

## Section 108 Loan Guarantee Program Project Summaries-Fiscal Year 2011

In the fiscal year 2011, the U.S. Department of Housing and Urban Development (HUD) approved **\$251,308,000** 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 \$500,000 for development of a hospice, to a \$30,000,000 loan for the redevelopment of a blighted area in Cleveland, Ohio.

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 2011 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development*, *Housing*, and *Public Facilities and Improvements*. Several projects included under the economic development category also include a housing component.

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# Economic Development Projects

## Economic Development Loan Fund and Housing – Auburn, AL Section 108 Loan Guarantee – \$3,312,000

The City of Auburn will be using the Section 108 guaranteed financing for three different activities. As its first activity, the City will work with the Auburn Housing Authority to rehabilitate 38 units of housing in the authority's Moton Apartments building with \$1.5 million of the financing. As its second activity, the City will establish a \$1.3 million economic development loan fund (the "Loan Fund") that will provide fixed-asset loans to for-profit businesses in Auburn. For its third activity, the City will set up a \$220,000 Micro-Loan Program (the "MLP") for small business borrowers who would not otherwise meet the underwriting standards of traditional business lenders. These particular business borrowers would be required to work with the local SBA-designated small business development center in order to come up with business plans, financial projections, et al in order to receive Section 108 guaranteed assistance. The maximum loan amounts under the MLP will be for \$35,000, with a maximum term of six years and a maximum interest rate of 18%. The City will also set aside \$292,000 for a debt service reserve for the Section 108 guaranteed loan in support of the activities outlined above.

**National Objective:** The City's Section 108 loan-financed activities will satisfy the two following CDBG national objectives.

- The City's housing rehabilitation activities will benefit low- and moderate-income households through provision of affordable housing.
- The City's Loan Fund and MLP activities, as well as the debt service reserve for these funds, will benefit low- and moderate-income persons through job creation.

**Underwriting:** In selecting projects or activities to be assisted with the two loan funds, City staff will, to the extent practicable, follow the "Guidelines for evaluating and selecting economic development projects" contained at 24 CFR 570.209. The City staff will further augment its in-house capacity and expertise by utilizing the assistance of an economic development consulting firm, Development Solutions LLC. This firm has extensive experience structuring and evaluating CDBG economic development loans. Part of the firm's responsibilities will be to provide training in order to build the capacity of City staff to handle loan underwriting duties.

**Guaranteed Loan Features:**

**Term:** The City will provide loans with terms of up to 20-years, depending upon the economic life of the assets financed in each of the three projects.

**Repayment Sources:** The Auburn Housing Authority will use funding from its operating reserves to repay the City's \$1.5 million loan. The reserve funds are made available from unrestricted operational funds of the Housing Authority. The small, for-profit businesses receiving loans through Auburn's

Economic Development Loan Fund will use project revenues to repay the City's loans, and the small businesses receiving loans through the City's MLP will use project revenues to repay City's loans.

*Additional Security:* The City will pledge its interest in its loan to the Housing Authority; that loan will ultimately be secured by an assignment of that portion of the Housing Authority's reserve funds that will be necessary for the collateralization of the balance and current interest owing on the loan. The City and the Housing Authority have requested that the HUD Office of Public and Indian Housing allow the Housing Authority to utilize a portion of its reserve funds towards the repayment and security of its loan from the City. Until this request is processed, the City will pledge its Full Faith & Credit as security.

For its business loan funds, the City will pledge its interest in its third party loans to the business borrowers, which will be secured by first liens on real property, a UCC agreement, personal guarantees, machinery and equipment, accounts receivable, and/or inventory.

**For Additional Information:**

**Section 108 Commercial and Industrial Loan Program Guidelines:**

<https://auburnalabama.org/ocmDir/Sec%20108%20Commercial-Industrial%20for%20Press%20Release.pdf>

**Section 108 Micro-Loan Program Guidelines:**

<https://www.auburnalabama.org/ocmDir/Micro-Loan%20for%20Press%20Release.pdf>

## **The Piztiz Building Redevelopment – Birmingham, AL**

### **Section 108 Loan Guarantee – \$3,200,000**

The City will use the Section 108 financing for the redevelopment of a vacant historic building known as the Former Piztiz Department Store, which is located in downtown Birmingham within the Central Business District (CBD). Specifically, the redevelopment will include acquisition of the Piztiz building and development of 171,000 square feet of office space, 43,000 square feet of retail space, and a 380 space parking garage. The City expects that 480 jobs will be created by this project. The building is currently owned by Center City Company, LLC (CCC). CCC will form a partnership entity to acquire the site and carry out the redevelopment activities as the developer.

The City has structured the project as a subordinated loan to the developer. Specifically, the developer will use the proceeds to assist with acquisition of the Piztiz Department Store building.

However, the developer will be using New Market Tax Credits (NMTC) as part of the project's financing structure and wants to reserve the option to leverage the Section 108 proceeds through the NMTC structure. If this option is used, the City will lend the Section 108 guaranteed loan proceeds, through the New Market Tax Credit (NMTC) structure, to a special purpose private for profit Investment Fund (the "Investment Obligor"), which will invest the guaranteed loan proceeds, as well as additional available funds, into a Community Development Entity (the "CDE") as equity. The CDE

will make a Qualified Low-Income Community Investment (QLICI) loan of equity monies to the developer. The developer, also known as the Qualified Low-Income Community Business (QALICB), will use the loan proceeds to assist with acquisition of the Pizitz Department Store building.

**National Objective:** The CDBG national objective met by the eligible activity is benefit to low-and moderate-income persons through the creation of jobs which are presumed to be held by or make available to low- and moderate-income persons.

**Guaranteed Loan Features:**

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

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

**Additional Security:** The City will pledge its interest in its third-party loan secured by a second lien on the Pizitz Building.

**For Additional Information:**

**Construction to start on \$66M Pizitz Building renovation**

<http://www.bizjournals.com/birmingham/news/2015/03/02/construction-to-start-on-66m-pizitz-building.html>

**The Pizitz Building: An Icon of Birmingham's Past and Future**

<http://www.readtheleaf.com/the-pizitz-building-an-icon-of-birmingham-past-and-future>

## **Economic Development Loan Fund – Brockton, MA**

### **Section 108 Loan Guarantee – \$2,600,000**

The City will use the Section 108 loan proceeds to establish the Brockton Community Development Fund, which will be administered by the Brockton Redevelopment Authority. The City will use the Brockton Community Development Fund to finance the following three activities:

- The City will lend \$1,600,000 to the Brockton Parking Authority, which will utilize the loan to renovate its 42-space, five-story parking garage (the "Garage") in downtown Brockton.
- The City will divide \$500,000 evenly between its existing housing rehabilitation program and a new receivership program. The City has already used \$2,100,000 in NSP funds, as well as \$1,000,000 in CDBG funds, towards the acquisition and rehabilitation of City-foreclosed homes. The City will continue these activities as well as make loans to homeowners for rehabilitation work. The new receivership program will require owners of unsafe/unsanitary homes to correct and upgrade them in order to comply with local building codes.

- The City will use the remaining \$500,000 towards an economic development loan fund, in partnership with a regional nonprofit economic development corporation SEED Corporation, the Brockton 21<sup>st</sup> Century Corporation, MassDevelopment, and local banks.

**National Objective:** The CDBG national objective to be met by the Garage's rehabilitation is benefit to low- and moderate-income persons through job creation. The CDBG national objective to be met by the City's housing rehabilitation/receivership program activities is benefit to low- and moderate-income households through the provision of affordable housing. The CDBG national objective met by the loan fund is benefit to low- and moderate-income persons through job creation. It is estimated that activities assisted through the fund will create 84 full-time equivalent jobs.

**Underwriting:** All loans will be subject to loan committee underwriting and approval. The Executive Director of the Brockton 21<sup>st</sup> Century Corporation will serve on the committee; the corporation has been in existence for seventeen years.

**Guaranteed Loan Features:**

**Term:** To repay the \$1,600,000 portion of the Section 108 commitment, the City is requesting an 11-year term, with the first year being interest-only. The City will utilize CDBG funds as well as payments from individual homeowners and the proceeds from sales of rehabilitated homes to repay the \$500,000 portion of the Section 108 Guaranteed Loan designated for the housing rehabilitation and receivership program. It will repay this loan over a five-year period, with the first four years being interest-only. The City will utilize repayments from its business borrowers to service the \$500,000 in Section 108 Loan Fund debt over an 11-year period, with the first year being interest-only.

**Repayment Sources:** To repay the \$1,600,000 portion of the Section 108 commitment, the City will utilize CDBG funds. Payments from individual homeowners, and rehabbed home sales proceeds will repay the \$500,000 portion of the Section 108 Guaranteed Loan designated for the housing rehabilitation and receivership program. The City will utilize repayments from its business borrowers to service the \$500,000 in Section 108 Loan Fund debt.

**Additional Security:** The City will pledge its full faith and credit, as collateral for the Garage. For the City's housing rehabilitation and receivership program, the City will pledge its interest in its third-party loans to the various receivers, which will be secured by first priority liens on the single-family homes. To the extent that the City will act as the receiver for the rehabilitated homes, the City will pledge first priority liens on these homes.

## **Green Exchange Project – Chicago, IL**

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

The City will be using the Section 108 loan guarantee for the proposed Green Exchange project, which includes the redevelopment of a vacant historic building into a multi-tenant commercial project. Once completed, the 4-story, 275,218 square-foot building will be operated as an incubator facility for green businesses committed to environmental sustainability with a combination of uses: retail, light industrial, light manufacturing, product assembly, office space, work-live spaces, shared office space,

exhibition space and common areas. The Green Exchange and its tenants is expected to employ an estimated 300 to 500 people.

**National Objective:** The CDBG national objective to be met by the eligible activity is the prevention or elimination of slums or blight on an area basis.

**Guaranteed Loan Features:**

*Term:* The City will repay the Section 108 loan over a 20-year term with interest-only payments for three years.

*Repayment Sources:* The City states it will use project generated revenues and TIF funds to repay the debt service on the Section 108 obligation. According to a cash flow analysis included in the City's appraisal report, the project will not generate sufficient cash flow in the first three years to repay the debt service on the Section 108 loan. However, a Section 108 Loan Guarantee interest reserve and a Section 108 Loan Guarantee loss, will be established as a source of repayment for the Section 108 debt.

*Additional Security:* The City will assign its interest in the loan to the developer of the project, which will be secured by a second lien on the Green Exchange property. In addition, the City will issue the developer a Tax Increment Allocation Revenue Note in the amount of \$10 million. The Developer will be required to assign its Note to the City, and the City will assign its interest in the Note to HUD as additional security. In the event there is a deficiency in the Developer's debt service payments, the City will pledge other Tax Increment Financing (TIF) revenues from its South Addison TIF district.

**For Additional Information:**

**Green Exchange website:**

<http://greenexchange.com/about/>

**The Green Exchange Project: Chicago, IL story:**

<https://vimeo.com/153730519>

**Federal Loan Sought for Green Exchange:**

<http://www.chicagobusiness.com/realestate/20091202/cred03/200036297?template=printart>

## **Flats East Bank Project – Cleveland, OH**

### **Section 108 Loan Guarantee – \$30,000,000**

The City of Cleveland will provide the Section 108 guaranteed financing to a developer to carry out the Phase 1 redevelopment of the blighted 20-acre Flats East Bank Neighborhood (the "Project") near the city's central business district. The Project will consist of a 477,000 square-foot office building, whose anchor tenant, Ernst & Young, will be moving its headquarters and training facility from another location in the city to the Flats East Bank neighborhood. The Project will also consist of (1) a 150-room business-class hotel, which will be connected to the office building, (2) 850

spaces of parking, (3) 40,000 square feet of retail space, and (4) a 14-acre public park and boardwalks along the Cuyahoga River.

The Project is located within a HUD-approved Neighborhood Revitalization Strategy Area ("NRSA"). Also, Cuyahoga County will provide additional financing for the Project through a Section 108 Guaranteed Loan of \$2,000,000 and a \$2,000,000 Brownfields Economic Development Initiative ("BEDI") grant. Ernst & Young has also notified the City that it will move out of the area if this Project is not completed, which will cause the retention of at least 600 jobs that would otherwise be lost.

**National Objective:** The CDBG national objective to be met by the eligible activity is benefit to low- and moderate-income persons by the creation or retention of jobs. The City and the developer estimate that the Project will create a minimum of 540 full-time equivalent jobs and will retain an additional 600 jobs.

**Guaranteed Loan Features:**

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

*Repayment Sources:* The following revenue sources will be used for loan repayment: Excess PILOT funds from Project's Phase I development and revenues from the 550-space parking garage.

*Additional Security:* The City will pledge its interest in its third-party loan to the Developer, which will be secured by several sources including but not limited to a personal guarantees, including a guaranty for maintenance/replenishment of the \$3,416,760 debt service reserve for the life of the Borrower's and County's Section 108 loans, thus meeting any and all shortfalls of the PILOT/parking revenues that will be committed toward servicing the City's Section 108, a first-lien position on the parking garage, a shared second-lien with Cuyahoga County on the hotel and the 40,000 square-foot retail component, and a shared third-lien with the County on the 477,000 square foot office building and on the property that will be developed during the Project's Phase II.

**For Additional Information:**

**Flats East Bank gives new start to Old River Road:**

<http://www.crainscleveland.com/article/20150816/NEWS/150819874/flats-east-bank-gives-new-start-to-old-river-road>

**Flats East Bank website:**

<http://www.flatseastbank.com/about/>

**Flats East Bank – Cuyahoga County, OH**

**Section 108 Loan Guarantee: \$2,000,000**

The County is providing assistance to a developer for the remediation and redevelopment of a vacant industrial property into a 150-room business-class hotel (the "Hotel") in Cleveland, along the Cuyahoga River.

The Hotel will be a component of Phase I of the developer's 20-acre Flats East Bank Neighborhood Redevelopment. The Hotel will support the development of a 477,000 square foot office building, whose anchor tenant, Ernst & Young, Inc. will be moving its headquarters and training facility from another location in the City to the City's Flats East Bank neighborhood. The Project will also consist of 1) 850 spaces of parking 2) 40,000 square feet of retail space, 3) a 14-acre public park and boardwalks along the Cuyahoga River.

**National Objective.** The CDBG national objective met by the eligible activities is the prevention or elimination of slums or blight,

**Guaranteed Loan Features:**

*Term:* The County will repay the Section 108 Guaranteed Loan over a 20-year term.

*Repayment Sources:* The repayment source will be the designated account for Section 108 repayment, which will include the excess PILOT funds from Project's Phase I and revenues from parking garage.

*Additional Security:* The County will pledge its interest in its third-party loan to the developer, which will be secured by personal guarantees, a second-lien position on the 550-space parking garage, a shared second-lien position with the City of Cleveland on the Hotel and the 40,000 square foot retail component, a shared third-lien position with the City of Cleveland on the 477,000 square foot office building, and a shared third-lien position with the City of Cleveland on the property that will be developed during the Project's Phase II.

**For Additional Information:** See links for project above.

## **Cooperative Greenhouse – Cleveland, OH**

### **Section 108 Loan Guarantee – \$8,000,000**

The City of Cleveland will use Section 108 financing for the remediation and the redevelopment of 10.68 acres of industrial and residential properties into an employee-owned cooperative greenhouse. The City currently owns 7.21 acres of the project site and will assemble the remaining 3.57 acres. Once the site has been assembled, the City will sell the site to a developer to carry out site preparation/remediation and construction of a 272,850 square foot greenhouse and 40,000 square feet of office and processing space. The facility will consist of two buildings, a greenhouse with multiple bays and a packing house where produce will be prepared for shipping. Once the site has been developed, the developer will lease the facility to the Green City Growers (GCG), who will operate the greenhouse as an Ohio employee cooperative.

The City will lend the Section 108 guaranteed loan proceeds, through the New Market Tax Credit (NMTC) structure, to a special purpose private for profit Investment Fund (the "Investment Obligor"). In addition, the City will grant the BEDI funds to the Evergreen Cooperative Corp Leveraged Lender, as the Subrecipient, which will lend the BEDI grant funds, through the NMTC structure, to the Investment Obligor.

The Investment Funds will invest the guaranteed loan proceeds and BEDI grant funds, as well as additional available funds, into two separate Community Development Entities (collectively, the "CDEs") as equity. The CDEs will then make Qualified Low-Income Community Investment (QLICI) loans of the equity monies to the Developer. The Developer (aka Qualified Low-Income Community Business [QALICB]) will use the loan proceeds to assist with land acquisition and construction of the greenhouse structure.

**National Objective:** The activity will meet the CDBG national objectives criteria through low and moderate income area benefit, pursuant to a strategy for creating jobs in a HUD approved NRSA. It is expected that this project will create 42 full time equivalent jobs.

**Guaranteed Loan Features:**

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

*Repayment Sources:* The Developer will establish an interest reserve in the amount of \$280,000 for Section 108 interest payment in the first year. The Developer will use lease payments from Green City Grower, LLC to continue making interest payments and to repay the principal on the Section 108 loan.

*Additional Security:* The City will pledge its interest in its third-party loan to the Investment Obligor, secured by the Investment Obligor's partnership interest in the CDEs. The Investment Obligor will require that the CDEs secure its notes with the Developer with a first lien position on the real property.

**For Additional Information:**

Nation's Largest Urban Food Production Greenhouse Officially Opens in Cleveland

[https://www.clevelandfoundation.org/news\\_items/12501/](https://www.clevelandfoundation.org/news_items/12501/)

## **Economic Development Loan Program – Cleveland, OH**

### **Section 108 Loan Guarantee: \$25,547,000**

The City is requesting \$25,547,000 in Section 108 funds to create a Pooled Loan Fund (the "Loan Fund"). The City will use the Loan Fund to support the City's "Living Cities" program, along with several other critical projects in its Neighborhood Revitalization Strategy Areas (NRSAs). Several of the business borrowers' project sites will be located on former brownfield sites that have already been remediated or are in the process of being remediated.

**National Objective:** As each of the City's Loan Fund activities will be located within an NRSA, the City will exercise its option to meet the criteria of primarily benefiting low- to moderate-income persons through job creation.

**Underwriting:**

Each loan from the City's Loan Fund will be approved by the Cleveland Citywide Development Corporation ("CCDC"), which comprises representatives from several local lending institutions and economic development organizations. Any loan from the Loan Fund that the CCDC approves that is in

excess of \$250,000 must be approved by the Cleveland City Council. The City will require each Business Borrower to provide a minimum of 10% equity into its prospective project costs.

**Guaranteed Loan Features:**

Term: While the terms of the City's Loan Fund loans to the business borrowers will vary from 10-20 years, the City will repay the Section 108 guaranteed loan over a twenty-year term.

Repayment Source: The City will use repayments from its business borrowers to service the loan.

Additional Security: The City will pledge its interest in its third-party loans to the business borrowers, which will be secured by the following:

- A lien on real property, machinery & equipment, accounts receivable, and/or standby letters of credit;
- Personal and/or Corporate guaranties from each of the Business Borrower's partners or owners that have a 20% or greater ownership interest in its business.
- A debt service reserve account: each Business Borrower must finance a debt reserve an amount that is equal to one year of its principal and interest. The City will place this amount into the debt reserve account from the first loan disbursement to each Business Borrower.
- For projects that will be utilizing New Market Tax Credits ("NMTC"), the City will require the respective Business Borrowers to make PILOT payments towards a debt reserve fund. The City will utilize this debt reserve fund to ensure that there are no defaults during the Business Borrowers' respective 7-year NMTC compliance periods.

## **The Continental Mixed-Use Development – Dallas, TX**

### **Section 108 Loan Guarantee: \$7,600,000**

The proposed project is the redevelopment of a vacant office building in the City's central business district into a primarily residential development consisting of 5,000 square feet of commercial space and 203 multi-family rental units that are one (1) and two (2) bedroom apartments. Twenty percent (20%) of the units, which includes 29 one-bedroom units and 12 two-bedroom units, will be affordable to low- and moderate-income households

**National Objective:** The CDBG national objective to be met by the activity is benefit to low- and moderate-income (LMI) persons through housing where 51% of the units are occupied by LMI households upon completion. The Borrower has requested a regulatory waiver to reduce the percentage of units required to be occupied by low and moderate income (LMI) households from 51 to 20 percent.

**Guaranteed Loan Features:**

Term: The City is requesting a five (5) year repayment term with interest only payments for 4 years.

Repayment Sources: As part of the project's budget, the City will establish a Section 108 Interest Reserve Fund in the amount of \$912,000 from which interest payment will be made for the first three (3) years. The City will use TIF revenues for interest payments the fourth year. Lastly, TIF revenues will be used to pay off the Section 108 debt in the fifth year.

Additional Security: The City will pledge Tax Increment Financing revenues from its Downtown Connection TIF District as additional security.

## **The Lancaster Urban Village Mixed Use Development – Dallas, TX Section 108 Loan Guarantee –\$8,492,000**

The City will lend the Section 108 guaranteed loan proceeds to Citywide Community Development Corporation (Citywide), a 501(c)(3) Community-Based Development Organization (CBDO) to carry out a \$26.8 million community economic development project. This project will include the construction of the 226,000-square-foot, four-story, mixed-use commercial and residential Lancaster Urban Village and related site and public improvements in the southern sector of Dallas, Texas. Citywide, who will lend the proceeds, through the New Market Tax Credit (NMTC) structure, to a special-purpose, private, for-profit Investment Fund. The Investment Fund will make a Qualified Equity Investment (QEI) in the Community Development Entity (CDE), the Dallas Development Fund. The CDE will make a Qualified Low-Income Community Investment (QLICI) equity loan to the Qualified Low-Income Community Business (QALICB), Lancaster Urban Village Commercial, LLC, a subsidiary of Citywide.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income (LMI) persons through job creation, where at least 51 percent of the 64 full-time equivalent jobs to be created will be made available to or held by LMI persons and through housing where at least 51% of the residential rental units upon completion will be occupied by LMI households.

### **Guaranteed Loan Features:**

Term: The City will repay interest only for Year 1. It will repay principal and interest in Years 2 through 10.

Repayment Sources: The City has established a Transit-Oriented Development (TOD) Tax Increment Finance District (TIF) and will use its TIF revenues for the repayment of its Section 108 guaranteed loan.

Additional Security: The additional security will be an assignment to HUD of its TIF increment proceeds and an interest reserve in the development budget. An interest reserve of \$927,326 has been established within the development budget for Section 108 guaranteed loan interest payments for the first four years.

### **For Additional Information:**

#### **Lancaster Urban Village:**

<http://www.dallasgrowsouth.com/lancaster-urban-village/>

## **Economic Development Acquisition – Downey, CA**

### **Section 108 Loan Guarantee – \$810,000**

The City will provide financing to the Developer to acquire the site for the development of a new Fiat car dealership. The Project site, is currently owned by the City.

The Developer has executed an agreement with the Fiat Corporation which authorizes them to establish and operate a Fiat dealership on the proposed site. The agreement with Fiat requires the Developer to meet Fiat's standards which control the quality and level of site improvements proposed by the Developer. The Developer's proposed improvements include the following: the addition of a 3,000 square foot state of the art showroom; complete renovation of the existing 12,000 square foot two-story building; exterior building renovation including a new façade and roofing; and, complete renovation of the existing site including landscaping, irrigation, lighting, payment, and signage.

**National Objective:** The CDBG national objective met by the eligible activity is to address slums or blight on an area basis. This Project will cause the creation of an estimated 23 new jobs.

#### **Guaranteed Loan Features:**

**Term:** The City is requesting a 14-year repayment term with interest only during the first four years.

**Repayment Source:** The source of repayment will be the City's annual CDBG allocation.

**Additional Security:** The City will pledge its interest in the third-party loan to the Developer, which will be secured by a first lien on the Project property.

## **Economic and Community Development Loan Pool – Fort Collins, CO**

### **Section 108 Loan Guarantee: \$5,000,000**

The City will use Section 108 financing to create a \$5 million Economic and Community Development Loan Pool program that will be targeted to projects expected to have positive economic and community development benefits. The City's loan program will focus on job creation (primarily commercial development, research, and manufacturing space) in the City's established Targeted Industry Clusters, which include clean energy, water innovation, bioscience and technology. The Program will make a minimum of five (5) loans of \$1million each.

**National Objective.** The CDBG national objective met by the eligible activity is benefit to low-and moderate-income persons through the creation of jobs.

**Underwriting:** The City will convene a Loan Review Committee (LRC) consisting of city staff, members of the City's Community Development Block Grant (CDBG) commission and a member of the private banking industry that will be tasked with evaluating each prospective third party loan request based on the following underwriting guidelines: a) the project's ability to lead to economic revitalization,

b) financial feasibility, c) likelihood of repayment, and d) ability to create permanent full-time employment for low-and moderate income individuals.

**Guaranteed Loan Features:**

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

*Repayment Source:* The City will use payments from the third party borrowers to repay the loan.

*Additional Security:* The City 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 Additional Information:**

**HUD Approves \$5 Million Loan Guarantee for Fort Collins:**

<http://www.fcgov.com/business/archive/201109-newsletter.php?cmd=5>

## **Pacific Center Place – Los Angeles, CA**

### **Section 108 Loan Guarantee –\$2,200,000**

Pacific Center is an existing, vacant, industrial building of approximately 40,000 square feet. The vacant building was acquired in 2007, by the Los Angeles Community Redevelopment Agency as part of a larger effort to address economic blight and capital disinvestment in the Goodyear Industrial Tract of South Los Angeles. The new design will create space for the cutting, sewing and finishing of fabrics as well as a staff recreation area. A developer proposes to rehabilitate the vacant building for clothing manufacture. The clothing manufacturing operations will be contained in 38,000 square feet of the redeveloped building space and the remaining 2,000 square feet will be for the staff recreation area.

**National Objective:** The CDBG national objective that will be met by the eligible activity is benefit to low-and moderate income (LMI) persons through job creation, where at least 51% of new FTE jobs created will be held by or made available to LMI persons.

**Guaranteed Loan Features:**

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

*Repayment Source:* The City's repayment source for its Section 108 guaranteed loan is payments from the developer.

*Additional Security:* Additional security for the Section 108 guaranteed loan is an assignment of the City's interest in its third party loan to the developer, which is secured by a first deed of trust on real property.

## **The Phoenix Office Project – Los Angeles, CA**

### **Section 108 Loan Guarantee – \$9,500,000**

The City will provide Section 108 guaranteed financing to assist in the acquisition and rehabilitation of the Phoenix Office Project, an eight-story building. The building is comprised of 98,437 square feet of leasable space, along with a four-level, 330-space parking structure, in the City-designated Van Nuys II Targeted Neighborhood Initiative Area. The Project currently has, both, a 1,377 square foot ground-floor cafe/lounge and the non-profit San Fernando Community Mental Health Center as its tenants. The latter tenant currently leases 12,500 square feet of space and will expand by an additional 12,500 square feet, so as to occupy the building's fifth and sixth floors. The CHAMPS public charter school will occupy floors 4 of the building.

The developer purchased the Project's land and improvements in August of 2009 and is in discussions with other potential tenants (including a state agency, and a health clinic) for the remaining 25,000 square feet of the Project's office space. The Project will create an estimated 224 full-time equivalent jobs.

**National Objective.** The CDBG national objective met by the eligible activity is benefit to low- and moderate-income persons through job creation.

**Guaranteed Loan Features:**

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

**Repayment Source:** The City will pay the debt service of the Section 108 loan with the Project's leasing revenues from the Developer.

**Additional Security:** The City will pledge its interest in its third-party loan to the Developer, which will be secured by a first deed of trust on the building.

## **District Square Retail Project – Los Angeles, CA**

### **Section 108 Loan Guarantee – \$22,674,000**

The District Square Retail Project will be a retail complex located at Crenshaw Boulevard and Rodeo Street. It will involve new construction on fourteen contiguous lots and will consist of 296,719 net rentable square feet (nrsf) of retail space. The Project is the second phase of a two-phased retail development project. Phase I of this retail development, which is completed and was not funded with Section 108 financing includes tenancy of Walgreen's (14,415 nrsf), Denny's (5,041 nrsf), Big Five Sporting Goods (13,000 nrsf) and 32,071 nrsf leased to other general retailers.

The proceeds of the Section 108 guaranteed loan will be lent to Metropolitan Square, LLC, a for profit, California Limited Liability Company established for this Project to be used as a conduit to grant Community Development Block Grant (CDBG) funds and to lend Section 108 guaranteed loan funds to the Investment Fund (IF). The IF, a for profit fund, will use the Section 108 guaranteed loan to leverage the tax credit equity of \$13.7 million to make a Qualified Equity Investment (QEI) into a Community Development Entity (CDE). The CDE will use the QEI to make qualified low-income community investments (QLICIs) in the QALICB per the NMTC structure.

**National Objective:** The CDBG national objective met by the eligible activity is benefit to low-and moderate-income persons through the creation of jobs. The project will create 600 new permanent full time jobs.

**Guaranteed Loan Features:**

*Term:* The City is requesting a 20-year repayment term with interest-only payments for the first two years; with a balloon principal payment of \$4,429,000 in Year 20.

*Repayment Sources:* The primary sources of repayment, subject to the annual appropriation by the City, will be the following: Up to 49% of Site Specific Tax Revenues (SSTR), which include sales, business, and utility taxes, for Phase I and II of the Project; 100% of Site Specific Tax Increments (SSTI); and 100% of net proceeds generated from the Project.

*Additional Security:* The City pledges and assigns its interest to HUD in its 3rd party loan to the Developing Entity, secured by a 2<sup>nd</sup> Deed of Trust on the Project. The City also pledges and assigns to HUD its 1) SSTI for the real property improvements on the Project site project site, 2) 49 percent of SSTR generated by the Project, and 3) net proceeds generated from the Project. The City pledges and assigns to HUD its interest in the Guarantor for the project.

## **Ambler Boiler House Project – Montgomery County, PA**

### **Section 108 Loan Guarantee – \$3,500,000**

Montgomery County will use the Section 108 guaranteed financing to assist a developer to rehabilitate a 15,000 square foot structure, a former power generating station, into a three-story, 40,522 square foot class A office building within the Borough of Ambler. The Montgomery County Redevelopment Authority (RDA) utilized grant funds from the Commonwealth of Pennsylvania to purchase the Project's site from the original owner. Once the RDA has completed the site's requisite remediation work, it will transfer the site's title to the developer, at which point the developer will commence with the Project. The developer expects the Project to directly create 146 full-time equivalent jobs.

**National Objective:** The CDBG national objective that will be met is assistance to aid in the prevention of slum or blight on an area basis.

**Guaranteed Loan Features:**

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

*Repayment Source:* The RDA will pay the debt service of the Section 108 loan with the Project's leasing revenues from the developer.

*Additional Security:* The RDA will pledge its interest in its third-party loan to the developer, which will be secured by second mortgage on the Project.

**For Additional Information:**

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**Generating New Life At The Ambler Boiler House:**

<http://hiddencityphila.org/2013/03/generating-new-life-at-the-ambler-boiler-house/>

**Palm Beach County Loan Pool – Palm Beach County, FL**  
**Section 108 Loan Guarantee – \$10,000,000**

The County seeks to develop a Loan Fund for lending to local businesses. This fund is estimated to create 280 full-time equivalent jobs.

**National Objective:** The CDBG national objective to be met is benefit to low- and moderate-income persons through job creation

**Guaranteed Loan Features:**

**Term:** The County will repay its Section 108 guaranteed loan over a 20-year term.

**Repayment Source:** The County will use repayments by its business borrowers to pay the Section 108 debt service.

**Additional Security:** The County will assign its interest in its third-party loans, which will be secured by real estate.

**84 Lumber – The Commonwealth of Pennsylvania**  
**Section 108 Loan Guarantee – \$15,000,000**

The Commonwealth of Pennsylvania will provide the guaranteed loan funds to Fayette County for the purpose of making a loan to 84 SLB2, LLC (a for profit entity set up by 84 Lumber to receive the Section 108 Funds). This, in conjunction with \$5 million in Section 108 guaranteed loan proceeds from Washington County, will enable 84 Lumber to refinance an existing term loan, providing much needed relief from an onerous interest rate and a debt covenant that prohibits usage of proceeds from real estate sales for working capital. In all, 422 full-time equivalent jobs will be created or retained through this activity.

**National Objective:** The CDBG national objective to be met is benefit to low-and moderate income persons through job retention, where at least 51% of the jobs to be retained are either known to be held by low- to moderate-income persons or job creation, where at least 51% of new jobs created will be held by or made available to low- to moderate-income persons.

**Guaranteed Loan Features:**

**Term:** The County will repay its Section 108 guaranteed loan over a 17-year term, with payments starting in year 3.

Repayment Source: The Section 108 loan will be repaid through cash flow generated from the 84 Lumber Company operations.

Additional Security: Fayette County is assigning the interests in its loan to 84 SLB I, LLC, which will be secured by a first lien on 84 Lumber real properties across the United States valued at an estimated \$30 million. The loan to value will be a minimum of 50%. Also, the 84 Lumber Companies will pledge its corporate guarantee for the repayment of 84 SLB2, LLC's loans.

## **84 Lumber – Washington County, PA**

### **Section 108 Loan Guarantee – \$5,000,000**

Washington County will relend the Section 108 guaranteed loan proceeds to 84 SLB2, LLC (an entity set up by 84 Lumber to receive the loan funds). This effort is in conjunction with The Commonwealth of Pennsylvania and Fayette County's \$15 million Section 108 guaranteed loan proceeds being lent to 84 SLB2, LLC. This package of Section 108 Loan funds will enable 84 Lumber to refinance an existing term loan, providing much needed relief from an onerous interest rate and a debt covenant that prohibits usage of proceeds from real estate sales for working capital.

National Objective: The CDBG national objective to be met is benefit to low-and moderate income persons through job retention, where at least 51% of the jobs to be retained are either known to be held by low- to moderate-income persons, or will reasonably be expected to turn over within the next two years at which time the job will be made available to low- to moderate-income persons or through job creation, where at least 51% of new jobs created will be held by or made available to low- to moderate-income persons.

#### **Guaranteed Loan Features:**

Term: The County will repay its Section 108 guaranteed loan over a 17-year term with payments beginning in Year 3.

Repayment Source: The Section 108 guaranteed loan will be repaid through cash flow generated from the 84 Lumber Company operations.

Additional Security: Washington County and Fayette County are assigning the interests in its loan to 84 SLB2, LLC, which will be secured by a first lien on 84 Lumber real properties across the United States.

## **Loan Pool #8 – Philadelphia, PA**

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

Loan Pool #8 will increase the City's capacity to provide financial assistance for economic development in the City of Philadelphia. Loans will be made to third-party borrowers to provide financing for a multitude of economic development activities including, but not limited to, acquisition and site preparation, rehabilitation and construction, machinery and equipment purchases, infrastructure improvements and other related project costs. It is estimated that Loan Pool #8 will create 730 jobs.

**National Objective:** The eligible activities for all Loan Pool #8 projects will meet the CDBG national objective of benefit to low- and moderate-income persons through job creation, where at least 51 percent of the jobs will be created or retained and will be made available to or held by low- and moderate-income persons or by being an activity which aids in the prevention or elimination of slums or blight.

**Underwriting:** PIDC (Philadelphia's public-private economic development corporation) underwrites and administers, under a subrecipient agreement with the Borrower, all third-party loans in the citywide loan pool program. PIDC performs a thorough assessment of all prospective borrowers through its established loan underwriting process and independent loan committee evaluation. The PIDC loan policy standards meet the HUD guidance for evaluating and selecting economic development projects.

**Guaranteed Loan Features:**

**Term:** The City requests a twenty-year repayment term with two tranches: (1) interest only for the first four years and (2) interest only for the first nine years.

**Repayment Source:** The City will repay the Section 108 debt service using repayments from its business borrowers.

**Additional Security:** The City will pledge its interest in the PIDC third-party loans secured by real property, personal guarantees, equipment, accounts receivable, or inventory, as appropriate. The City will also pledge its interest in PIDC's Loan Pool #8 portfolio as may be required for additional loan security for the repayment of the City's Section 108 guaranteed loan.

## **Economic and Community Development Loan Fund – Seattle, WA**

### **Section 108 Loan Guarantee – \$10,000,000**

The City will establish an Economic and Community Development Loan Fund to finance a variety of economic development projects within the City. The Loan Fund will further the City's goal of assisting mixed-use projects that provide catalytic opportunities for business growth, job creation, and affordable housing opportunities. The business borrowers will use the loan funds for acquisition of real property and/or machinery and equipment, site preparation activities, new commercial construction and tenant improvements, or for working capital.

**National Objective:** Each of the Loan Fund's loans to business borrowers will either meet the CDBG national objective of benefit to low- and moderate-income persons or activities which aid in the prevention or elimination of slums or blight.

**Underwriting:** The City's Office of Economic Development (OED) will manage the Loan Fund and will underwrite all loans, with assistance from its consultants at the National Development Council.

**Guaranteed Loan Features:**

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

Repayment Source: The City will utilize repayments from its Business Borrowers to service the Section 108 debt.

Additional Security: The City will obtain collateral security on each loan made from the loan fund typically in forms of deeds of trust or real estate liens.

## **La Quinta Inn Suites – Springfield, MA**

### **Section 108 Loan Guarantee – \$2,535,000**

The City will provide Section 108 guaranteed financing to a developer to rehabilitate and rebrand the former Holiday Inn of Springfield to La Quinta Inn & Suites. The one story building, built in 1967, contains approximately 148,100 square feet of gross building area, which includes 244 guest rooms, 8,000 square feet of meeting space, restaurant, bar/lounge, full service kitchen, guest laundry, indoor pool, exercise area and offices. It is estimated that this project will result in 44 new full-time equivalent jobs and 73 full-time equivalent jobs retained.

Rehabilitation of the hotel will include improved energy and water conservation equipment (purchase of new insulated windows, HVAC, high efficiency boilers and waterless urinals and dual flush toilets), repaving and landscaping of the parking area, purchase of new guest room and common area furniture, installation of new signage and the purchase of an adjacent lot to expand hotel parking.

**National Objective:** The CDBG national objective to be met by the activity is benefit to low- and moderate-income persons through job creation and retention. The City has determined that at least 51 percent of the jobs to be created and retained will be made available to or held by persons presumed to be low and moderate income persons.

#### **Guaranteed Loan Features:**

Term: The City has requested a 20-year repayment schedule, paying interest only during the first two years of the term.

Repayment Source: Hotel revenue will be used to repay the Section 108 guaranteed loan.

Additional Security: The City will pledge its interest in the third party loan, which will be secured by a third lien on the real property and improvements.

#### **For Additional Information:**

Former Holiday Inn in downtown Springfield now La Quinta after \$4 million facelift

[http://www.masslive.com/business-news/index.ssf/2012/12/old\\_holiday\\_inn\\_becomes\\_ne\\_la\\_quinta.html](http://www.masslive.com/business-news/index.ssf/2012/12/old_holiday_inn_becomes_ne_la_quinta.html)

## **Community Development Loan Fund – Westminster, CO**

### **Section 108 Loan Guarantee – \$2,534,000**

The City will use the Section 108 proceeds to create a Community Development Loan Fund (CDLF) to assist with carrying out various activities primarily in the City's South Westminster Revitalization area, located in the city's southeast section. The City will administer the CDLF and provide assistance to for-profit and non-profit businesses as well as public and private subrecipients to assist economic development activities and community economic development projects. Section 108 guaranteed funds may also be used by the City or by its subrecipients to acquire real property for economic development purposes and/or undertake site preparation for economic development purposes.

**National Objective:** The eligible activities under the CDLF will meet the CDBG national objective of benefit to low-and moderate-income persons through 1) the creation or retention of jobs or 2) on an area basis.

**Underwriting:** The City's Department of Community Development (CD staff) will be the responsible agent for administering the loan fund and coordinating the underwriting on all loans with assistance provided by qualified financial consultants to advise on project feasibility and underwriting guidelines compliance.

**Guaranteed Loan Features:**

**Term:** The maximum repayment term for any loan under the CDLF will be 20 years.

**Repayment Sources:** Project-generated revenues, Tax Increment Financing (TIF) revenues, and/or CDBG funds will be used to pay the Section 108 debt service.

**Additional Security:** Security provisions will be negotiated on a project-by-project basis and may include an assignment of the City's interest in third party loans secured by liens on real estate, machinery and equipment, receivables, inventory, and in some cases personal guaranties. Additional security for activities carried out by the City or its subrecipients could include mortgages in the name of the Secretary.

## Housing Development Projects

### One Santa FE Project – Los Angeles, CA

#### Section 108 Loan Guarantee – \$14,630,000

The One Santa Fe Project (the "Project") will be a mixed-use complex on a four-acre site, which will consist of five stories of housing (438 units/435,000 square feet) over a single story commercial podium, which will have 76,800 net rentable square feet. Project is projected to create an estimated 293 new jobs.

The City will lend the Section 108 guaranteed loan proceeds, through the New Market Tax Credit (NMTC) structure, to a special purpose private for profit Investment Fund, which will invest the

guaranteed loan proceeds, as well as additional available funds, into a Community Development Entity (the "CDE") as equity. The CDE will then make a Qualified Low-Income Community Investment (QLICI) loan of the equity monies to the developer. The developer will utilize the guaranteed loan proceeds to finance the Project's eligible commercial development costs. This

**National Objective:** The CDBG national objective met by the eligible activity is benefit to low- and moderate-income persons through job creation.

**Guaranteed Loan Features:**

*Term:* The City is requesting a 20-year repayment term with interest-only payments during the NMTC compliance period of seven (7) years.

*Repayment Sources:* The source of repayment will be payment by the developer from the Project's net operating income. An Interest Reserve will be established for interest-only obligations. Any shortfalls in the reserve will be replenished by the Developer.

*Additional Security:* The City will pledge its interest in its loan to the Investment Obligor, secured by the Investment Obligor's partnership or membership interest in the CDE. The CDE will have a first Deed of Trust on the commercial component of the Project. At the end of the NMTC compliance period, the CDE will assign its note to the City secured by a first Deed of Trust lien on the commercial component of the mixed-use development. The City will assign its interest in the QLICI loan to HUD. Then the CDE will be extinguished.

**For Additional Information:**

**Project Information for One Santa Fe:**

<http://ktgy.com/work/one-santa-fe/>

## Public Facility and Improvement Projects

### Older Adult Community Center – Chicopee, MA

#### Section 108 Loan Guarantee – \$5,000,000

The City will be using Section 108 financing for the construction of a new 21,000 square-foot, state-of-the-art 'Older Adult Community Center' ("OACC") to serve the city's growing elder population. Additionally, loan funds will be used for demolition work necessary to prepare the selected OACC site and its surroundings for the new center and proposed outdoor amenities.

**National Objective:** The CDBG national objective to be met is benefit to low- and moderate-income persons on a limited clientele basis.

**Guaranteed Loan Features:**

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

Repayment Source: The City of Chicopee will use a portion of its annual CDBG funds to pay the Section 108 debt service.

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

## **Supportive Housing Homeless Hope Community Center and Compassion Center – Glendale, CA Section 108 Loan Guarantee – \$2,000,000**

Hope is a non-profit organization with a mission of providing homeless services to families and individuals in the City of Glendale. Currently, Hope is leasing a 7,500 square foot building for which PATH Achieve Glendale (PATH), a non-profit homeless service provider, is operating an emergency shelter and access center on behalf of Hope. Hope is in the process of signing a long-term lease and service agreement with PATH to relocate to the Hope Center. This larger center will allow Hope and PATH to expand its services in the future. The City will grant the Section 108 loan proceeds to Hope through a subrecipient agreement to carryout acquisition of real property and rehabilitation of a public facility.

The project consists of Hope acquiring and converting a two-story 10,867 square foot industrial building into a homeless shelter called the S. H. Ho Hope and Compassion Center ("Hope Center"). The center will consist of an Emergency Shelter and the Access Center.

**National Objective.** The project will meet the CDBG national objective of benefit to low- and moderate-income persons through limited clientele activities.

### **Guaranteed Loan Features:**

Term: The City is requesting a 10-year repayment term.

Repayment Source: The City will use CDBG funds to pay the Section 108 debt service.

Additional Security: The additional security for the Section 108 Loan guarantee will be a first lien on the Hope Center.

### **For Additional Information:**

#### **City of Glendale Activity Report:**

[http://www.ci.glendale.ca.us/government/packets/ParksComm\\_121712/6B1c.pdf](http://www.ci.glendale.ca.us/government/packets/ParksComm_121712/6B1c.pdf)

## **Downtown and Inner-City Park System Improvements – Hopkinsville, KY**

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

The Project is the rehabilitation of six parks located in the Inner-City Residential Enterprise Zone (ICREZ), a primarily residential area, of which 73.2% of the residents are low- and moderate-income persons. The six parks are Walnut Street Park, Westside Park, Peace Park, Virginia Park, Suddenview Service Station and Little River Park. The City has determined the significance of undertaking physical improvements to the park system as key to creating linkages throughout the area and providing connectivity from the targeted neighborhoods to the parks within the City's park system.

**National Objective.** The CDBG national objective met by the eligible 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.

*Repayment Source:* The City will use a portion of its annual CDBG funds to pay the Section 108 debt service.

*Additional Security:* The City will pledge a sole first priority lien on the real property, the six parks undergoing rehabilitation, as established through an appropriate and properly recorded mortgage.

#### **For Additional Information:**

**City to Celebrate Major Upgrades to Downtown Parks:**

[http://www.hopkinsvilleky.us/newsdetail\\_T3\\_R332.php](http://www.hopkinsvilleky.us/newsdetail_T3_R332.php)

## **The Hollywood Beautification Team Corporate Office Building Project – Los Angeles, CA**

### **Section 108 Loan Guarantee – \$1,180,000**

The City is refinancing the acquisition of unimproved real property and a portion of the improvement costs of Hollywood Beautification Team's 4,000 square foot corporate office building and contiguous 2,500 square foot storage facility/garage. The sole use of the office building is to carry out the programming of the Hollywood Beautification Team. The finished office building will provide space for vocational training, work station cubicles, a lobby and a conference room. There will also be outdoor space for use as an open work/training area.

**National Objective:** The CDBG national objective that will be met by the above eligible activities will be aid in the prevention of slum or blight on an area basis,

**Guaranteed Loan Features:**

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

*Repayment Source:* The City's repayment source for the Section 108 guaranteed loan is payments from the developer.

*Additional Security:* Additional security for the Section 108 guaranteed loan is an assignment of the City's interest in its third party loan to the developer, which is secured by a first deed of trust on real property comprising the Hollywood Beautification Team Corporate Headquarters.

**For Additional Information:**

**Unveiled: Los Angeles Beautification Team Celebrates New HQ**

<http://patch.com/california/hollywood/los-angeles-beautification-team-celebrates-new-hq>

**Street and Public Improvements – Pharr, TX**  
**Section 108 Loan Guarantee – \$5,600,000**

The City will use the Section 108 loan funds towards two separate public improvement projects including 1) \$2,050,000 of the Section 108 funds towards the widening and reconstruction of West Hall access road, complete with sidewalks and school crossings in the Las Milpas neighborhood, a colonias area and 2) \$3,550,000 towards the development of a municipal swimming pool. The City will partner with the Pharr San-Juan Alamo School District, which will lease its property to the City for the construction of the park and swimming pool. The swimming pool will be available to the swim teams within the school district, as well as for public use for the City's residents during non-school hours.

**National Objective:** The CDBG national objective met by, both, the street improvements and the swimming pool is benefit to low- and moderate-income persons through area benefit.

**Guaranteed Loan Features:**

*Term:* The County will repay its Section 108 guaranteed loan over a 20-year term.

*Repayment Source:* The City will use its annual CDBG allocation to service the Section 108 debt.

*Additional Security:* The City has pledged a first lien on municipal real property,

**Hospice Home Project – Rockland County, NY**  
**Section 108 Loan Guarantee – \$500,000**

The County's project consists of the construction of a 10-room Hospice Home for terminally ill persons. The Home will consist of approximately 10,000 square feet and is situated on an 11-acre site. It is anticipated that

the Home will provide care to 70 to 93 patients a year, including a residential environment along with hospice comfort-oriented care and services.

**National Objective:** The project will meet the CDBG national objective of benefit to low- and moderate-income persons through limited clientele activities.

**Guaranteed Loan Features:**

*Term:* The County will repay its Section 108 guaranteed loan over a 20-year term.

*Repayment Source:* The County will use CDBG funds to pay the Section 108 debt service.

*Additional Security:* The additional security will be a first lien on the Hospice Home.

## **Senior Center – Salem, MA**

### **Section 108 Loan Guarantee – \$4,994,000**

The City will use the Section 108 financing to assist in the development of a senior center. The developer of the center has acquired a 5.14-acre site that will consist of two parcels, on one of which the developer will construct a multi-use, multi-story building. The developer will then sell the ground floor condominium that will house its new 20,000 square foot senior center facility (the "Facility") to the City. The City will own and operate the facility, which will allow for the consolidation of the City's existing senior services into one central and accessible location.

**National Objective:** The CDBG national objective to be met is benefit to low- and moderate-income persons through a limited clientele activity. The facility will provide services to elderly persons, which a population that is presumed to be low- to moderate-income under program regulations.

**Guaranteed Loan Features:**

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

*Repayment Source:* The City will use CDBG funds to pay the debt service on the Section 108 obligation.

*Additional Security:* The City will pledge a first lien on the facility. The City will also utilize property tax revenues from the structure's commercial uses to replenish the City's CDBG allocation that will be used towards servicing the Section 108 debt.

## **Buena Vista/Railroad Avenue Neighborhood Improvement – Santee, CA**

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

The City of Santee will use Section 108 guaranteed financing to make infrastructure improvements, including the construction of sidewalks and ADA-compliant pedestrian ramps and rehabilitate streets and storm drains in a primarily residential area. The City will also install an underground conduit for street light installation.

**National Objective:** The CDBG national objective met by the eligible activity is benefit to low- and moderate-income persons which requires the activity to take place in a primarily residential area containing at least 51% low- and moderate-income persons. This project area is coterminous with a census tract composed of 53.9% low- and moderate-income persons

**Guaranteed Loan Features:**

Term: The City will repay its Section 108 guaranteed loan over a 10-year term.

Repayment Source: The City will use CDBG funds to pay the debt service on the Section 108 obligation.

Additional Security: The City will establish a segregated debt service reserve of \$1,750,000, which is 125% of the loan amount, from its general reserve fund.