Authority (ACIA) to administer and manage the City's BLP. It will establish a Loan Review Committee (LRC), consisting of two members from the ACIA and one member from the City Treasurer's Office, to review all ACIA underwriting recommendations signed by its economic development staff and co-signed by its consultant, Community Initiatives Development Corporation (CIDC), for all applications received from Atlantic City. The ACIA and CIDC will underwrite each loan through a financial analysis, consisting of site visits, business history, project description, resumes and credit histories of principals and key management personnel, past and projected financial statements, project collateral financial ratios, and appraisals. The LRC will make all final loan decisions in accordance with its prescribed procedures and underwriting criteria to ensure compliance with Section 108 Loan Guarantee Program criteria and consider other federal or private financing. Also, it will confirm the amount of Section 108 guaranteed assistance being requested, the number of estimated jobs to be created, and the proposed terms for repayment and proposed security for loan repayment.

The ACIA will make loans for the following types of uses: working capital financing for business operations, including inventory, accounts payable and accounts receivable financing, and training and marketing financing; fixed asset financing, including acquisition, renovation, and/or new construction of commercial/industrial buildings; and acquisition and installation of new or used machinery and equipment.

National Objective:

The CDBG national objective met by the eligible activities of the various projects will assist low- and moderate-income persons through job creation. These loans to for-profit entities will create an estimated 57 new FTE jobs.

Guaranteed Loan Features:

Term: The City has a 20-year loan repayment term with a principal payment beginning in year one.

Repayment Source: The primary source of repayments will be from revenue generated by projects carried out by third-party borrowers.

Additional Security: The City will pledge its interest in its third-party loans which will include loans secured by a first or second lien on real property, equipment, securities, bonds, accounts receivable, and/or inventory. The City agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Atlantic County and Atlantic City to Offer Local Business Loans:

<http://acprimetime.com/atlantic-county-atlantic-city-to-offer-local-business-loans/>

Business Loan Pool – Atlantic County, NJ

Section 108 Loan Guarantee – \$3,353,000

The County will establish a Business Loan Program (BLP) designed to: (1) make loans to for-profit businesses and (2) leverage Section 108 funds generally with the Small Business Administration Section 504² private financing or Federal Home Loan Bank members' private sector financing combined with businesses' equity funds in order to create jobs and to increase the County's tax base.

The County's BLP loans will be made to two categories of local borrowers: (a) small- to medium-size businesses eligible for loans up to 40% of project costs or \$400,000, whichever is lower, and (b) smaller businesses, including family-owned businesses that need microloans from \$1,000 to \$35,000. The County will generally provide all loans for the purpose of financing the "gap" between private sector lending and businesses' equity contributions for projects. The BLP loans will be provided at either fixed or variable interest rates lower than conventional financing. The County will charge a processing fee to all applicants and a loan closing fee to all approved local borrowers.

The BLP financing will be marketed to private, for-profit businesses that have been conducting industrial, retail, or distribution activities for at least two years and can demonstrate sufficient profitability, including small family-owned business. Eligible business applicants will include sole proprietorships, incorporated businesses, partnerships, or any other legally organized businesses registered with the State of New Jersey.

Underwriting:

The County will enter into a subrecipient agreement with the Atlantic County Improvement Authority (ACIA) to administer and manage the County's BLP. It will establish a Loan Review Committee (LRC), consisting of two members from the ACIA and one member from the County Treasurer's Office, to review all ACIA underwriting recommendations signed by its economic development staff and co-signed by its consultant, Community Initiatives Development Corporation (CIDC), for all applications received from Atlantic County. The ACIA and CIDC will underwrite each loan through a financial analysis, consisting of: site visits; business history; project description; resumes and credit histories of principals and key management personnel; past and projected financial statements; project collateral financial ratios; and appraisals. The LRC will make all final loan decisions in accordance with its prescribed procedures and underwriting criteria to ensure compliance with Section 108 Loan Guarantee program criteria and consider other federal or private financing. Also, it will confirm the amount of Section 108 assistance being requested, the number of estimated jobs to be created, and the proposed terms for repayment and proposed security for loan repayment.

The ACIA will make loans for the following types of uses: working capital financing for business operations, including inventory, accounts payable and accounts receivable financing, and training and marketing financing; fixed asset financing, including acquisition, renovation, and/or new construction of commercial/industrial buildings; and acquisition and installation of new or used machinery and equipment.

² The SBA CDC/504 Loan Program provides financing for major fixed assets such as equipment or real estate.

National Objective:

The CDBG national objective met by the eligible activities of the various projects will assist low- and moderate-income persons through job creation. These loans to for-profit entities will create an estimated 95 new FTE jobs.

Guaranteed Loan Features:

Term: The County has a 20-year loan repayment terms with a principal payment beginning in year one.

Repayment Source: The primary source of repayments will be from revenue generated by projects carried out by third-party borrowers.

Additional Security: The County will pledge its interest in its third-party loans which will include loans secured by a first or second lien on real property, equipment, securities, bonds, accounts receivable, and/or inventory. The County agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Atlantic County and Atlantic City to Offer Local Business Loans: <http://acprimetime.com/atlantic-county-atlantic-city-to-offer-local-business-loans/>

\$6M program offers loans to Atlantic County businesses:

http://www.pressofatlanticcity.com/business/m-program-offers-loans-to-atlantic-county-businesses/article_8cb8e54e-8a5b-11e5-a057-9f06908e7ab1.html

Cliffbreakers Hotel Redevelopment – Rockford, IL

Section 108 Loan Guarantee – \$2,725,000

The City proposes to make improvements to the Cliffbreakers Riverside Resort and Conference Center (“Cliffbreakers Hotel”). The City will make a loan to a developer, who will use Section 108 guaranteed loan funds to reroof the 86,660-square foot hotel, renovate the 105 hotel rooms, hotel lobby and breakfast area, provide new carpeting for approximately 27,200 square feet of space, complete other common area renovations, and provide an operating shortfall fund during the renovation period.

The for-profit developer, the owner of the hotel, purchased the property out of foreclosure and has spent more than \$160,000 in repairs, reducing the number of unusable hotel room units from 25 to 7. However, the property remains outdated and needs repair and rehabilitation from significant wear. The developer is seeking additional financing for the improvements, which are needed to secure affiliation with Choice Hotels International. The developer has invested more than \$5.2 million in equity and debt (which will be subordinated to the Section 108 loan guarantee) for acquisition and repairs to date.

The hotel is currently operating at a deficit, but the developer projects that the proposed improvements (including returning all rooms into active inventory) will allow the hotel to have a positive cash flow within one year of completion of the proposed rehabilitation activities.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation and retention of jobs. The project will retain 53 FTE jobs, at least 51% of which are known to be held by a low- or moderate-income person; or, the job can reasonably be expected to turn over within the following two years and that steps will be taken to ensure that it will be filled by, or made available to, a low- or moderate-income person upon turnover. The City has provided a letter from the hotel management company that, without Section 108 guaranteed loan financing, the hotel would have to close due to market competition and an inability to secure other financing for necessary upgrades.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first two years of the loan.

Repayment Source: The primary source of repayment will be developer repayments of revenue from hotel operations.

Additional Security: The City will assign to HUD its interest in a first lien position on the project property. The City will also receive a corporate guarantee from the Developer. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

\$2.73M federal loan awarded for makeover at Cliffbreakers in Rockford:

<http://www.rrstar.com/article/20150831/NEWS/150839916>

HUD Offering \$2.7M Loan to Help Cliffbreakers:

<http://www.wifr.com/home/headlines/HUD-Offering-27M-Loan-to-Help-Cliffbreakers-323528751.html>

Sperry Building – Port Huron, MI**Section 108 Loan Guarantee – \$1,500,000**

The City proposes to acquire the former Sperry Department Store building, a three-story, 66,000 square foot structure and renovate it for commercial use. The proposed, rehabilitated structure will include: 5,000 square feet of commercial space in the basement for entrepreneurial incubator space; 14,000 square feet on the first floor for six “Imagine” type theaters containing 30-40 home theater chairs each, with movie attendees’ access to food and drinks from the building’s restaurant on the second floor; 14,000 square on the second floor for a 100-seat restaurant and kitchen; and 14,000 square feet of six more “Imagine” type theaters containing 30-40 home theater chairs each, with movie attendees access to food and drinks from the buildings restaurant on the second floor.

The former Sperry Department Store building opened in the late 1890s on Huron Street in downtown Port Huron. Ownership of the store has changed over the years, but in 2000, the store’s owner filed for

bankruptcy, and the store closed. Subsequently, from 2004-2006, the store was used only for furniture repair and sales but closed after that period of time and has remained a vacant, obsolete structure.

The building is in the State-designated Military Street Historic District. It is across the street from the sports and entertainment venue McMorran Center, which attracts nearly 500,000 visitors per year. The building is also across the street from St. Clair County Community College, which has developed a curriculum for green technology. Situated along the local bus transportation system, the building is within walking distance of several residential neighborhoods.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The project will create 52 FTE jobs, at least 51% of which are known to be held by a low- or moderate-income person.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Source: The primary source of repayment will be developer repayments of revenue from building operations and revenue.

Additional Security: The City will pledge its interest in its third-party loan to the developer, which will be secured by a first lien on the rehabilitated/ renovated building, plus any and all rights of the City as provided for under the lien. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Sperry's developers gets cash, deadline:

<http://www.thetimesherald.com/story/news/local/port-huron/2015/09/23/sperrys-developer-gets-cash-deadline/72699852/>

Port Huron building may get new life:

<http://www.freep.com/story/money/business/michigan/2015/09/23/building-port-huron/72666956/>

Globe Theater Redevelopment – Norwalk, CT

Section 108 Loan Guarantee – \$1,666,000

The City's redevelopment agency, Norwalk Redevelopment Agency ("NRA"), will use Section 108 guaranteed loan proceeds to acquire the Globe Theater, a historically significant building in the city's Wall Street District. The Globe Theater project will rehabilitate this building in order to reactivate it as a commercial entertainment venue.

Upon completion, the 750-seat Globe Theater will operate as a general purpose theater suitable for a number of varied uses, including live entertainment, showing a variety of cultural and commercial films, and open for conferences, and school and church assemblies. In addition, the Globe Theater will offer a

variety of artistic and creative programming designed to engage low- and moderate-income students and families living in the Wall Street district. The theater will provide a focused theater operation creating a much needed arts facility for the socio-economically diverse community. In order to facilitate the theater's operations, NRA will lease the theater back to the Globe Theater Limited Partnership for annual lease payments.

National Objective:

The CDBG national objective to be met by this project will be the elimination of slums or blight on an area basis pursuant. The Wall Street redevelopment area meets the definition of a deteriorating area under Connecticut state law and more than 25% of the properties in the area are physically deteriorated.

Guaranteed Loan Features:

Term: NRA will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first year of the loan.

Repayment Source: The primary source of repayment will be Developer repayments of revenue from lease payments.

Additional Security: NRA will assign its interest in its lease-back agreement and will pledge a first-priority lien on the Globe Theater. The City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Wall Street Theater Co. lands \$5.2M construction loan:

http://www.thehour.com/news/norwalk/wall-street-theater-co-lands-m-construction-loan/article_fd2fa8fa-ea95-11e4-8765-0b2f9dd1320e.html

Globe Theater redevelopment plans revived: <http://westfaironline.com/55070/globe-theatre-redevelopment-plans-revived/>

North Gate Commercial Center – Guam

Section 108 Loan Guarantee – \$12,000,000

North Gate Commercial Center will be a mixed-use retail and restaurant real estate development in Dededo, Guam. The Center will be approximately 130,400 square feet of space and include ground level parking for more than 600 vehicles. The 12.8-acre project site is located at the intersection of Route 3 and Route 1, two of Guam's major highways, and directly across the street from the Guam Regional Medical City, a major new private medical center that will attract residents and visitors. The Center will include three "big box" American-branded retailers, eight small local shops, two American-branded restaurants, and a local bank.

The development site is owned by the Guam Ancestral Lands Commission, which has leased it to the developer through its agent, the Guam Economic Development Authority, for 50 years, with a renewable period of an additional 40 years.

According to the business plan and the managing member of the developer, there is retail demand from the island's approximately 160,000 residents, in addition to a strong U.S. military presence, which will be increasing by approximately 18,000 in military staff and their dependents over the next four years due to the closing down of the Okinawa military base in Japan. However, a much larger market for retail demand is the more than 1.3 million tourists who visit the island each year for the weather and to shop in American-branded stores and dine in American-branded restaurants. Although there are three regional/community shopping centers in Guam comprising a total of over 940,000 square feet, they are older structures built more than 25 years ago. The Center, however, will be new and implement a sophisticated marketing program to create awareness for residents and visitors. It has a central location in the Municipality of Dededo, Guam's largest village, with a population of approximately 40,000 residents, in close proximity to Anderson Air Force base, and across from the new \$200 million regional medical center, which was opened this year.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through the creation of jobs. The project will create 325 FTE jobs, at least 51% of which are known to be held by a low- or moderate-income person.

Guaranteed Loan Features:

Term: Guam will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first eight years of the loan.

Repayment Source: The primary source of repayment will be developer repayments of revenue from lease payments.

Additional Security: Guam will assign its interest in its third party loan to the Developer, secured by a co-first priority lien in a leasehold interest in real property. Guam has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

Housing Projects

Powell School Building – Birmingham, AL **Section 108 Loan Guarantee – \$3,710,000**

The City proposes to redevelop the historic Powell School building into market-rate rental housing. The schoolhouse, built in 1888, is located in a State-designated redevelopment area just northeast of downtown Birmingham. The City will loan the Section 108 guaranteed funds to a developer, which will modernize the functionality of and convert the schoolhouse into 24 units of studio, one-bedroom, and two-bedroom market rate apartments.

Integral Group, the for-profit developer, is the owner and co-developer of Park Place, a nearby residential development. Park Place was transformed from a public housing project into a multi-phased,

mixed-income redevelopment with multifamily and senior housing. Certain amenities of Park Place will be made available to Powell School residents.

The school is currently owned by the Alabama Trust for Historic Preservation, which has granted the Developer an option to purchase for \$70,000. The school is a distressed property that experienced a substantial fire and the collapse of a wall in 2011. The Trust has replaced the roof and tried to stabilize the deteriorating structure until construction begins, alleviating the redevelopment area of a vacant and physically damaged building.

National Objective:

The CDBG national objective to be met by this development project is aiding in the prevention or elimination of slums or blights. The residential rental building is currently vacant and one of the most physically deteriorated buildings in the area.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first two years of the loan.

Repayment Source: The source of repayment will be payments made by the Developer from residential rent income from the project.

Additional Security: The City will pledge its interest in its third party loan to the Developer, secured by a first position mortgage on the project property. The Developer will establish a debt service reserve of approximately \$200,000 (one year's debt service), which it will pledge to replenish if funds are used, and pledge a subordinate deferred development note of \$265,000. The City agrees to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG Funds is insufficient to assure payment of amounts due.

For Additional Information:

Powell School developer awarded \$3.7 million HUD loan:

<http://www.bizjournals.com/birmingham/news/2015/07/01/powell-school-developer-awarded-3-7-million-hud.html>

New life for Birmingham's oldest school: Council to consider restoration financing plan for Powell School:

http://www.al.com/news/birmingham/index.ssf/2014/11/new_life_for_birminghams_oldes.html

Seven Oaks Replacement Housing – Kansas City, MO

Section 108 Loan Guarantee – \$2,950,000

The City proposes to provide financing to assist three separate projects: the development of affordable housing units at the former Faxon School; the construction of the St. Michael's Veterans Supportive Services Center; and an expansion of the Linwood YMCA.

At the former Faxon School, Faxon School Apartments, LLC will use \$1.3 million in Section 108

guaranteed loan financing to convert the building into 46 affordable rental housing units for seniors. The Developer has received similar LIHTC and HOME funds to convert the former school building. The Developer expects to complete this multifamily residential project in twelve months. The project is part of a replacement project for the former Seven Oaks Apartments complex, which was demolished in 2004, and the City will use CDBG funds for an additional component of the replacement project.

The City will also use \$1,050,000 of guaranteed loan financing toward construction of the St. Michael's Veterans Supportive Services Center, which will provide services to at-risk veterans, including case management and counseling. The facility is located across the street from 59 veteran housing units constructed in 2014 and within 1.5 miles of the Kansas City VA Medical Center.

Finally, the City will provide a \$600,000 grant to the YMCA of Greater Kansas City, to assist in the remodeling of the organization's 40-year old gymnasium. The YMCA is located in a low- and moderate-income area.

National Objective:

The CDBG national objective to be met by the eligible activities for the Faxon School rehabilitation is benefit to low- and moderate-income persons through housing. Upon completion of the residential development, the 76 housing units will be occupied by households earning less than or equal to 60% of the area median income. The CDBG national objective to be met by the eligible activities for the St. Michael's Center is benefit to low- and moderate-income persons on a limited clientele basis. The CDBG national objective to be met by the eligible activities for the YMCA is benefit to low- and moderate-income persons on an area basis. The service area for the YMCA is bounded by Independence Avenue, 55th Street, Main Street, and I-435.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Source: The source of repayment will be payments made by the Developer from residential rent income from the project.

Additional Security: The City will pledge its interest in two third party loans, secured by a first position lien on the Faxon School and other real property. The City agrees to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG Funds is insufficient to assure payment of amounts due.

For Additional Information:

Faxon Elementary School will be transformed into senior housing:

<http://www.kshb.com/news/local-news/faxon-elementary-school-will-be-transformed-into-senior-housing>

Supportive Services, Housing For Veterans Expanding at St. Michael's Veterans Center:

<http://missouri.realestaterama.com/2015/12/15/supportive-services-housing-for-veterans-expanding-at-st-michaels-veterans-center-ID0643.html>

Public Facilities & Improvement Projects

Axis Community Health – Pleasanton, CA

Section 108 Loan Guarantee – \$1,250,000

The Axis Community Health Project is the renovation of a vacant 24,188 square foot warehouse into a community health center serving low-income and uninsured residents. Axis Community Health is a private non-profit community health center serving residents in the Tri-Valley region of the Bay area since 1972. Axis is a designated Federally Qualified Health Center (FQHC) by the U.S. Bureau of Primary Care, a division of Health Resources and Services Administration under the U.S. Department of Health and Human Services. FQHCs must serve an underserved area or population, offer a sliding fee scale, provide comprehensive services, have an ongoing quality assurance program, and have a governing board of directors. The board must include a majority (at least 51%) of active, registered users of the health center who are representative of the populations served. FQHCs must serve all members of the community regardless of income or other factors.

In 2010, Axis conducted a market assessment to determine future needs. The assessment revealed that the number of Axis patients will double by 2015 and triple over the next five years. Consequently, the agency will need to double clinical space with an additional 25 to 40 examination rooms by 2015. Axis currently provides services at five locations, and this project, its sixth location, will allow Axis to double its capacity.

Axis purchased the building, located at 5925 W. Las Positas Boulevard, Pleasanton, in December 2011. The property was acquired with a loan from the Northern California Community Loan Fund, a community development financial institution, and cash from Axis's capital fund. Axis will refinance the loan with proceeds from the California Endowment Program Related Investment loan. The California Endowment provides low-cost loans to qualifying organizations for the purpose of increasing capacity at community health centers.

Pleasanton has a population of 68,755; the southern portion of the Tri-Valley area includes the cities of Livermore, Dublin, and the County of Alameda, with an aggregate population of nearly 200,000. All three cities and the County will benefit from and contribute towards the funding of this project. The City will enter into a collaborative repayment agreement, through a Memorandum of Understanding, with the other jurisdictions for reimbursement of its Section 108 guaranteed loan debt service based on a formula utilizing the percentage of residents served by Axis. The source of reimbursement payments from each of the jurisdictions will come from their annual CDBG allocations and treated by the City as an applicable credit towards the eligible activity and deposited into the Section 108 loan repayment account.

National Objective:

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons through limited clientele activities. An application system will be used to document clients' income and demographic information to ensure compliance.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Source: The City will use funds from its annual CDBG award as the source of its repayment.

Additional Security: The City will pledge real property as additional security. A second lien position is offered on the site of its current clinic. In addition, the City agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Pleasanton: Ground broken on low-income clinic:

<http://www.oroillemr.com/general-news/20141111/pleasanton-ground-broken-on-low-income-clinic>

Senior Activity Center – St. Clair Shores, MI

Section 108 Loan Guarantee – \$1,760,000

Under this project, the City of St. Clair Shores will make improvements to its Senior Activity Center. The City will oversee the construction of a 2,600 square foot addition to the east side of the existing center, which will house a new fitness center; an 800-1,000 square foot partially covered patio, and a new 1,500 square foot covered drop-off, vestibule, common area, and small closet. Additionally, the remainder of the existing building will be renovated and reconfigured to contain new space for offices, a conference room, café, kitchen, and other rooms. The project will also include infrastructure improvements and additions, including landscaping, parking lot, sidewalks, and curbs.

National Objective:

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons through limited clientele activities. The City conducted a survey demonstrating that 57.49% (449/781) of members using the Senior Activity Center qualify as the low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Source: The City will use funds from its annual CDBG award as the source of its repayment.

Additional Security: The City will establish a debt service reserve in the amount of one year's debt service, and will pledge to maintain that level in the event that it uses funds toward repayment of the loan. In addition, the City agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

HUD approves loan for St. Clair Shores senior center expansion:

<http://www.macombdaily.com/article/MD/20150807/NEWS/150809723>

HUD approves \$1.76 million loan for senior center:

<http://candgnews.com/news/hud-approves-176-million-loan-senior-center-85061>

Health Department Building – Brevard County, FL

Section 108 Loan Guarantee – \$1,600,000

The County proposes to build a new 12,850-square foot health clinic to service low-income and indigent persons in the city of Melbourne. The Brevard County Health Department (BCHD) will operate the clinic, which will be located in a low-income community with a target population that will be well served by access to the clinic.

The County faces increasing demand for its services despite receiving declining appropriations from the state. The BCHD, a Department of the State of Florida, provides health services to all residents of the County and clinical services for uninsured and low-income residents. The BCHD is the only provider of WIC (Women, Infant and Children), indigent, uninsured and low-income maternity services in the county. The Health Department has been recognized as providing effective and innovative programs, having since 2000 received 13 National Association of County and City Health Officials Model Practice Awards.

The County notes that the target population for the clinic has particular problems with securing transportation to receive services, and, therefore, the proposed project's location is of particular importance to the low-income community. The proposed project will replace an inadequate facility in Melbourne. The State of Florida Department of Health has entered into a 50-year lease on the land from the Florida Department of Environmental Protection, and has subleased the property to the County for 25 years. The County will allow the Health Department to construct and operate the health clinic on the site. The County has retained experienced design and construction teams for the construction of the clinic.

National Objective:

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons through limited clientele activities. The County limits use of the facility to persons below 100% of the federal poverty guidelines, which are less than or equal to 30% of area median income.

Guaranteed Loan Features:

Term: The County will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first two years.

Repayment Source: The County will use funds from its annual CDBG award as the source of its repayment.

Additional Security: The County will establish a debt service reserve in the amount of one year's debt service, and, if necessary, establish a new Reserve Fund with a third party Bank and Trust company and transfer funds from the general fund reserves to the third party Bank and Trust company. The County will also purchase a surety bond or post a letter of credit. In addition, the County agreed to allow HUD

to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

HUD approves \$3.2 million loan guarantees to Brevard County, FL:

http://portal.hud.gov/hudportal/HUD?src=/states/florida/news/HUDNo_2015-09-30

West Canaveral Groves Waterline – Brevard County, FL

Section 108 Loan Guarantee – \$1,648,000

The County proposes to build a new 20,000-foot, 12-inch potable water line to connect the West Canaveral Grove area to the municipal water system and provide fire protection services.

The West Canaveral Grove area was built in the 1960s. In 2004, a series of regional planning efforts brought residents of the area together to create a neighborhood action and visioning plan for the area. In 2005, the residents included as part of that plan the installation of a public water line along Satellite Boulevard and connected roadways, and fire hydrants along Satellite Boulevard. A 2010 feasibility study for the proposed project found that six of the homes in the service area had levels of lead or arsenic that exceeded safe water standards. As an interim solution, until a new water pipe can be installed, the State of Florida is filtering water with a temporary system.

The proposed line, running along Satellite Boulevard and a portion of Cherven Avenue, will connect at both ends to the water system of the City of Cocoa. The City of Cocoa is within the boundaries of Brevard County and will be responsible for maintenance of the system after completion. Fire hydrants will also be installed on Satellite Boulevard and Cherven Avenue and will enable the fire department to service all 180 homes in the area. The County will also install stub-outs, re-routing features that would allow future direct access to the waterline for residents. Currently, the homes in this primarily residential area are served by individual water wells and septic systems have some water contamination that raises issues of public health.

National Objective:

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons on an area basis. The County conducted a survey to determine the percentage of low- and moderate-income persons in the area and determined that 77% of the respondents qualified as low- and moderate-income persons.

Guaranteed Loan Features:

Term: The County will repay the Section 108 guaranteed loan over a 20-year term, with interest-only payments during the first two years.

Repayment Source: The County will use funds from its annual CDBG award as the source of its repayment.

Additional Security: The County will establish a debt service reserve in the amount of one year's debt service. The County will also purchase a surety bond or post a letter of credit. In addition, the County

agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

HUD approves \$3.2 million loan guarantees to Brevard County, FL:

http://portal.hud.gov/hudportal/HUD?src=/states/florida/news/HUDNo_2015-09-30

**Mercy Housing Senior Independent Living Development – Kankakee, IL
Section 108 Loan Guarantee – \$1,790,000**

The City is proposing to assist a developer in the acquisition and improvement of real property in support of an affordable senior housing development, which will include 70 one-bedroom apartments and a geriatric health clinic by Mercy Housing Lakefront. The development is being carried out by a partnership that includes Mercy Housing Lakefront, the City of Kankakee, Presence St. Mary's Hospital, and the Kankakee County Housing Authority.

The 70 housing units are exclusively for independent, low-income seniors of at least 55 years old. The occupancy will be income-dependent and distributed as follows: 14 units will be for households whose income is 30% or less of Area Median Income (AMI), 21 units will be for households whose income is 50% or less of AMI, and 35 of the units will be for households whose income is 60% or less of AMI. All the units to be occupied by households with income below 50% AMI will be subsidized by Project-Based Vouchers from the Kankakee County Housing Authority. Fourteen of the 35 units for households with incomes 60% or less AMI will be occupied by seniors with special needs who are referred by the State Referral Network.

The project is located within the Alpiner Park Neighborhood at the 600 Block of 6th Avenue. No senior facilities currently exist within the project area, which demonstrates the need for a low- to moderate-income senior independent housing facility within close proximity of a medical campus. The 1.3-acre site consists of seven lots that are adjacent to the Presence-St Mary's Hospital campus, six blocks from the downtown area. This project also supports the hospital's vision to link healthcare and housing. The building will have approximately 60,150 square feet of floor space, which includes over 55,000 square feet of residential improvements, 150 square feet of resident service, and an approximately 1,900 square feet geriatric health care unit. The developer plans to include amenities for the residents, such as a patio, library/computer room, and a community room.

The City has stated that the completion of this project will provide a solid anchor for a mixed-used development in the community that will meet its consolidated plan's identified goal of promoting decent and affordable housing for occupancy by low- to moderate-income seniors.

National Objective:

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons through providing housing. At least 51% of the units of the housing structure must be occupied by low- and moderate-income households.

Guaranteed Loan Features:

Term: The City will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Source: The City will use funds from the developer as the source of its repayment.

Additional Security: The City will collaterally assign its interest in its third party loan to the developer, secured by a co-first lien position with private lender on real property. In addition, the City agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

HUD approves nearly \$1.8 million loan guarantee for Kankakee Illinois:

http://portal.hud.gov/hudportal/HUD?src=/states/illinois/news/HUDNo_15-065
http://portal.hud.gov/hudportal/HUD?src=/states/illinois/news/HUDNo_15-065

Section 108 Loan Guarantee Program Project Summaries-Fiscal Year 2014

In the fiscal year 2014, the U.S. Department of Housing and Urban Development (HUD) approved **\$110,387,000** in Section 108 Guaranteed Loan commitments for a variety of community and economic development projects throughout the United States. The loan guarantee amounts ranged from \$575,000 for the development of a community center to a \$50 million for a loan pool to support economic and community development activities.

The [Section 108 Loan Guarantee Program](#) provides states and local governments, access to low interest rate financing for a variety of projects, including affordable housing developments, public infrastructure improvements and facilities, and commercial/industrial developments. Generally, the costs of these projects exceed available local government resources, including HUD funds available through the [Community Development Block Grant \(CDBG\) Program](#). In all cases, however, these projects are well suited to the financing assistance available through the Section 108 Loan Guarantee Program.

The Section 108 Loan Guarantee assisted projects approved in FY 2014 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development*, *Housing*, and *Public Facilities and Improvement Projects*.

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Economic Development Projects

Mayton Inn Hotel – Cary, NC

Section 108 Loan Guarantee – \$1,400,000

The Town of Cary is providing financing for the new Mayton Inn Hotel, a 45-room hotel on a 1.04-acre site in the heart of downtown Cary. The Town of Cary will use the Section 108 guaranteed loan proceeds to provide a loan to a developer for construction and permanent financing. The developer will provide construction management and then operate the hotel upon completion.

The \$11.7 million hotel project will include a full service restaurant as well as a bar and meeting spaces, which are in high demand in the downtown area. The project is located within easy walking distance to the Cary Arts Center and the Cary Train Depot and is accessible by public transportation. The project will anchor a 13-acre, town-owned development site that will include a downtown park, regional library, and residential and commercial development. The project will advance the Town's plan and vision for reshaping its downtown. Additionally, the project's developer will be seeking Leadership in Energy and Environmental Design (LEED) certification for the building.

National Objective:

The CDBG national objective to be met by the eligible activity is benefit to low- and moderate-income persons through job creation, of which at least 51% of the jobs will be held by, or made available to, low- and moderate-income persons. The project is located in a census tract which is primarily residential and has a poverty rate of 20 percent. The project will create an estimated 40 new full time jobs.

Guaranteed Loan Features:

Term: The Town will repay the Section 108 guaranteed loan over a 20-year term.

Repayment Sources: The source of repayment will be net operating income generated by the project and repayment from the Developer for land. The Town will use its CDBG funds for any payment shortfalls.

Additional Security: The Town will pledge its interest in its third-party loan to the developer, secured by a subordinate lien on the project real estate, a subordinate position deed of trust and assignment of rents on commercial property, and a subordinate Uniform Commercial Code security position on all Furniture, Fixtures, and Equipment (FFE) associated with the project.

For Additional Information:

Mayton Inn Boutique Hotel to Draw People to Downtown Cary:

<http://www.newsobserver.com/news/local/community/cary-news/article54341035.html>

Downtown Cary's Mayton Inn Taking Shape:

<http://www.newsobserver.com/news/local/community/cary-news/article26996635.html>

Reading Double Tree Hotel – Reading, PA

Section 108 Loan Guarantee – \$1,700,000

The City of Reading will re-lend the Section 108 assistance to a for-profit developer to assist in the development of a hotel in its downtown. The 9-story Hilton franchise hotel will be an approximately 200,000 square foot, 211-room full-service hotel. It will feature a ballroom and meeting space of 26,454 feet and a restaurant/lounge. The total development cost for this project is approximately \$64 million, which includes funds for site remediation.

Hospitality, LLC, the developing partner, will be carrying out the development of the hotel. This development will increase convention business at the Santander Arena convention center located across the street from the hotel and build upon the City's revitalization accomplishments, including but not limited to the Goggle Works Art Center and the new Sovereign Bank Operations Center.

The project commenced in 2005 but has been delayed due to the economic downturn and a change in the hotel franchise. While the financing for the hotel originally included \$1.5 million in Section 108 assistance, the City requested an additional \$1.7 million as a result of various cost increases.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income (LMI) persons through the creation of jobs. The City estimates that the project will create 176 full-time equivalent (FTE) jobs, of which at least 51% of the jobs created will be held by or made available to LMI persons.

Guaranteed Loan Features:

Term: The City will repay the loan over a 20-year term paying interest only in the first three years.

Repayment Source: The primary source of repayment will be revenue generated by the project.

Additional Security: The City pledge its interest in its loan to the developer, secured by (1) a shared second lien on the hotel real estate and personal property, machinery and equipment, and hotel room furnishings. This subordinated lien position is equally shared with the City's Section 108 guaranteed loan of \$1.5 million and a \$6 million State of Pennsylvania Loan (Build PA); (2) corporate guarantees from the developer, and from a local non-profit, Our City Reading; and (3) a second lien on the hotel receivables and inventory.

For Additional Information:

Showtime for DoubleTree Downtown:

<http://www.readingeagle.com/news/article/showtime-for-doubletree-downtown>

How the DoubleTree Hotel Could Change Downtown Reading:

<http://www.readingeagle.com/news/article/how-the-doubletree-hotel-could-change-downtown-reading>

Hotel/Museum – Lexington, KY

Section 108 Loan Guarantee – \$6,000,000

The City of Lexington will re-lend the Section 108 loan proceeds to a developer to renovate the historic, vacant First National Bank Building into a boutique hotel in downtown Lexington. This 15-story hotel will provide 90 rooms, a 5,000 square-foot restaurant, 5,000 square feet of meeting/conference space, and a 12,000 square-foot contemporary art museum that will be open to the public 24-hours a day.

The funding for this renovation will include approximately \$7.4 million in Federal Historic Tax Credit equity and, potentially, funding from a Community Development Entity to provide a New Markets Tax Credit (NMTC) allocation, which would result in \$2.82 million in NMTC equity. Other funding for this development will include a deferred developer's fee, which would be disbursed at the completion of rehabilitation and the developer's receipt of a municipal certificate of occupancy for the hotel.

National Objective:

The CDBG national objective to be met by this project is benefit to low- and moderate-income (LMI) persons through job creation. As the hotel will be located in a district that has a poverty rate of approximately 48 percent, it is presumed that each job will be held by or made available to LMI persons. The hotel is expected to create a minimum of 125 full-time jobs.

Guaranteed Loan Features:

Term: The City will repay the \$6,000,000 Section 108 loan over a 20-year term, the first seven years being interest-only.

Repayment source: The Developer will use the hotel's revenues to repay the Borrower.

Additional Security: The City will pledge its interest in its loan to the developer, secured by a second lien.

For Additional Information:

Lexington's first skyscraper reopens as 21c Museum Hotel:

<http://www.kentucky.com/news/state/article62909477.html>

21c Museum Hotels Opens New Property in Lexington, Kentucky

<http://www.forbes.com/sites/tanyamohn/2016/02/29/21c-museum-hotels-opens-new-property-in-lexington-kentucky/#2f3baaf851b1>

Business Loan Fund– Richmond, VA

Section 108 Loan Guarantee – \$9,875,000

The City of Richmond will create a business loan pool for financing projects intended to have positive economic and community development benefits within targeted neighborhoods. The business loan pool

will assist businesses in carrying out a wide variety of activities, which may include acquisition of real property, construction, site preparation, demolition and clearance, and purchase of machinery and equipment. The City will give funding priority to projects located in the City's Enterprise Zone Areas, Broad Street Community Development Area, and Rocket's Landing Area. However, the City is willing to provide business loans to eligible borrowers outside these targeted areas.

National Objective: The CDBG national objective to be met by the eligible activities is benefit to low- and moderate-income (LMI) persons through job creation, where at least 51 percent of the jobs will be made available to LMI persons. The City estimates that its economic lending will create approximately 198 new jobs.

Underwriting: The City's Department of Economic Development (DED), in conjunction with its financial advisor, the National Development Council (NDC), will administer the Loan Funds. The City has developed underwriting criteria that will be used to underwrite business loans, which will be presented to DED's Credit Committee for final decision.

Guaranteed Loan Features:

Term: The City will repay the loan over a 20-year term with interest only in Years 1 through 3.

Repayment Sources: The primary source of repayment will be repaid from revenue generated by loan payments from the businesses receiving assistance.

Additional Security: The City will assign its interest in its loans, as secured by liens on real estate, machinery and equipment, and in some cases personal guarantees or other forms of acceptable security.

For Additional Information:

Richmond Economic Dev Loan Fund Program

<http://www.yesrichmondva.com/neighborhood-revitalization/Economic-Development-Revolving-Loans>

City to Highlight Economic Development & Housing Revolving Loan Fund Program

<http://richmondbizsense.com/2013/07/26/city-to-highlight-economic-development-housing-revolving-loan-fund-program/>

Performing Arts & Conference Center– Federal Way, WA

Section 108 Loan Guarantee – \$3,030,000

The City will fund the development of the Federal Way Performing Arts and Conference Center (PACC) with Section 108 assistance. Initially, the City had envisioned using the funds to finance a loan fund to assist with the PACC project and with the City's effort to promote the redevelopment of the Twin Lakes neighborhood's commercial district; however, the City has since amended its application, targeting all funds toward the construction of the PACC. The PACC will be located on a former site of a big-box store on 20th Avenue South near the City's Transit Center.

National Objective. The CDBG national objective to be met by the PACC project is benefit to low- and moderate-income persons through job creation, as this public facility will create jobs in the abutting properties.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term with Year 1 being interest-only.

Repayment Sources: For the potential PACC Project, the Borrower will rely on its CDBG funds to repay the Section 108 commitment.

Additional Security: The City will provide its full faith and credit guarantee to secure the Section 108 loan.

For Additional Information:

Federal Way Performing Arts & Events Center:

<http://www.federalwaypacc.org/>

HUD OKs \$3 million loan fund to spark Federal Way's economic development

<http://www.federalwaymirror.com/news/263373331.html#>

Community Development Loan Fund – Salinas, CA

Section 108 Loan Guarantee – \$9,390,000

The City of Salinas will establish a \$9.39 million loan fund to finance economic development, housing rehabilitation, and public facility activities. The City will focus on job creation and increased economic development and hopes to use the loan fund as a tool to leverage additional private investments. The City may allocate the loan funds as follows:

- Commercial/Real Estate Development
- Public Improvements/Industrial Development
- Affordable Housing Preservation

National Objective. The financed eligible activities will meet a CDBG national objective for providing a benefit to low- and moderate-income (LMI) persons through:

- Public facility/improvement activities, that assist more than one business, will create or retain jobs that primarily benefit LMI persons;
- Housing activities, where the permanent residence structure will be occupied by LMI households; and/or
- Activities undertaken on a spot basis to eliminate specific conditions of blight, physical decay, or environmental contamination.

Underwriting: The City has an annual contract with the National Development Council (NDC) to provide a broad range of services, including financial analysis and underwriting of economic and

community development projects. NDC will complete both HUD eligibility review and financial feasibility analysis for each proposed project in accordance with the HUD underwriting guidelines.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term with Year 1 being interest-only.

Repayment Sources: The primary source will be project revenues from third-party borrowers.

Additional security: The City will pledge its interest in the loan pool's third-party loans, which will be secured by: (i) a lien on real property or deed of trusts; (ii) security interests in machinery and equipment, accounts receivable, and inventory; (iii) personal/corporate guaranties; and (iv) other appropriate revenue sources or any combination thereof. The City may also pledge its full faith and credit as security for the loan guarantee, as needed.

In addition, the City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future CDBG funds is insufficient to assure payment of amounts due.

For Additional Information:

Salinas gets \$9.4 loan guarantee from federal officials

<http://www.kion546.com/news/monterey-county/salinas-gets-9-4-loan-guarantee-from-federal-officials/66297548>

Ogden Business Exchange – Trackline EDA – Ogden, UT

Section 108 Loan Guarantee – \$3,340,000

The City of Ogden will use Section 108 guaranteed funds for site acquisition and clearance, infrastructure development, site grading, environmental remediation costs and closing costs for a 51-acre vacant former stockyard and livestock exchange in order to redevelop it into a light industrial/business park. The redevelopment of the under-used commercial and industrial land will create approximately 3 million square feet of manufacturing and light industrial space. The project area is located near a freeway on-ramp and rail and airport service, which will help attract additional private investments and create jobs.

National Objective. The proposed activities will meet a CDBG national objective under of benefit to low- and moderate-income persons through the creation of jobs that primarily benefit low- and moderate-income (LMI) persons. The two proposed projects at the site are expected to create 180 full-time equivalent jobs, and the City anticipates that up to 500 total jobs will eventually be created at the site.

Guaranteed Loan Features:

Term: The City is requesting an 18-year repayment term with interest-only payments for Years 1-4.

Repayment Sources: The primary source of repayment during the site redevelopment (Years 1-4) will be the City's annual CDBG funds. Following construction, the repayment source will be property sales receipts from land on the project site and from Tax Increment Financing ("TIF") revenues. The City projects land sales to generate \$9.08 million and TIF revenues \$11.471 million. The TIF district was created in April 2013 in anticipation of the proposed project.

Additional Security: Prior to sale, the City will own portions of the project site subject to a purchase and sale contract with the prior owners. The City will pledge a first priority lien on the project site. The estimated value of the developed site is approximately \$5.5 million.

For Additional Information:

Trackline-Ogden

<http://www.utahstories.com/2014/10/trackline-ogden/>

Eastern Berks Gateway Rail – Berks County, PA

Section 108 Loan Guarantee – \$1,470,000

Eastern Berks Gateway Railroad, a for-profit entity in conjunction with Berks County and other entities will make improvements on railroad boarding locations and restore historic passenger cars in order to revitalize the historic Colebrookdale Railroad. The County seeks to support economic development by initiating freight and passenger traffic along the railroad.

During the next three years, the developer, a for-profit subsidiary of the Colebrookdale Railroad Preservation Trust, will restore historic passenger cars and develop retail, food, and event space at boarding locations in Berks and Montgomery counties. The Developer will also update the railroad line's physical plant, including track and grading work, the replacement and lengthening of siding, and rehabilitation of an out-of-service track. The County, which will make the loan to the Developer, anticipates that the improved rail line will also accommodate freight service, alleviating highway truck traffic, and provide an environmentally-friendly means of freight travel.

National Objective. The CDBG national objective to be met by the activity is benefit to low- and moderate-income (LMI) persons through the creation and retention of jobs that primarily benefit LMI persons. The project will create approximately 15 full-time and 55 part-time jobs (42 full-time equivalent) in tourism and freight operations.

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment term.

Repayment Sources: The primary source of repayment will be proceeds of the loan to the Developer, which will use revenue from the operations of the railroad line for repayments. If the loan repayments do not generate enough revenue to repay the Section 108 loan, the County will make the repayments from its annual CDBG funds.

Additional Security: The County will pledge its interest in its third party loan to the Developer, secured by a first lien mortgage on the rail line property, including the right-of-way (land only) and the salvage value of the rail line, ties, and other related structures on the railroad line.

For Additional Information:

\$1.4M grant will aid Colebrookdale Railroad effort

<http://www.pottsmmerc.com/general-news/20140309/14m-grant-will-aid-colebrookdale-railroad-effort>

Colebrookdale Railroad gets big financial boost

<http://www.readingeagle.com/news/article/colebrookdale-railroad-gets-big-financial-boost&template=mobileart>

Historic Colebrookdale Railroad comes back to life

<http://www.wfmz.com/news/news-regional-berks/Local/historic-colebrookdale-railroad-comes-back-to-life/27115420>

Community Enhancement & Economic Development Loan Fund – State of Indiana

Section 108 Loan Guarantee – \$50,000,000

The State of Indiana’s Office of Community Rural Affairs (OCRA) and the Indiana Housing and Community Development Authority (IHCDA) will use Section 108 loan funds to capitalize a Community Enhancement and Economic Development (CEED) Loan Fund to make loans to non-entitlement units of local governments throughout the State.

The non-entitlement units of local governments will either re-lend the Section 108 loan funds to third party businesses (both for-profit and non-profit), including Community-Based Development Organizations (CBDO) or use the funds directly or through a subrecipient to carry out a variety of activities. Loans will range between \$1,000,000 and \$7,000,000.

National Objective: The CDBG national objective to be met by the eligible activities is benefit to low- and moderate-income persons through: job creation or retention activities, area benefit activities, housing activities, or limited clientele activities.

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment term; however individual loan repayment terms will be based on the project being carried out and the life of the asset being pledged as additional security on the loan.

Repayment Sources: The source of repayment will be repayment of the loans by third-party borrowers.

Additional Security: The State will assign its interest in third party loans secured by a deed of trust on real

property, new or used equipment, accounts receivable, inventory, and guaranties, as applicable. For activities carried out directly by units of local governments, real property or other appropriate revenue sources will be pledged.

For Additional Information:

CEED Loan Program

<http://www.in.gov/ocra/2726.htm>

Small Business & Entrepreneurship Fund:

<http://www.in.gov/ihcda/2351.htm>

Economic Development Loan Pool – Covington, KY

Section 108 Loan Guarantee –\$4,000,000

The City of Covington will use Section 108 assistance to create a \$4 million economic development loan pool to fund \$3 million in economic development loans, both micro and small business loans and fund \$1 million in property rehabilitation activities of public property. The projects will be located primarily in Covington's Neighborhood Revitalization Strategy Area in the downtown area, but the City may also fund projects in other low- and moderate-income areas of the city.

National Objective: The activities to be carried out will meet the national objective of benefit to low- and moderate-income (LMI) persons through the creation of jobs or on an area basis.

Underwriting: All projects seeking assistance under the loan pool will be evaluated as to project feasibility. For existing businesses, financial statements will be reviewed and analyzed, projections evaluated, and project costs verified. For business start-ups, projections will be compared to industry averages. For real estate projects, appraisals will be required and reviewed, appropriate pre-leasing levels may be set, and credit worthiness will be evaluated. In some cases, formal market studies will be required. All borrowers experience and capacity to perform will be reviewed.

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment terms.

Repayment Source: The City of Covington will use its annual CDBG funds to repay the loan.

Additional Security: The Borrower will enter into a contract with HUD in a form acceptable to HUD that will include provisions for repayment of the debt obligation.

Housing Development Projects

Bristol Park Neighborhood Redevelopment – Champaign, IL Section 108 Loan Guarantee – \$3,524,000

The City of Champaign’s major redevelopment of the Bristol Park neighborhood is comprised of three smaller component areas: the Bristol Place Subdivision, the Garwood Area Addition, and the Shadow Wood Mobile Home Park. A comprehensive study of the Bristol Park neighborhood conducted by the City in 2011 demonstrated extreme physical deterioration of the area’s housing stock, increased building vacancy, and declining property values—as well as other quality of life issues for neighborhood residents. The census tracts comprising the Bristol Park neighborhood are 68.8% low- and moderate-income, which makes the neighborhood one of the most economically disadvantaged areas in Champaign. Based on the findings of the study, the City adopted a holistic plan to revitalize Bristol Park and create a safer and healthier neighborhood.

The City will use Section 108 loan guarantee financing for acquisition of real property, demolition, and/or relocation expenses in the Bristol Place Subdivision. Such acquisition, demolition, and/or relocation activities will be undertaken in support of the eventual development of low-income housing or, in some instances, in support of the neighborhood public facilities (i.e., neighborhood parks and a mixed-use community center).

National Objective: Where Section 108 guaranteed loan funds are used to assist future development of housing, the CDBG national objective to be met by the activity will be benefit to low- and moderate-income (LMI) persons through the provision or improvement of permanent residential structures which, upon completion, will be occupied by LMI households. The City’s neighborhood redevelopment program estimates that 90% of the housing units provided or improved by the project will be occupied by low- or moderate-income persons. Where Section 108 guaranteed loan funds are used to assist future development of public facilities, the CDBG national objective to be met by the activity will be benefit to LMI persons on an area-wide basis.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term with principal payments beginning in Year 1.

Repayment Source: The City will use funds from its Urban Renewal Fund to repay the loan.

Additional Security: The City pledged a portion of its annual utility tax revenues as additional security for the guaranteed loan. The City has submitted information regarding the expected amount of future utility tax revenues; these materials demonstrate the City’s ability to cover anticipated Section 108 debt service payments using this source.

FOR ADDITIONAL INFORMATION:

Bristol Park Neighborhood Plan:

<http://ci.champaign.il.us/departments/planning/long-range-planning/bristol-park-neighborhood-plan/>

Redevelopment of Champaign's Bristol Place 'Right on Target':

<http://www.news-gazette.com/news/local/2015-12-23/redevelopment-champaigns-bristol-place-right-target.html>

Citywide Neighborhood Stabilization – Schenectady, NY

Section 108 Loan Guarantee – \$3,000,000

The City of Schenectady will use the Section 108 funds for two activities, which are described below:

- 1) The City will use \$2,500,000 towards acquisition/demolition activities support the reclamation of blighted and distressed neighborhoods within the City of Schenectady (the “Citywide Project”). The City estimates that it will acquire and demolish approximately 66 blighted properties and intends to either use the cleared spaces as pocket parks/community gardens or will transfer title of the cleared spaces to adjacent neighbors as additional green space.
- 2) The City will use the remaining \$500,000 towards acquisition and demolition of real property in support of the development of a 14-unit apartment building (of which 8 units will be affordable to low- to moderate-income (LMI) persons). The Section 108 funds will leverage an additional \$2,550,000 in developer investment.

National Objective. The acquisition and demolition carried out under the Citywide Project will meet the CDBG national objective criteria for limited clientele activities, when title to the acquired properties is intended to be transferred to low- and moderate-income persons. In some cases, the acquisition will be for the purpose of clearance which will eliminate specific conditions of blight or physical decay. The other project, related to the apartment building, will also benefit LMI persons, through the provision of permanent, affordable housing to LMI households.

Guaranteed Loan Features:

Term: The City is requesting a 20-year term.

Repayment Source: The City will repay the Section 108 funds with its annual CDBG allocation.

Additional Security: The City will provide its full faith and credit guarantee to secure the loan.

For Additional Information:

Schumer Joins with Schenectady Mayor Gary McCarthy to Demolish First of Approximately 80 Vacant Buildings:

<http://schenectadymetroplex.com/newsArticle.php?id=500>

Public Facility and Improvement Projects

Dorsey Community Center – Westland, MI

Section 108 Loan Guarantee – \$575,000

The City of Westland will use Section 108 guaranteed loan proceeds for permanently financing the rehabilitation of the Dorsey Community Center. The project is the renovation and repurposing of the vacant Jefferson Elementary School (JES) into an expanded community center serving the Norwayne neighborhood. The service area for the Project is primarily residential and has a poverty rate of 67%.

National Objective. The CDBG national objective met by the eligible activity is the benefit to low- and moderate-income persons on an area basis. The Project is located in Census Tract 5685 and is primarily residential with a poverty rate of 67%.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 12-year term.

Repayment Source: The primary source of repayment will be the City's CDBG funds.

Additional Security: The Community Center Building will be used as additional security for the loan.

For Additional Information:

Westland to be honored for new community center

<http://www.detroitnews.com/story/news/local/wayne-county/2016/01/09/westland-norwayne-community-center-award/78572322/>

Fitness Center and Other Public Facilities – Gary, IN

Section 108 Loan Guarantee – \$6,000,000

The City of Gary will use \$6,000,000 Section 108 guaranteed loan for construction and rehabilitation and completion of two to three public facility projects. The City's Department of Community Development will work with the Gary Redevelopment Commission, which will serve as the designated public entity and borrower, to oversee and administer these projects.

The City will finance three projects:

- 1) Rehabilitation of the City-owned Hudson Campbell Sports and Fitness Center
- 2) Construction of a new fire station
- 3) Rehabilitation of an existing fire station.

National Objective. The CDBG national objective to be met by the activities is benefit to low- and moderate-income (LMI) persons on an area-basis, where at least 51% of those living in the service area of the facility are LMI persons.

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment term that will be interest-only for the first five years. Each note under the commitment will have a repayment schedule of up to 20 years.

Repayment Sources: The primary source of repayment for the Hudson Campbell Sports and Fitness Center will be Tax Increment Financing (TIF) revenue. The primary source of repayment for the new fire station and potential rehabilitation of an existing fire station will be revenues from the City's two riverboat casinos. The City intends to use CDBG funds to pay interest on the loan for the interest-only portion of the repayment schedule.

Additional Security: The City is pledging TIF revenues that will be placed in a debt service reserve account as additional collateral for the repayment of its Section 108 Guaranteed Loan for the Fitness Center. The collateral on the other two fire station projects will be outlined in the respective Contract(s) for Loan Guarantee Assistance for these projects.

For Additional Information:**Visclosky Announces HUD Award to Gary**

<http://indiana105.com/region-news/visclosky-announces-hud-award-to-gary/>

Northside Redevelopment Project:

https://www.epa.gov/sites/production/files/2015-07/documents/northside_redevelopment_project.pdf

Old Pompano Redevelopment – Pompano Beach, FL

Section 108 Loan Guarantee – \$4,308,000

The City of Pompano Beach has identified three streets in a neighborhood within its Old Pompano community in which it will use the Section 108 guaranteed loan funds, in conjunction with City Redevelopment Authority monies, to fund the installation of public infrastructure improvements.

National Objective. The CDBG national objective to be met by these improvements will be benefit to low- and moderate-income (LMI) persons on an area basis. The service area of the project is composed of 60% LMI persons.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term, with principal payments beginning in year two of approximately \$157,000, and increasing to \$309,000 for its final principal repayment..

Repayment Sources: The Borrower will use funds from its annual CDBG award for repayment.

Additional Security: The City will establish and fund a debt service reserve account as the additional security on its loan guarantee.

For Additional Information:**Redeveloping Downtown Pompano Beach:**

<https://metroatlantic.wordpress.com/2012/09/20/downtown-pompano-beach-master-plan/>

Pompano Beach Community Redevelopment Agency:

<http://pompanobeachfl.gov/index.php/pages/cra/cra>

Acquisition of Housing Counseling Center – Livermore, CA

Section 108 Loan Guarantee – \$725,000

The City of Livermore will use a Section 108 guaranteed loan to acquire two properties (141-145 and 147-149 North Livermore Avenue) from the Tri-Valley Housing Opportunity Center (TVHOC). TVHOC is a non-profit, HUD-approved housing counseling organization that provides services to households at or below 80% of area median income throughout Contra Costa and Alameda counties. One of the properties is a two-story building that houses TVHOC offices on the first floor and an apartment on the second floor that is occupied by a low-income family receiving a Section 8 Federal rental housing subsidy. The second parcel consists of a single building with four commercial units totaling 2808 square feet.

The properties were originally acquired by the non-profit in 2007 using a loan from the Northern California Community Loan Fund (NCCLF). Rental income from the commercial units was intended to repay the NCCLF along with a contribution from TVHOC. Due to the recent economic downturn, TVHOC has been unable to fundraise enough to cover general operating expenses. The Borrower's acquisition will provide TVHOC with the funding to fully repay its NCCLF loan and enable TVHOC to reorganize its financial situation. TVHOC will continue to operate as a full service housing counseling organization.

If TVHOC is not able to remain financially viable, the City will identify another non-profit housing service provider(s) for low-income households in the Tri-Valley area. The Borrower's express purpose is to maintain housing counseling services at the current location whether those services are provided by TVHOC or another non-profit, as a regulatory agreement restricts the use of the first floor to either TVHOC or a similar housing counseling agency. The Borrower will continue to rent the apartment above 141 North Livermore to a very low income family and apply the rental income going towards the 108 repayment.

National Objective: The CDBG national objectives met by the eligible activities are benefit to low- and moderate-income persons on a limited clientele basis and through housing activities, where the eligible activity is carried out for the purpose of providing a permanent residence structure to be occupied by a low- and moderate income household.

Guaranteed Loan Features:

Term: The Borrower is requesting a 20-year repayment term for its guaranteed loan.

Repayment Source: Rental income from project.

Additional Security: The loan will be collateralized by a first lien position on the two buildings.

For Additional Information:

Cities Agree to Continue Aid to Housing Opportunity Center:

<http://independentnews.com/app/pdf/01-03-13.pdf>

Bud Bender Park Rehabilitation Project – Rialto, CA

Section 108 Loan Guarantee – \$2,000,000

The City of Rialto is using its loan guarantee assistance to fund the extensive renovation of the eight (8) acre Bud Bender Park (the "Park") located at 300 N. Lilac Avenue. The park serves a primarily residential area of approximately 1.5 square miles that consists of primarily low- and moderate-income residents (58.17%).

National Objective: The CDBG national objective to be met by the activity is benefit to low- and moderate-income persons on an area basis.

Guaranteed Loan Features:

Term: The City will repay the Section 108 loan over a 20-year term with an interest-only payment in Year 1.

Repayment Sources: The City of Rialto will use annual CDBG funds to pay the debt service on the loan.

Additional Security: The City of Rialto will pledge a sole first priority lien in the name of the Secretary on the real property, the park undergoing rehabilitation, as established through an appropriate and properly recorded mortgage.

For Additional Information:

Rialto's Bud Bender Park reopens debuting Dodgers Dreamfield:

<http://iecn.com/rialtos-bud-bender-park-reopens-debating-dodgers-dreamfield/>

Bud Bender Park Grand Opening:

<https://www.youtube.com/watch?v=vbiGRH93J-k>