

Section 108 Loan Guarantee Program Project Summaries -Fiscal Year 2015

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

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

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

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Economic Development Projects

Sears Crosstown Multi-use Redevelopment – Memphis, TN Section 108 Loan Guarantee – \$4,000,000

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

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Crosstown Crossroads:

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

In Memphis, New Markets Tax Credits Spur Economic Development:

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

Lorenzo Hotel – Dallas, TX
Section 108 Loan Guarantee – \$11,000,000

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

Northland Hotel – Green Bay, WI

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Hotel Northland developers secure \$44M for renovation:

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

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

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

21C Museum Hotel – Oklahoma City, OK

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

21C Museum Hotels: Oklahoma City:

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

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

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

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

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

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

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

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

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

Underwriting:

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

Section 108 Loan Pool – St. Louis County, MO

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

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

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

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

Underwriting:

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

Business Loan Pool – Atlantic City, NJ
Section 108 Loan Guarantee – \$2,000,000

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

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

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

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

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

Underwriting:

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Atlantic County and Atlantic City to Offer Local Business Loans:

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

Business Loan Pool – Atlantic County, NJ

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

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

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

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

Underwriting:

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

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

Cliffbreakers Hotel Redevelopment – Rockford, IL
Section 108 Loan Guarantee – \$2,725,000

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

HUD Offering \$2.7M Loan to Help Cliffbreakers:

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

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Sperry's developers gets cash, deadline:

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

Port Huron building may get new life:

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

Globe Theater Redevelopment – Norwalk, CT

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

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

North Gate Commercial Center – Guam

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

Housing Projects

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Powell School developer awarded \$3.7 million HUD loan:

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

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

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

Seven Oaks Replacement Housing – Kansas City, MO

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

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Faxon Elementary School will be transformed into senior housing:

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

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

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

Public Facilities & Improvement Projects

Axis Community Health – Pleasanton, CA

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

Pleasanton: Ground broken on low-income clinic:

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

Senior Activity Center – St. Clair Shores, MI
Section 108 Loan Guarantee – \$1,760,000

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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

HUD approves \$1.76 million loan for senior center:

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

Health Department Building – Brevard County, FL

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

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

For Additional Information:

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

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

West Canaveral Groves Waterline – Brevard County, FL
Section 108 Loan Guarantee – \$1,648,000

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

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

For Additional Information:

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

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

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

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

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

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

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

National Objective:

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

Guaranteed Loan Features:

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

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

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

For Additional Information:

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

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