

## Section 108 Loan Guarantee Program Project Summaries – Fiscal Year 2010

In the fiscal year 2010, the U.S. Department of Housing and Urban Development (HUD) approved **\$165,880,000** 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 \$450,000 to assist with a mixed-use housing and commercial development project in Springfield, Oregon, to a \$30,000,000 loan to assist the Kodak Theater in Los Angeles, California.

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 2010 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

## Vineland Retail and Medical Office – Los Angeles, CA

### Section 108 Loan Guarantee – \$7,120,000

The City of Los Angeles will lend Section 108 guaranteed loan financing to the developer Valenzuela Properties LLC to develop a mixed-use retail and medical office building on four parcels of land located at 7634 North Vineland Avenue in Los Angeles. Valenzuela Properties LLC will construct 11,000 square feet of retail on the first floor, 11,000 square feet of medical office space on the second floor, and 66 on-surface parking stalls.

#### **National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through area benefit activities.

#### **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 three years of the loan.

*Repayment Source:* The primary source of repayment will be revenue from operating income from the project.

*Additional Security:* The City will pledge its annual CDBG allocations. Additionally, it will secure the loan with a first deed of trust during construction on all real and personal assets comprising the project, including assignment of leases and lease income. The first deed of trust may be subordinated to permanent financing.

## Pico Houser Retail – Los Angeles, CA

### Section 108 Loan Guarantee – \$4,781,000

The City of Los Angeles will lend the Section 108 Guaranteed Loan proceeds to assist in the demolition of two buildings and the development of a two-story building with 12,827 square feet of leasable space and 35 parking spaces in the Mid-City Recovery Redevelopment Project Area. The Project will have between five and eight leasable retail pads and is expected to attract national retailers such as Subway and Coffee Bean, as well as local businesses.

#### **National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 65 full-time equivalent (FTE) jobs.

#### **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 lease revenue from the project.

Additional Security: The City will pledge its annual CDBG allocations and the interest from its loan to the for-profit investment fund. At the conclusion of the New Markets Tax Credit (NMTC) seven-year compliance period, the developer's loan, secured by a first lien, will be assigned to the City.

**For Additional Information:**

**Groundbreaking for the New Wilshire Vista Plaza:**

<http://lasentinel.net/groundbreaking-for-the-new-wilshire-vista-plaza.html>  
<http://lasentinel.net/groundbreaking-for-the-new-wilshire-vista-plaza.html>

## **The Kodak Theater – Los Angeles, CA**

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



The City of Los Angeles will lend the Section 108 guaranteed loan proceeds to Theatre Dreams LA/CHI, LP to finance capital improvements on the existing Kodak Theater at the Hollywood & Highland Center (H&H Center) located at 6801 Hollywood Boulevard. The guaranteed loan will be used to finance the project's equipment acquisition and installation costs, a debt service reserve, and other eligible related costs. The H&H Center, a primary tourist destination, is an urban multi-purpose complex that offers retail, dining, hotel, entertainment, and parking. It is conveniently located in the center of Hollywood Boulevard and is adjacent to a Metro Rail subway station. The project is being undertaken to accommodate Cirque Du Soleil live

entertainment shows, which are a dramatic mix of circus arts and street entertainment. Cirque Du Soleil presence should increase foot traffic significantly at the H&H Center, which will ultimately lead to job creation.

Creation Meandres Inc., the owner of Cirque, and CIM/H&H Retail, the owner of the H&H Center, have entered into a performance agreement that they subsequently assigned to the project developer, Theatre Dreams LA/CHI, LP. The performance agreement dictates the terms of the Cirque Du Soleil live performances scheduled to begin in 2011 and continue for ten consecutive years. The Developer will make the necessary capital improvements to the Kodak Theater to accommodate the production of the highly acrobatic Cirque shows.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 858 FTE jobs.

**Guaranteed Loan Features:**

*Term:* The City will repay the Section 108 loan over a 12-year term, with interest-only payments during the first two years of the loan.

*Repayment Source:* The primary source of repayment will be performance-generated revenues from the project.

*Additional Security:* The City will pledge its annual CDBG allocations and a second deed of trust on all real assets comprising the H&H Center property. Additionally, the developer will pledge the “Cirque Du Soleil in the Kodak Theatre” performance net operating income as required by the performance agreement.

**For Additional Information:**

L.A. approves \$30M loan to bring Cirque du Soleil to Kodak Theatre:

<http://www.dailynews.com/article/ZZ/20090804/NEWS/908049911>

**Community Development Business Loan Program – Pomona, CA**  
**Section 108 Loan Guarantee – \$1,000,000**

The City of Pomona will use the Section 108 guaranteed loan to establish a Community Development Business Loan Program (CDBLG). The CDBLG will make individual loans to for-profit businesses within the City to assist them in carrying out economic development projects. These loans will finance working capital, inventory, land acquisition, new construction or renovations, machinery and equipment, and leasehold improvements.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The CDBLG economic development activities stimulated by the loans are expected to create at least 160 FTE jobs.

**Guaranteed Loan Features:**

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

*Repayment Source:* The primary source of repayment will be revenue from project-generated income.

*Additional Security:* The City will pledge its annual CDBG allocations and its interest in the third party loans secured by liens on real estate, machinery and equipment, receivables, inventories, and in some cases, personal guarantees.

**The Hartford Hilton – Hartford, CT**  
**Section 108 Loan Guarantee – \$7,000,000**



The City of Hartford will lend the Section 108 guaranteed loan proceeds to a developer, 315 Trumbull Street Associates, LLC, in order to satisfy the mortgage debt on the Hartford Hilton. This assistance will prevent the closing of the Hilton and the subsequent loss of 145 jobs. The Hartford Hilton is a full-service hotel featuring 393 guestrooms and suites, 15,000 square feet of meeting space, a tavern and a restaurant in downtown Hartford. The hotel, which is owned and operated by 315 Trumbull Street Associates, LLC, experienced multi-year losses that have threatened its continuity. Refinancing the mortgage on the hotel, as held by GE Business Financial Servicer, negotiating concessions with the hotel's labor union, and property tax abatements granted by the City will enable the

developer to continue operating the Hilton.

The City currently owns and leases the land on which the Hilton is located to the developer. Beginning July 1, 2011, the City will own not only the land but also the Hilton (excluding furniture, fixtures and equipment). It will lease the hotel to the developer through June 30, 2022, after which date ownership will revert to the current ownership status.

**National Objective:**

The CDBG national objective met by this project is benefit to low- and moderate-income persons through job retention. By keeping the hotel in operation, 145 jobs will be retained in Hartford.

**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 four years of the loan.

*Repayment Source:* The primary source of repayment will be revenue from lease and loan payments from the developer.

*Additional Security:* The City will pledge its annual CDBG allocations and the assignment of the City's interest in the first leasehold mortgage on the Hilton.

**For Additional Information:**

**Deal By Owners, City, Union Could Save Hartford Hilton:**

[http://articles.courant.com/2010-03-03/business/hc-hiltonhotel-hartford-rescue.artmar03\\_1\\_waterford-group-392-room-hotel-city](http://articles.courant.com/2010-03-03/business/hc-hiltonhotel-hartford-rescue.artmar03_1_waterford-group-392-room-hotel-city)[http://articles.courant.com/2010-03-03/business/hc-hiltonhotel-hartford-rescue.artmar03\\_1\\_waterford-group-392-room-hotel-city](http://articles.courant.com/2010-03-03/business/hc-hiltonhotel-hartford-rescue.artmar03_1_waterford-group-392-room-hotel-city)

**Economic and Community Development Loan Fund – Norwalk, CT**  
**Section 108 Loan Guarantee – \$2,850,000**

The Norwalk Redevelopment Authority will use the Section 108 guaranteed loan to create an Economic and Community Development Loan Fund. The loan fund will lend to projects that are expected to have positive economic and community development benefits within the City's five Urban Renewal Areas. The Redevelopment Authority, on behalf of the City, will re-lend the Section 108 Guaranteed Loan proceeds to the various projects. It will make both real estate and business loans ranging from \$300,000 to \$400,000. Real estate loans will primarily be used to acquire strategic sites within the redevelopment area. Business loans will be made available to businesses located within the designated urban renewal areas.

**National Objective:**

The CDBG national objective met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 57 FTE jobs.

**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 three years of the loan.

*Repayment Source:* The primary source of repayment will be the fund borrowers' debt service payments.

*Additional Security:* The City will pledge its annual CDBG allocations and the assignment of its interest in the fund loans.

**Economic Development Loan Fund – Palm Beach County, FL**  
**Section 108 Loan Guarantee – \$2,824,000**

Palm Beach County will use the Section 108 Guaranteed Loan funds to create an economic development loan fund to assist existing businesses and bring new business development to the City of Pahokee, a municipality within Palm Beach County. The fund will lend to businesses operating within the boundaries of the Downtown Revitalization Project. Loans will be made for real estate acquisition, demolition and remediation, site preparedness, new commercial construction and tenant improvements, debt refinancing, and working capital.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons

through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The economic development activities stimulated by the fund loans are expected to create at least 130 FTE jobs.

**Guaranteed Loan Features:**

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

*Repayment Source:* The primary source of repayment will be business loan repayments to the fund.

*Additional Security:* The County will pledge its annual CDBG allocations and the assignment of its interest in the fund loans. The fund loans will be securitized by second lien mortgages, personal and/or corporate guarantees, equipment, accounts receivable and/or inventory.

**For Additional Information:**

**Palm Beach County Section 108 Loan Program:**

<http://www.pbcgov.com/des/programs/Local/108Loan.htm>

## **Prairie Street Brew House Restoration – Rockford, IL**

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



The City will use the Section 108 guaranteed loan funds to restore the historic brew house building as part of the City’s revitalization of the east bank of the Rockford riverfront area. The building is located in the East River Redevelopment Project Area tax increment financing (TIF) district and is an NMTC project. The restoration includes a mixed-use development featuring restaurant/banquet facilities, commercial and retail space, as well as loft-style residential condominiums. The Section 108 guaranteed loan proceeds will be targeted to assist the commercial portion of the building restoration.

**National Objective:**

The CDBG national objective met by this project is benefit to low- and moderate-income persons through job creation and activities to address slums or blight on a spot basis. The economic development activities stimulated by the project are expected to create 47 FTE jobs, 60% of which 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, with interest-only payments during the first three years of the loan.

*Repayment Source:* The primary source of repayment will be revenue from the East River Redevelopment Project Area TIF, with additional repayment coming from proceeds from the future sales of condominiums units.

*Additional Security:* The City will pledge its annual CDBG allocations and its interest in the third-party loan to the investment fund.

## **Lynn Waterfront Development Loan Fund – Lynn, MA**

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

The City will lend the Section 108 guaranteed loan to create the Lynn Waterfront Development Loan Fund. This fund will be used to provide financial assistance to businesses and non-profits. The City is redeveloping a 305-acre section of the Lynn waterfront adjacent to the city harbor. It will be a diverse mix of residential, commercial/retail, hotel, office, and light industry, marina, and community open space. The fund will provide financing for acquisition, equipment purchases, and working capital. In addition, the fund will be used for land assembly and site improvements to redevelop the waterfront property.

#### **National Objective:**

The CDBG national objectives to be met by this project are benefit to low- and moderate-income persons through job creation and activities to address slums or blight on an area basis. The redevelopment activities are expected to create 150 FTE jobs. The Lynn Waterfront Master Plan designates blighted areas of the City needing improvement and investment. The project site has a poverty level of more than 20 percent and a population that is more than 75 percent low- to moderate-income.

#### **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 three years of the loan.

*Repayment Source:* The primary source of repayment will be from business and non-profit repayments to the loan fund.

*Additional Security:* The City will pledge its annual CDBG allocations and assign its interest in the fund loans, secured by liens on real property, equipment or accounts receivables. Additionally, the City will provide HUD with a lien on real property for City projects.

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

**Waterfront Plan:** [http://www.cityoflynnoecd.net/community\\_waterfront.shtml](http://www.cityoflynnoecd.net/community_waterfront.shtml)

## **PharmaSphere, LLC – Worcester, MA**

### **Section 108 Loan Guarantee – \$2,500,000**

The City will lend the Section 108 guaranteed loan to PharmaSphere, LLC for the purchase of equipment necessary in cultivating medicinal plants. PharmaSphere will redevelop a vacant, eight-acre brownfield site located at 49 Canterbury Street in the South Worcester Industrial Park and construct and equip a 50,000 square foot bioprocessing facility. This facility is expected to create jobs, expand the tax base, and serve as a catalyst for revitalization of the area.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 58 FTE jobs.

**Guaranteed Loan Features:**

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

*Repayment Source:* The primary source of repayment will be from PharmaSphere’s debt service payments.

*Additional Security:* The City will pledge its annual CDBG allocations and its interest in a first lien on the equipment and a second lien on the real estate, other equipment, and second lien assignment of all contract rights.

**For Additional Information:**

**Biotech facility gets \$\$:** <http://www.telegram.com/article/20090730/NEWS/907300710>

**TechTown – Wayne County, MI**  
**Section 108 Loan Guarantee – \$2,100,000**



The County will use the Section 108 guaranteed loan funds for renovation and retrofitting of the fourth and fifth floors of Tech I, a building within TechTown. TechTown is a research and development park located on a 12-block site in Detroit’s new Center Area. It includes three buildings – Tech I, Tech II, and Tech III – that are owned by the developer, Wayne State University Research and Technology Park. The Park was designed to stimulate job growth and small business creation by serving as an incubator for small start-up companies in the emerging high-technology industries. At the time of application, Tech I housed 70 businesses, 30 of which are high-tech start-up companies, and had a waiting list for business tenants.

**National Objective:**

The CDBG national objective met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 300 FTE jobs.

**Guaranteed Loan Features:**

*Term:* The County will repay the Section 108 loan over a 15-year term, with interest-only payments during the first year of the loan.

*Additional Security:* The County will pledge its annual CDBG allocations and a guaranty by Wayne State University.

## **Rockwood Multi-Service Center – Gresham, OR**

### **Section 108 Loan Guarantee – \$1,373,000**



The City will lend the Section 108 guaranteed loan funds to Human Solutions, Inc., a non-profit Community Development Corporation, which will construct a facility to serve eight social service agencies. The facility will serve the Rockwood neighborhood of Gresham, which is characterized by a significant immigrant and low-income population. The facility will be approximately 75,500 square feet and will include a shared reception, meeting, dining, kitchen, and restroom areas. The facility will provide services to include, but are not limited to,

homelessness prevention, rent and utility assistance, workforce training and employment services, Head Start classrooms, outpatient medical, and referral and mental health services.

#### **National Objective:**

The CDBG national objective to be met by this project is benefit to low-and moderate-income persons on an area basis, where at least 51% of the residents are low-and moderate-income persons. According to the service area and census data map provided by the City, the project is located in a primarily residential area where at least 70% of the residents are low-to moderate- income persons.

#### **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 seven years of the loan.

*Repayment Source:* The primary source of repayment will lease revenues.

*Additional Security:* The City will pledge its annual CDBG allocations and a lien on the real property on which the facility will be constructed.

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

**The Rockwood Building:** <http://www.housingdevelopmentcenter.org/our-work/buildings/rockwood-building/>

## **Coatesville Revitalization – Chester County, PA**

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

The County, using the Chester County Industrial Development Authority (IDA) as the designated public agency, will lend the Section 108 guaranteed loan proceeds to fund part of the redevelopment of a 46-acre

site. The existing site targeted for redevelopment currently holds a former trucking facility and gasoline station and is surrounded by a solid waste landfill that was abandoned in 1978.

The IDA will lend the guaranteed loan funds to a developer, the Oliver Tyrone Pulver Corporation, for the construction of a 125-room Marriott Hotel during Phase I of the redevelopment. When the hotel is completed, the developer will construct a four-story, 9,000 square foot office building that will be managed by Waterford Group, LLC of Waterford, Connecticut. The property will remain under the ownership of the City of Coatesville Redevelopment Authority. The Redevelopment Authority will convey all air rights of the property to the Oliver Tyrone Pulver Corporation for a one-time fee in lieu of payment.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The hotel is estimated to create 143 FTE jobs.

**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 three years of the loan.

*Additional Security:* The County will pledge its interest in a mortgage on the Hotel and Office Building. Additionally, the City of Coatesville is pledging \$1,500,000 from the Coatesville Tax Increment Financing District.

**Studio Center – Montgomery County, PA and Norristown, PA  
Section 108 Loan Guarantee – \$15,000,000**



The Montgomery County Redevelopment Authority (RDA), in conjunction with the Municipality of Norristown, will assist with Phase I of the Studio Center Project. The project is a redevelopment of a 25-acre former Logan Square Shopping Center site, located within the Municipality of Norristown’s State-designated Enterprise Zone.

For Phase I of the project, the developer will substantially renovate the vacant 191,000 square foot Sears Building into a 214,000 square foot structure, demolish an existing parking garage, construct a new 545-space parking garage, and provide site and infrastructure improvements. The developer has already lined up USM,

Inc. as a tenant for 103,000 square feet of LEED-silver office space, pursuant to a recently-executed 10-year lease. USM, Inc. has an option for an additional 30,000 square feet for future expansion. The developer is currently marketing an additional 112,000 square feet of leasing space that will come online as part of the Sears Condo. The Section 108 Guaranteed Loan proceeds and BEDI grant funds will be provided to a developer to fund the Sears Condo portion of the project.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 532 FTE jobs.

**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 seven years of the loan, according to the NMTC financing structure.

*Repayment Source:* The primary source of repayment will be from Sears Condo leasing revenues repaid from the developer.

*Additional Security:* The County will pledge its interest in third-party loans and provide a personal guarantee from the developer.

**For Additional Information:**

**Norristown approves HUD loan for Studio Centre:**

<http://www.timesherald.com/article/JR/20100216/NEWS01/302169972>

## **Providence Economic Development Partnership Revolving Loan Fund – Providence, RI**

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

The City of Providence will recapitalize its existing revolving loan fund, which has issued loans to 59 different small businesses within the past seven years. The loan fund will target its assistance to small businesses of 100 employees or less throughout the City and feature three different loan funds: (1) a revolving loan fund for loans of up to \$125,000; (2) the Innovative Start-Up Fund, which will comprise deferred loans of up to \$5,000 for start-ups in the technology and bio-medical sector; and (3) loans of up to \$20,000 for creative businesses and the City's arts community. Business borrowers can utilize the loan funds for acquisition of real property and equipment, site preparation activities, new commercial construction and tenant improvements, and for working capital.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 286 FTE jobs.

**Guaranteed Loan Features:**

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

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

Additional Security: The City will assign its interest in the business loans secured by mortgages on real property, personal and/or corporate guarantees, equipment, accounts receivable, and/or inventory.

## **Pyramid Redevelopment – Memphis, TN**

### **Section 108 Loan Guarantee – \$9,914,000**



The City of Memphis will lend Section 108 loan guarantee funds to the developer, Bass Pro Shops, Inc., for renovation of the Memphis Pyramid, a 21,000-seat facility that was once home to the City's professional basketball team. The redeveloped site will include the developer's 150,000 square foot retail store, a 335-room hotel, a 1,200-seat entertainment venue, three separate restaurants, a museum, and an aviary. The City, which currently owns the Pyramid, will enter into a 50+ year lease with the Bass Pro Shops before redevelopment begins.

The project, which sits on a site that has environmental contaminants (spills from petroleum products, insecticides, mold, and other hazardous materials), will also be supported by the construction of interior improvements (seismic upgrades, water cooling systems, et al) within the Pyramid, along with other ingress and egress improvements around the Pyramid.

#### **National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 566 FTE jobs.

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

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

Repayment Source: The primary source of repayment will be from project revenues from the developer.

Additional Security: The City will pledge its interest in the third-party loan, which will be secured by a first priority leasehold on the mortgaged property.

**For Additional Information:**

Lipscomb: HUD grant ‘bridge financing’ for Pyramid redevelopment:

<http://www.bizjournals.com/memphis/stories/2010/10/04/daily24.html?page=all>

## **Radford Renovation for Mixed-Use – Radford, VA**

### **Section 108 Loan Guarantee – \$633,000**

The City of Radford will lend the Section 108 guaranteed loan funds to a for-profit developer for the historic renovation of the former Radford Fitness Center Building into a two-story mixed-use building with commercial space on the first floor and eight low- and moderate-income affordable rental apartments on the second floor. The renovation will create approximately 6,500 square feet of leasable commercial area on the first floor and 5,100 square feet of rental space on the second floor. The building, located in the east end historical district, was purchased in 2001 and has remained vacant. The building contains approximately 11,600 square feet and is currently in a deteriorated condition. The developer has acquired an option on the property from the current owners. Of the requested \$633,000 amount, \$208,000 is for the commercial component of the development while the balance of \$425,000 is allocated to the housing component.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low-to moderate-income persons through the provision of improved residential structures. At least 51% (five of the eight) of the rental units will be occupied by low- and moderate-income households. Also, the provision of a loan to a for-profit business to carry out an economic development activity will create new jobs, at least 51% of which 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.

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

*Additional Security:* The City will pledge its full faith and credit.

## **Moran Center – Burlington, VT**

### **Section 108 Loan Guarantee – \$2,091,000**



The City of Burlington will use the Section 108 Guaranteed Loan to assist with redeveloping the former Moran Plant and surrounding areas into the Moran Center, which will provide free and fee-based educational and recreational services to residents and visitors. The City currently owns the site; however, to comply with NMTC requirements, the site will be conveyed to the Moran Plant Development Corporation. The site is vacant and is located both within a HUD-designated Renewal Community and a HUD-approved Neighborhood Revitalization

Strategy Area. Once completed, space will be leased to the following three tenants:

- 1) Lake Champlain Community Sailing Center (non-profit) – provides sailing camps to at-risk and physically-challenged youth. In addition, it provides adult instruction, non-motorized boat rental, and boat storage;
- 2) Ice Factor (for-profit) – an adventure center with indoor ice and rock climbing, play area for children, a café and restaurant, and outdoor seasonal ice skating rink; and
- 3) Lake Champlain Maritime Museum – will develop a satellite center called the Shipwreck Center, which will include theater space and interactive exhibits, including recovered artifacts and full-sized replica vessels.

In addition, the development of the Moran Center will include year-round public access to an observation deck overlooking the lake, public rest rooms, a skateboard park, renovated bike trail, and new public park space.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 80 FTE jobs.

**Guaranteed Loan Features:**

*Term:* The City will repay the Section 108 loan over a 15-year term, with interest-only payments during the first nine years.

*Repayment Source:* The primary source of repayment will be revenues from the existing TIF district.

*Additional Security:* The City will pledge its interest in revenues from the TIF district.

**For Additional Information:**

**Moran Center, Burlington, Vermont: A U.S. EPA Brownfields Sustainability Pilot:**

<http://www.uic.edu/orgs/brownfields/research-results/documents/MoranCenter.pdf>

## **Westbury, Inc. – Kitsap County, WA**

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

The County will lend the proceeds of the Section 108 guaranteed loan to Westbury, Inc. to establish a manufacturing facility in unincorporated Kitsap County. Westbury, Inc. has optioned an existing light industrial building in Twelve Trees Business Park, approximately three miles north of Poulsbo, WA. The company intends to create 100 FTE jobs within 24 months of commencing operations. A majority of the jobs will be for assembly and material handling, which will require on-the-job training but no special skills or higher education degrees.

Formed in 2004, Westbury Inc. holds worldwide patents on security and safety barrier systems, which are otherwise known as Passenger Inhibitor Guides. The Passenger Inhibitor Guide was developed for the outdoor market, principally for airports. The company's first 300 prototype units were purchased by

airport authorities, airline companies, and air service providers. Secondary outdoor market segments include stadiums, theme parks, and oil and gas installations. Worldwide market launch potential is estimated at \$1.5 billion.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through job creation, where at least 51% of new jobs created will be held by or made available to low- and moderate-income persons. The project is estimated to create 100 FTE jobs.

**Guaranteed Loan Features:**

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

*Repayment Source:* The primary source of repayment will be revenues from revenue generated by product sales by Westbury.

*Additional Security:* The County will establish a debt service reserve in an amount equal to one full year's repayment obligation that will be maintained until the loan is fully repaid. Additionally, the County will assign its interest in a first lien position on worldwide patents being valued and expected to exceed \$8 million, a first lien position on inventory, machinery and equipment valued at approximately \$2 million, and a corporate guarantee.

**For Additional Information:**

**Loan Could be Key to Bringing Manufacturer:**

<http://www.kitsapsun.com/news/local/357935701.html?d=mobile>

# Housing Projects

## **NEDCO Mixed-Use Building – Springfield, OR**

### **Section 108 Loan Guarantee – \$450,000**

The City of Springfield will lend the proceeds of the Section 108 guaranteed loan to the Neighborhood Economic Development Corporation (NEDCO), through a subrecipient agreement, to acquire a historic, mixed-use building located on Main Street in downtown Springfield. Originally built in 1911 as a theater, the building currently consists of vacant ground floor space and four occupied affordable housing units on the second floor. NEDCO plans to lease the front half of the ground floor space to small, locally-owned businesses as commercial space. The rear portion of the ground floor will be used as classrooms and office space for NEDCO to conduct homeowner education, housing counseling, and financial literacy classes primarily for low- and moderate-income persons. The four residential units on the second floor will be maintained as permanent, affordable rental housing with the current tenants remaining in their units. The project will address several community objectives for the City, including maintaining affordable housing units and filling longstanding vacant storefront space in the downtown core. The variety of classes being taught by NEDCO is also expected to bring people downtown on weekends and in the evenings.

#### **National Objective:**

The CDBG national objective met by this project is benefit to low-to moderate-income persons through providing housing, creating jobs, and providing services for a limited clientele.

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

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

*Repayment Source:* The source of repayment will be payments made by the developer from lease revenues.

*Additional Security:* The City will pledge a first lien position on the real property. In addition, the City will agree 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.

## **Addington Ridge and Kirkwood Crossing Affordable Housing Developments – High Point, NC\***

### **Section 108 Loan Guarantee – \$3,907,000**

The City proposes to use guaranteed loan funds for acquisition and improvement of property in support of two affordable multi-family housing developments by a for-profit developer. Wynnefield Properties, the developer, is an experienced affordable developer in High Point and has proposed to build a 58-unit building and an 84-unit building for families with a maximum of 60% of the area median income (AMI). The housing developments will support a high demand for affordable housing for low-income residents in the High Point area.

The developer received Low Income Housing Tax Credit allocations from the North Carolina Housing Finance Agency. The City will undertake Phase 1 by acquiring and preparing the project sites and making public improvements on the sites. The City will then convey the sites to the developer, which will build the housing.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through providing housing.

**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 rental revenues.

*Additional Security:* The City will pledge first lien positions on the property, a budget appropriation commitment, and/or a construction guarantee from the developer.

**LINKS:**

**Wynnefield Properties plans \$7 million apartment project:**

<http://www.bizjournals.com/triad/blog/2014/01/wynnefield-properties-plans-7m.html>

\*The described projects are amendments to the City’s originally approved project.

**Lebanon Blueprint Initiative – Lebanon, PA**  
**Section 108 Loan Guarantee – \$1,000,000**

The City will use the Section 108 guaranteed loan proceeds in three components of the Blueprint Communities Program (BCP): Rental Rehabilitation Loan Program, Façade Improvement Loan Program, and Homeownership Reinvestment Program. The BCP serves as a catalyst to revitalize older communities by supporting community development through a collaborative, capacity-building approach involving bankers, developers, community representatives, and local elected officials. It is sponsored by the Pittsburgh Federal Home Loan Bank and administered by the Redevelopment Authority of the County of Lebanon. The City will use the loan proceeds in the three components of the BCP, targeting the City’s Northwest neighborhood area that has a low- and moderate-income population in excess of 70 percent.

**National Objective:**

The CDBG national objective to be met by this project is benefit to low- and moderate-income persons through providing housing.

**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 revenue from the BCP.

Additional Security: The City will pledge its interest in the BCP loans and its future CDBG allocations.

## **Urban Center Mixed-Use – Carolina, PR**

### **Section 108 Loan Guarantee – \$6,100,000**

The Municipality will use the \$6,100,000 Section 108 guaranteed loan proceeds with \$1,424,009 in reallocated Section 108 funds from a prior commitment issued in 2000. The combined loan proceeds will be used to complete the acquisition of 22 parcels of land, which will constitute Phase I of the Municipality’s Urban Revitalization Program. The goal of the Urban Revitalization Program, which began in 1987, is to revitalize the Municipality’s urban center and its immediate surrounding areas. The urban center has seen dramatic changes over the years, resulting in loss of businesses and an increased demand for affordable housing. The Urban Revitalization Program has been conceptualized to return planned, balanced, attractive, and economically feasible uses to the urban center such as new housing developments, retail, recreation, multimodal transportation center, and cultural and tourist attractions.

Phase I of the project will consist of acquiring both vacant and occupied residential and commercial properties in a targeted area. The existing buildings will be those that are extremely outdated, deteriorated or obsolete. In Phase 2, demolition of the existing buildings on these parcels will occur to make way for the construction of eight new three- to five-story mixed-use buildings. The construction of the new buildings will constitute Phase 3 of the project. Each of the new buildings will include a commercial area on the first floor and three-bedroom residential units on the remaining floors. The entire 23,500 square feet in commercial space will be offered to businesses that can provide essential everyday services to the residents of the buildings.

#### **National Objective:**

The CDBG national objective to be met by this project is benefit to low-to moderate-income persons through housing and through an area benefit. The project will create a total of 109 new, for-sale residential units for low-income families and will be located in two census tracts that are 91.5% and 65.9% low- and moderate-income residents, respectively.

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

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

Repayment Source: The source of repayment will be the Municipality’s annual CDBG allocation.

Additional Security: The Municipality will pledge a first position lien on real property.

# Public Facilities & Improvement Projects

## Allen-Jemison Building Rehabilitation – Tuscaloosa, AL

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

The City will renovate and convert the Allen-Jemison Building into the Dinah Washington Cultural Arts Center. The City will then sub-lease the center to non-profit entities, which may include the Arts Council, The Tuscaloosa Children’s Theatre, the Alabama Blues Project, and the Tuscaloosa Community Dancers. These tenants will be charged below market rate rents that the City will use to maintain the building. The second through fourth floors will be developed at a later time. The building is significantly deteriorated and the City will use the Section 108 Guaranteed Loan proceeds to stabilize and renovate the building to comply with health and safety codes.

#### **National Objective:**

The CDBG national objective to be met by this activity is elimination of slums and/or blight on a spot basis.

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

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

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

*Additional Security:* The City will pledge its full faith and credit.

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

**Loan clears way for restoration, new arts center:**

<http://www.tuscaloosaneews.com/article/20100616/news/100619733>

## Public Facilities – Anaheim, CA

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

The City, in partnership with the Anaheim Redevelopment Agency (ARA), will use the Section 108 guaranteed loan to finance the following four projects: 1) Miraloma Park and Community Center; 2) Thornton Brady Storm Drain Facility; 3) Anaheim Family Justice Center; and 4) renovation of the former Packinghouse. The City will directly carry out the Miraloma Park and Community Center, Thornton Brady Storm Drain Facility, and Anaheim Family Justice Center projects. The ARA, through a subrecipient agreement, will carry out the Packinghouse project.

#### **Miraloma Park and Community Center (\$2,000,000)**

The City will finance the acquisition of a one-acre site with an existing 3,400 square foot building for the development of a neighborhood park and community center. The park will include playground equipment, picnic tables and grills, and landscaping. In addition, the existing building will be converted

into a community center and may include the following amenities: basketball/volleyball courts, multi-purpose rooms, classrooms, an exercise room, a computer lab, offices, and restrooms. The project is located in the Park Lane neighborhood and is meant to serve the community within a half-mile radius, of which 91% of the residents are low- and moderate-income persons.

*Thornton Brady Storm Drain Facility (\$3,200,000)*

The City will finance the construction of a new storm drain system in the Thornton Brady neighborhood. The new drainage system will replace the existing surface flow system with a new underground system.

*Anaheim Family Justice Center Project (\$4,600,000)*

The City will acquire a 1.6-acre site with an existing 18,240 square foot building, which is used for the Anaheim Family Justice Center. The site is located at 150 West Vermont Avenue. The Center provides a variety of services, such as counseling, legal aid, emergency housing assistance, childcare, and transportation to battered spouses, elderly persons, and abused children. The City currently leases the building with an option to purchase and will use the Section 108 Guaranteed Loan to exercise its purchase option under the terms of the existing lease/purchase agreement.

*Historic Renovation of Former Packinghouse (\$5,200,000)*

The City will transfer the Section 108 funds, through a subrecipient agreement, to the Anaheim Redevelopment Agency (ARA), to finance historic preservation and rehabilitation of the former 42,000 square foot orange packing facility. In addition, the ARA will use a portion of the funds to assist with public infrastructure such as streets, sidewalks, curbs, and gutters. The facility is owned by the ARA and will be leased out for retail and restaurant use once completed.

**National Objective:**

The CDBG national objectives met by these activities are: benefit to low- to moderate-income persons on an area basis; through limited clientele activities, and elimination of slums and/or blight 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 funds from its annual CDBG allocation and property tax increments as the source of its repayment.

Additional Security: The City will assign a first lien on Miraloma Park, the Anaheim Family Justice Center, the Packinghouse property, and other City- and ARA-owned properties.

## **Joe Balderrama Recreation Center – Oceanside, CA**

### **Section 108 Loan Guarantee – \$6,400,000**

The City will use the Section 108 guaranteed loan for the demolition and total reconstruction of the 40-year-old Joe Balderrama Recreation Center. The three-acre Center currently consists of a separate 11,000 square foot recreation building and 4,000 square foot resource building along with park amenities such as ball courts, picnic tables, and a multi-use field. However, the Center's buildings are

old, limited in available space, have a blighted appearance, and do not promote ease of access from the sidewalks. A separate resource and recreation center currently demands cost-ineffective duplicate staffing. Additionally, the multi-use field has an outdated irrigation system that regularly floods the field, preventing optimal use. The reconstruction of this Center will positively contribute to ongoing efforts to lift the adjacent neighborhoods out of blight and criminal influence.

**National Objective:**

The CDBG national objective to be met by this 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 funds from its annual CDBG award as the source of its repayment.

*Additional Security:* The City will pledge a first lien on the land and building comprising the Center.

**For Additional Information:**

**Oceanside neighborhood to honor native son Joe Balderrama:**

<https://familysearch.org/photos/stories/7066881>

## **Senior Center – San Leandro, CA**

### **Section 108 Loan Guarantee – \$2,500,000**

The City will use the Section 108 guaranteed loan to complete the construction of a new 20,000 square foot senior center facility. The City has acquired the 0.85-acre parcel on which the project will be located, constructed 170 parking spaces, and developed sidewalks and other infrastructure improvements in support of the facility. 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. The facility will be located within one of the City’s major public transit and commercial corridors. Additionally, the facility will be adjacent to San Leandro Hospital, which will work with the City for coordination of the facility’s senior programs and activities.

**National Objective:**

The CDBG national objective met by this activity is benefit to low- and moderate-income persons through limited clientele activities. The facility will provide services to elderly persons, 51% of whom are low- and moderate-income.

**Guaranteed Loan Features:**

*Term:* The City will repay the Section 108 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 a first lien on the facility. In addition, the community 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.

## **Factory H Brownfield – Meriden, CT**

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

The City is requesting a Section 108 guaranteed loan to fund the demolition of abandoned structures on a seven-acre Factory H Brownfield site as a precursor to the installation of flood control infrastructure and creation of an open/green space public facility. The blighted buildings are known to be contaminated with both lead and asbestos. After demolition is complete, the City will create flood control infrastructure to prevent future flooding in low- and moderate-income neighborhoods surrounding Factory H. The plan is designed to improve the immediate area from one that can currently only contain water from a 25-year storm to one that can contain water from a 100-year storm.

#### **National Objective:**

The CDBG national objective to be met by this activity is benefit to low- to moderate-income persons on an area basis. The City estimates that 61% of the residents in the surrounding neighborhoods are low- to moderate- income.

#### **Guarantee Loan Features:**

*Term:* The City will repay the Section 108 loan over a 15-year term.

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

*Additional Security:* The City will pledge its full faith and credit.

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

**Rell promises \$2 Million for Meriden Flood Control:** <http://patch.com/connecticut/meriden/rell-promises-2-million-for-meriden-flood-control>

## **Museum of Nature and Science – Las Cruces, NM**

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

The City is proposing to assist with the conversion of the former Rio Grande Bank into the new location for the Museum of Nature and Science. Section 108 Guaranteed Loan funds will be used for acquisition, rehabilitation, and public improvements. The project is located in the Metropolitan Redevelopment Area and meets the definition of slum and blight in accordance with New Mexico State law.

#### **National Objective:**

The CDBG national objective to be met by this activity is elimination of slums and/or blight on an area basis.

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

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

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

Additional Security: The City will pledge a first lien on the Museum. Additionally, the City will permit HUD to use existing pledged grants to repay the guaranteed obligation if HUD determines that the pledge of future CDBG is insufficient collateral.

**For Additional Information:**

**Bingaman Announced \$2 Million for Las Cruces Science Museum:**

<https://www.highbeam.com/doc/1G1-220660305.html>

## **Eugene Field Early Childhood Education Center – Tulsa, OK**

### **Section 108 Loan Guarantee – \$1,602,000**

The City, in collaboration with a developer, has constructed the Eugene Field Early Childhood Education Center. This Center is one of three early childhood education centers that were built in Tulsa for the start of the 2008-2009 school year. The Community Action Project of Tulsa County lent the developer \$2,640,000 from its limited reserves with an understanding that a part of the loan would be reimbursed by a successful Section 108 loan guarantee application. The developer is a non-profit network of coordinated early childhood educators through Tulsa neighborhood elementary schools.

**National Objective:**

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons through limited clientele activities, where at least 51% of the clientele to be benefited are low- and moderate-income. The City has demonstrated that at least 51% of clientele served are persons whose family income does not exceed the low- and moderate-income limit.

**Guaranteed Loan Features:**

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

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

Additional Security: The City will pledge a first lien position on Eugene Fields Early Childhood Education Center.

## **Delaware Terrace Community Recreation Building – Easton, PA**

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

The Housing Authority of the City of Easton will work with the City's Redevelopment Authority to use Section 108 guaranteed loan funds for the redevelopment of the Delaware Terrace Community Recreation Building. The redevelopment will increase the square footage of the Boys & Girls Club from 11,826 to 17,000 square feet – an increase of 5,174 square feet. The added space will also allow

for the addition and/or expansion of a cafeteria, game room, computer room, and multi-purpose room.

This project is to be completed as part of a larger HOPE VI redevelopment of the Delaware Terrace and Delaware Terrace Annex public housing development. Delaware Terrace and Delaware Terrace Annex is a public housing development constructed in 1953 in the Southside neighborhood of the City of Easton. In 2006, the Housing Authority of the City of Easton was awarded a \$20 million HOPE VI grant to revitalize the housing complex by demolishing the existing 250 housing units and replacing them with 96 new rental units and 48 homeownership units, for a total of 144 new housing units.

**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 service area of the Recreation Center is citywide and the City has a low-income population of 56%.

**Guaranteed Loan Features:**

*Term:* The City will repay the Section 108 loan over a 15-year term.

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

*Additional Security:* The City will pledge its full faith and credit.

## **Fairfax County Neighborhood Improvement – Fairfax, VA**

### **Section 108 Loan Guarantee – \$6,535,000**

Fairfax County will use the Section 108 guaranteed loan to reimburse the Fairfax County General Loan Fund for pre-award costs used to preserve five residential neighborhoods. The County’s goal is to continue to preserve the residential character of these older, lower-income neighborhoods by upgrading public facilities and improving the existing housing stock. The five primarily residential areas that were targeted for neighborhood improvements fit the criteria for the term “Conservation Area” per the Virginia State Code in that they are neighborhoods that have experienced blight and deterioration and are targeted for preservation and improvement. These five Fairfax County communities include Bailey’s, Fairhaven, Gum Springs, James Lee, and Jefferson Manor.

This Section 108 guaranteed loan is a continuation of a 1996 Section 108 guaranteed loan of \$9,300,000 for neighborhood improvements in the five listed areas. The County only drew down \$2,765,000 of Section 108 guaranteed funds for the project while spending County general funds for the remainder of the costs. The remainder amount of the original 1996 loan expired and so the County is now seeking a Section 108 loan guarantee for reimbursement of the general funds used for the approved Section 108 project.

**National Objective:**

The CDBG national objective to be met by this activity is benefit to low- and moderate-income persons on an area basis. Each of the five target areas served in this urban county contains less than 51% low- and moderate-income residents; however, the proportion of such persons in the areas is within the highest quartile of all areas in the County, in terms of the degree of concentration of such 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 three years.

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

Additional Security: The County will execute a pledge agreement to pay any cash flow deficiencies.