

Section 108 Loan Guarantee Program Project Summaries -Fiscal Year 2012

In the fiscal year 2012, the U.S. Department of Housing and Urban Development (HUD) approved **\$202,558,000** 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 \$200,000 for improvements to public infrastructure in Leominster, Massachusetts to \$39,000,000 for economic development loan pool in Indianapolis, Indiana.

The Section 108 Loan Guarantee Program provides states and local governments access to low-interest financing for a variety of projects, including affordable housing developments, public infrastructure improvements and facilities, and 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 2012 are described in the summaries provided below. These assisted projects are grouped into three (3) categories: *Economic Development*, *Housing*, and *Public Facilities and Improvements*.

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Economic Development Projects

Highland Square Grocery Store – Akron, OH

Section 108 Loan Guarantee – \$3,800,000

The City of Akron will be using the Section 108 financing to construct a new 12,400 square foot, two-story grocery store at the northeast corner of the intersection of West Market Street and Portage Path in the Highland Square neighborhood. Demand for the new grocery store is high, as there is not a comparable establishment within several miles of the area. Currently, residents of the surrounding area must drive extended distances to reach an establishment that sells fresh food.

Once the new Highland Square Grocery Store structure is complete, it will be leased and operated by the Mustard Seed Market, which was selected through the City’s Request for Proposal process. Mustard Seed Market is a locally owned grocery store chain that has been operating in the Akron area for over 30 years. The new grocery store will provide a full range of food services at reasonable prices and benefit the health and quality of life of area residents. The City also estimates this project will create approximately 10 full-time jobs.

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

Guaranteed Loan Features:

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

Repayment Source: Loan repayment will be from funds available from 1) lease payments from the Mustard Seed grocery store on the Highland Square West site, 2) lease payments from various retail businesses on the Highland Square East site, and 3) Tax Increment Financing revenues from a project-based TIF structure.

Additional Security: The City will pledge its interest in the third-party loan, secured by a first lien on real property and improvements, including an assignment of leases and rents.

For Additional Information:

Mustard Seed Market:

<http://www.mustardseedmarket.com/market/>

Plans for Highland Square grocery store taking shape:

<http://www.ohio.com/news/local/plans-for-highland-square-grocery-store-taking-shape-1.400783>

Recovery Zone & Rio Nuevo TIF District Loan Pool- Tucson, AZ

Section 108 Loan Guarantee Amount Requested. \$20,000,000

The City will use the Section 108 guaranteed loan to create a \$20 million Economic and Community Development Loan Pool program that will be targeted to projects expected to create jobs for low- and

moderate-income persons. Loans from the program will be targeted to projects with the following characteristics:

- Pedestrian and transit oriented urban design characteristics
- Located in the Rio Nuevo Tax Increment District
- Located within a a mile of the Modern Streetcar Alignment
- Located within a $\frac{1}{4}$ mile of other regional high capacity transit routes

The Program will also give priority to projects located in the City of Tucson Recovery Zone Area and prioritize projects that support the six livability principles established by the Partnership for Sustainable Communities. The six principles are:

- Provide more transportation choices
- Promote equitable, affordable housing
- Enhance economic competitiveness
- Support existing communities
- Coordinate and leverage federal policies and investment
- Value communities and neighborhoods

National Objective: The CDBG national objective to be met is benefit to low-and moderate-income persons through the creation of jobs where at least 51% of the jobs will be held by or made available to low- and moderate-income persons.

Underwriting: The City has established underwriting guidelines consistent with CDBG regulations that will take into consideration the following criteria: 1) management expertise 2) public benefit 3) evidence of site control 4) ability to repay 5) collateral 6) developer history 7) financial feasibility of project 8) commitment of other funds and 9) overall need for public assistance.

Guaranteed Loan Features:

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

Repayment Source: The City will use payments third party borrowing entities under the loan pool for repayment.

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

For Additional Information:

The Rio Nuevo TIF District website:

<http://rionuevo.org/rio-nuevo-tif-district/>

Economic Development Loan Project – Rockland County, NY

Section 108 Loan Guarantee – \$1,867,000

The County will use the Section 108 proceeds to establish two economic development loan funds. The first will be a Micro-Loan Program fund, which will provide short-term loans to small- and medium-sized businesses throughout the County. The maximum loan amount funded through this program will be \$50,000 to assist with working capital (including inventory); acquisition of machinery and equipment; and acquisition of furniture and fixtures. Maximum loan terms will be five (5) years.

The second loan fund will be the Grow Rockland Fund, which will be created through a partnership with the National Development Council and its Grow America Fund, Inc. (GAF). GAF is a small business lending company that operates a guaranteed lending program under the Small Business Administration (SBA) 7(a) lending guidelines. GAF will provide loans ranging from \$50,000 to \$2 million to for-profit and non-profit businesses to assist with carrying out economic development projects throughout the County. The Section 108 funds will be used to provide loans up to 10 percent of the project cost to businesses that qualify for financing from the GAF.

National Objective: The CDBG national objective to be met will be benefit to low-and moderate-income persons through the creation or retention of jobs to be held by, or made available to, low-and moderate-income persons. It is estimated that County's loan funds will result in the creation of at least 54 full-time equivalent jobs.

Guaranteed Loan Features:

Term: The maximum repayment term under the Micro-Loan Program will be five (5) years and the maximum term under the Grow Rockland Fund will be 20 years.

Repayment Source: Project-generated revenues will be used to pay the Section 108 debt service.

Additional Security: Security provisions will be negotiated on a project-by-project basis and may include an assignment of the County's interest in third party loans secured by liens on real estate, machinery and equipment, receivables, inventories, or in some cases personal guaranties.

For Additional Information:

Rockland County:

<http://rocklandgov.com/departments/community-development/economic-development-loan-program/>

College Town Project – Rochester, NY

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

The City is working with a developer to finance a 14-acre parcel adjacent to the University of Rochester into a mixed-use development that will include a 1560-space parking garage and office/commercial space. Upon build-out, the project will be part of a 14-acre development that will consist of 78,000 square feet of office space; 99,300 square feet of retail space that will include a bookstore, a gourmet grocery store, and several restaurants; and approximately 150 units of market-rate rental units. Finally, the City expects the construction of a 150-room hotel/conference center on the larger development site, which will be undertaken by a separate developer.

National Objective: The CDBG national objective to be met is benefit to low- and moderate-income persons through job creation. The City and developer estimate that the development will create 330

full-time jobs, of which they estimate that over 80 percent will be held by, or made available to, low- and moderate-income persons.

Guaranteed Loan Features:

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

Repayment Source: The City plans to repay the Section 108 loan with the Project's Payments In Lieu of Taxes ("PILOT"), pursuant to an agreement between the City, the Developer, and the Monroe County Industrial Development Authority ("COMIDA").

Additional Security: The City will pledge its interest in its third-party loan to the Developer, which will be secured by a second priority leasehold mortgage lien on real property, i.e., the City's lien will be subordinate to the lien securing the US Bank loan. The City will also pledge the Developer's PILOT payments, which will be secured by the Project's leases.

For Additional Information:

College Town:

<http://www.collegetownrochester.com/>

College Town is dedicated:

<http://www.rochester.edu/newscenter/college-town-is-dedicated/>

**City Wide Loan Pool #9 – Philadelphia, PA
Section 108 Loan Guarantee – \$20,000,000**

The project is to expand the City's citywide loan pool program through the creation of Loan Pool #9. The loan pool funds will be used to assist eligible activities in the City of Philadelphia. Loans will be made to third-party Borrowers to provide financing for a multitude of economic development activities including, but not limited to, acquisition, site preparation, rehabilitation, construction, machinery and equipment purchases, infrastructure improvements and other related project costs.

Loan Pool #9 is expected to create an estimated 1128 total jobs: 750 new jobs to be created from the \$4.75 million in Section 108 guaranteed loans assisting two Brownfield Economic Development Initiative Grant projects and 378 new jobs to be created from the remaining \$15.25 million in Section 108 funds to be loaned to qualified citywide projects.

National Objective: The eligible activities will meet either of the following CDBG national objectives: benefit to low- and moderate-income persons through job creation or retention, where at least 51 percent of the jobs will be created or retained and will be made available to or held by low- and moderate-income persons or activities which aid in the prevention or elimination of slums or blight.

Underwriting: The Philadelphia Industrial Development Corporation (PIDC) underwrites and administers, under a subrecipient agreement with the City, all third-party loans in the citywide loan pool program. PIDC performs a thorough assessment of all prospective borrowers through its established loan underwriting process and independent loan committee evaluation.

Guaranteed Loan Features:

Term: The City will have a 20-year repayment term with interest-only payments for the first four years.

Repayment Source: The repayment source will be income generated by the third-party loans.

Additional Security: The City will pledge its interest in the PIDC third-party loans secured by real property, personal guarantees, equipment, accounts receivable, inventory, or other acceptable security, as appropriate.

Webber Building Revitalization Project – Montgomery, AL
Section 108 Loan Guarantee – \$2,200,000

The City is working with a developer to revitalize the vacant, historic Webber Building in the City's downtown business district. The 35,000 square foot Webber Building will be redeveloped into retail, residential and office space. It is anticipated that the basement will have a copy shop and the first floor will host a popular local deli and a small grocery market. The second floor will be dedicated to a modern office space. The third and fourth floors will be converted into seven 1,400 square foot market-rate loft apartment units.

National Objective: The building, which is located in a census tract that has a poverty rate in excess of 30 percent, will meet two CDBG national objectives. The building's commercial space will provide benefit to low- to moderate income persons through job creation and the building's residential portion will prevent or eliminate slums and blight. The City and the developer estimate that the building will create 30 full-time jobs, of which they estimate that over 80 percent will be filled by low- and moderate-income persons.

Guaranteed Loan Features:

Term: The City is requesting a 20-year term with interest-only payments in year one.

Repayment Source: The City plans to repay the Section 108 loan with the building's leasing revenues.

Additional Security: The City will pledge its interest in its third-party loan to the developer, which will be secured by a second lien on real property behind the developer's bank loan.

Knapp Building Historic Renovation – Lansing, MI
Section 108 Loan Guarantee – \$5,900,000

The Knapp's Building Historic Renovation Project is the renovation and adaptive reuse of the historic Knapp's Building in downtown Lansing. The developer will convert the five-story, 175,000 square foot building into a mixed-use project. The \$37 million project will convert the first floor into 17,310 square feet of retail and office space, the mezzanine level will have 14,840 square feet of office space, the second through fourth floors will have 68,745 of office space, and the fifth floor will be 19 market-rate apartments comprising 23,233 square feet. The Lansing Economic Development Corporation (LEDC) will occupy 10,000 square feet of the first floor and the mezzanine level will serve as an incubator, providing space and services for startup businesses. The Project is estimated to create 230 new full time jobs.

The City will lend the Section 108 guaranteed loan proceeds, through the New Markets Tax Credit (NMTC) structure, to Comerica Community Development Investment Fund 11, LLC, which will invest the guaranteed loan proceeds, as well as additional available funds, into NTCIC Knapp Building, LLC, the Community Development Entity (CDE), as equity. The CDE will use its equity funding to make a Qualified Low-Income Community Investment (QLICI) loan to the developer/QLICB. The developer/QLICB will utilize the guaranteed loan proceeds to finance only the Project's commercial development costs and establish an interest reserve account but no fifth floor rehabilitation costs for the residential.

National Objective: The CDBG national objective to be met by the eligible activity is the benefit to low- and moderate-income persons through job creation, of which at least 51 percent of the jobs will be held by, or made available to, low- and moderate-income persons.

Guaranteed Loan Features:

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

Repayment Source: The source of repayment will be payments by the Developer/QLICB from net operating income generated by the Project.

Additional Security: The City will pledge its interest in its loan to the Investment Obligor, secured by the Investment Obligor's partnership or membership interest in the Community Development Entity (CDE). The CDE will have a first mortgage on the real property. At the end of the New Market TC compliance period, the CDE will assign its commercial note to the City secured by a first mortgage lien on the real property. The City will assign its interest in the QLICB loan to HUD.

The developer is required to establish a Section 108 Loan interest reserve account in the amount of \$550,000. The City shall enter into a written "Collateral Agency Agreement" with the CDE and the Qualified Business and other parties as may be required, in order to permit the City to act as Collateral Agent for the CDE to exercise the CDE's security rights in accordance with the terms and conditions in the Security Documents for the Developer/QLICB Loan and the Property, and to perform other functions identified and consented to by the CDE and the Qualified Business related to assuring completion of the Project and compliance with applicable Section 108 Loan Guaranteed Program requirements. The form and content of the Collateral Agency Agreement shall be satisfactory to the Secretary.

For Additional Information:

Historic Knapp's Centre reopens with living, retail, restaurant space in downtown Lansing:

http://www.mlive.com/lansing-news/index.ssf/2014/11/historic_knapps_centre_reopens.html

Community and Economic Development Loan Pool – Indianapolis, IN Section 108 Loan Guarantee – \$39,000,000

The City's Department of Metropolitan Development (DMD) will establish a \$39,000,000 Community and Economic Development Loan Pool (CEDLP). DMD will provide financing through the CEDLP to support economic development, housing rehabilitation, public facility rehabilitation, construction, and installation of equipment for the benefit of low-moderate income (LMI) persons. For projects that

involve new housing construction, the CEDLP applicant must be a Community Based Development Organization (CBDO) carrying out a community economic development project.

National Objective: The CDBG national objectives met by the eligible activities benefit to low-and moderate-income persons through: job creation or retention activities; area benefit activities; and housing activities as well as activities which aid in the prevention or elimination of slums or blight on an area or spot basis. This project would potentially create over 24 jobs.

Underwriting: To implement CEDLP's lending procedures and process, DMD will establish an internal CEDLP review team consisting of the Community Development Block Grant Manager, CEDLP Manager, Financial Analyst, Urban Planner, and a Project Manager to perform an assessment of each CEDLP funding request. An outside financial institution will also be engaged to underwrite the application and provide loan servicing. DMD will procure a financial institution partner thru a Request for Qualification (RFQ) process.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term with interest only for the first two years. Each note under the commitment may have a repayment schedule of up to 20 years.

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

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

Lake Highlands Town Center Mixed-Use Development – Dallas, TX Section 108 Loan Guarantee Amount – \$13,350,000

The proposed project is the Phase I commercial development of the Lake Highlands Town Center development. Lake Highlands Town Center is a mixed-use transit-oriented development located in northeast Dallas in the Skillman Corridor Tax Increment Financing district. The development is situated around the DART Light Rail's Lake Highland Station, which is a multi-modal station that includes commuter parking, bus transit parking, and hike and bike trails. Once completed, the Lake Highlands Town Center development will include a mix of commercial and residential developments.

National Objective: The eligible activities will meet the Community Development Block Grant national objective of benefit to low-and moderate-income persons through the creation of jobs. The City must document that at least 51 percent of the jobs will be held by or made available to low-and moderate-income persons. This Phase I commercial portion of the Lake Highlands Town Center project will cause the creation of an estimated 475 full-time equivalent jobs.

Guaranteed Loan Features:

Term: The City is requesting a 20-year repayment term with interest only payment for the first five (5) years.

Repayment Source: The City will use \$2,446,871 in Section 108 funds to establish a debt service reserve from which interest payments will be made during the interest only period. Beginning in year six (6), principal and interest payments will be made using Tax Increment Financing (TIF) revenues from the Skillman TIF District. Accumulative TIF revenues are projected to be in excess of \$5 million in year six (6).

Additional Security: The City will assign its interest in the third party loan, which will be secured by a second lien on the Lake Highlands property. In addition, the City will pledge TIF revenues from its Skillman TIF District.

For Additional Information:

<http://www.lakehighlandstowncenter.com/>

Warner Swasey Building – Cleveland, OH

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

The Warner Swasey Building Project will redevelop a 3.6-acre site, comprising three separate buildings that are laden with asbestos, into 160,000 square feet of office and flex space. The Project will renovate the site's 5-story and 4-story buildings, while demolishing the third building. The Project will provide low-rent space to potential bio-tech businesses as part of the City's strategy to support the development of a Cleveland Health-Tech Corridor, which includes hospitals, research universities, and emerging bio-tech entities.

The City has been awarded a 2011 Brownfields Economic Development Initiative ("BEDI") grant of \$3 million. The City also expects that the Project will leverage New Markets Tax Credit ("NMTC") equity of nearly \$4.7 million.

National Objective: The Project will be located within a HUD-approved Neighborhood Revitalization Strategy Area (NRSA). Thus, the City will exercise its option to meet the criteria of primarily benefiting low- to moderate-income persons on an area basis. The City expects the Project to create 300 full-time equivalent jobs.

Guaranteed Loan Features:

Term: The City will repay its Section 108 loan to HUD over a 20-year period.

Repayment Source: The source of funds for the repayment will be the Project's lease-generated revenues.

Additional Security: The City will pledge its interest in its third-party loan of \$10 million to the Developer, secured by first-lien position on the Project or the City will pledge its interest in its third-party loan of \$10 million to the Investment Obligor, secured by the Investment Obligor's partnership interests in the CDE. The Investment Obligor will require that the CDE secure its notes with the Developer with a mortgage on the Project. The City, the CDE, and the Developer will sign a Collateral Agency Agreement that assures the City of the completion of the Project and compliance with applicable Section 108 requirements. At the conclusion of the NMTC's seven-

year compliance period, the Investment Obligor and the CDE will be extinguished and the Developer's note will be assigned to the City.

The City will also pledge its interest in two separate debt service reserves. The first debt service reserve will be long term and will be in the amount of \$1 million, which the Developer will finance and maintain for the life of the loan. The second debt service reserve will be for \$150,000, which will be financed from the City's annual non-school Tax Increment Finance (TIF) revenues and will be available in the event of a shortfall or default by the Developer's debt service reserve.

Arts District Development – Reading, PA

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

The City of Reading will use the Section 108 financing to convert several properties within the Downtown Arts District into mixed-use developments consisting of retail space and rental and for-sale housing for low- and moderate income persons. The development is part of the City's effort to revitalize the Downtown Arts District.

National Objective: The CDBG national objective met by this project is 1) benefit to low- and moderate-income persons through housing activities, and 2) benefit to low- and moderate-income persons through the creation of jobs. The project is located in Census Tract 25 which shows pervasive poverty because all block groups in the census tract has a poverty rate of at least 20 percent. Upon completion, the development will result in the creation of 25 low- and moderate-income rental units; seven (7) low- and moderate-income homeownership units, and 20,000 square feet of commercial/retail space. In addition, the project will result in the creation of 28 full-time equivalent jobs.

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 project generated revenues to repay the Section 108 debt obligation.

Additional Security: The City will assign its interest in the third party loan secured by a second lien on real property and a Corporate Guarantee from a local community organization Our City Reading, Inc.

For Additional Information:

<https://www.arts.gov/national/our-town/grantee/2012/city-reading>

Family Business Loan Program – Austin, TX

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

The City of Austin will establish the Family Business Loan Program/Salttillo Neighborhood (FBLP/SN) with its guaranteed loan proceeds. This program will make small- business and micro-loans to third-party, family-owned business Borrowers in the economically disadvantaged Saltillo neighborhood of the city of Austin. The City will use its Section 108 Loan Guarantee financing to leverage private financing from lenders participating in Federal Home Loan Bank (FHLB) and Small Business Administration (SBA) 504 loan programs. The FBLP/SN seeks to expand the capacity for commercial lending in the Saltillo neighborhood of the city by providing financing for a variety of economic development activities.

National Objective: The economic development activities to be carried out by the City under the FBLP/SN will meet the national objective of benefit to low- and moderate-income persons through the creation of jobs where at least 51 percent of the jobs will be held by, or will be available to, low- and moderate-income persons.

Underwriting: The City of Austin's Economic Growth and Redevelopment Services Office (EGRSO) will underwrite and administer the FBLP/SN. EGRSO will perform a thorough assessment of all prospective Borrowers' loan requests through its established loan underwriting process and Loan Review Committee evaluation.

Guaranteed Loan Features:

Term: The maximum repayment terms under the small-business loan component will be 10 years for working capital, 20 years for land acquisition, renovation and the economic life of machinery and equipment. The maximum repayment terms under the micro-loan component will be seven years for working capital, the economic life of machinery and equipment and 20 years for fixed assets, acquisition or construction.

Repayment Source: The primary source of repayment will be project generated revenues to repay the Section 108 debt obligation.

Additional Security: Additional guaranteed loan security provisions will be negotiated on a project-by-project basis and will include personal guarantees and an assignment of the City's interest in third party loans secured by liens on real estate, machinery and equipment, receivables and inventories, as applicable.

For Additional Information:

Family Business Loan Program Flyer:

https://austintexas.gov/sites/default/files/files/EGRSO/FBLP_Flyer.pdf

Family Business Loan Program website:

<http://www.austintexas.gov/department/family-business-loan-program>

Community Economic Development Fund – Lakewood, WA

Section 108 Loan Guarantee – \$2,888,000

The City of Lakewood, Washington will use Section 108 guaranteed loan funds to make loans to various for-profit third-party Borrowers as part of the Community Economic Development Fund project (CED Fund). The goal is to create a fund to assist with economic and community development activities in the City of Lakewood, Washington. The primary objective of the CED Fund is to provide third-party loans as gap financing to facilitate economic development, generally in support of the creation and/or retention of jobs for low- and moderate-income persons. CED Funds also may be used to finance other types of projects, such as housing rehabilitation and public facilities or public improvements. However, such projects are not the primary purpose of the CED Fund and will be undertaken primarily in connection with larger economic development efforts.

National Objective: The eligible activities for all CED Fund projects will include one of the following CDBG national objectives:

- Low- and Moderate-Income (LMI) Area Benefit. CED Fund projects may provide benefits which are available to all the residents in a particular area where at least 51 percent of the residents are low- and moderate-income persons.
- Low- and Moderate-Income (LMI) Housing. CED Fund projects may be carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households.
- LMI Job Creation or Retention. CED Fund projects may be carried out to create or retain permanent jobs where at least 51 percent of the jobs involve the employment of LMI persons. This national objective represents the primary focus of the CED Fund.
- Preventing or Eliminating Slums or Blight. CED Fund projects may be carried out for the purpose of preventing or eliminating slums or blight.

Underwriting: The City has established underwriting guidelines to ensure compliance with the applicable requirements of both the Community Development Block Grant and the Section 108 Loan Guarantee programs. Specifically, the City has set forth 19 underwriting guidelines, which include provisions on topics such as site control; collateral; development team capacity and experience; and repayment capacity. All prospective CED Fund projects will be underwritten by the City of Lakewood Community Development Department (CDD) with the assistance of its consultant, the National Development Council (NDC). NDC will advise CDD on matters of project feasibility and eligibility. CDD will be solely responsible for making funding decisions.

Guaranteed Loan Features:

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

Repayment Source: The City will use payments from third-party loans to repay its Section 108 loan to HUD.

Additional Security: The City will pledge its interest in third-party loans secured by the pledge of real property, machinery, equipment, account receivable, or other appropriate assets.

Community and Economic Development Fund – Yakima, WA
Section 108 Loan Guarantee – \$1,095,000

The City will use the loan fund to provide financing for individual projects in the former federally designated Renewal Community (RC) of Yakima, including loans for business assistance and infrastructure improvements.

National Objective: The City's use of the guaranteed loan proceeds for eligible activities will meet Community Development Block Grant national objectives criteria for benefitting low- and moderate-income persons through area benefit and primarily benefitting low- and moderate-income persons through job creation and retention.

Underwriting: The City/DCED has developed underwriting standards for evaluating potential loans which includes verifying program compliance and financial feasibility requirements for real estate loans and business loans. The City/DCED, with assistance from the National Development Council, which is doing loan underwriting for the City, will evaluate each local loan application from a for-profit entity for financial feasibility and perform an initial review for meeting applicable Section 108 and Community

Development Block Grant requirements. NDC will recommend loans to DCED, which will make final loan recommendations to the City's City Council.

Guaranteed Loan Features:

Term: The City will use a 20-year term, with principal payments deferred in year one. For the financing of public facilities and improvements, the City will repay principal and interest over a ten-year term, using a portion of its CDBG allocation.

Repayment Source: the City will use revenues from the business Borrowers to repay principal and interest.

Additional Security: For the business loans, the City will pledge its interest in the various third party loans secured by liens on real property, equipment, inventory, or accounts receivable and, in some cases, personal guaranties as applicable for each loan transaction. The City will provide additional security for its public improvement financing. Such additional security will be negotiated on a case-by-case basis.

Las Villas Medical Office and Retail – Los Angeles, CA
Section 108 Loan Guarantee – \$16,860,000

The Las Villas Medical Office and Retail Project is a new construction of office and commercial retail space. The Project will be construction of a single structure on a vacant lot in the City's Lincoln Heights community. This four-story structure will feature commercial retail space on the ground floor as well as three additional floors of office space designed to house community-based medical services providers

A funding source for the Project is New Markets Tax Credit (NMTC) equity, which requires a unique financial structure to make a Qualified Equity Investment (QEI) in a Qualified Low Income Community Business (QALICB) in a designated area. Generally, most sources of funding for a project eligible for NMTC assistance will be invested, granted and/or loaned to a for-profit Investment Fund ("Investment Obligor"), which will make a QEI into a U.S. Treasury certified Community Development Entity (CDE). The CDE will use the QEI to provide financial assistance to the QALICB/Developer. The U.S. Treasury requires that substantially all of a CDE's financial assistance remain invested in the QALICB/Developer for a period of seven (7) years. A total of 39% of the QEI invested into a certified CDE is available as a federal income tax credit to U.S. taxpayers that purchase these credits for project development in designated low income areas.

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

Guaranteed Loan Features:

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

Repayment Source: The source of repayment will be net operating income from the Project. The City will withhold \$758,700 of its initial draw of Section 108 funds to create an Interest Reserve. The Interest Reserve will facilitate payment of interest-only obligations during the Project's estimated two-year construction phase. Any shortfalls in the Reserve will be replenished by the QALICB/Developer.

Additional Security: The City will pledge its interest in its loan to the Investment Obligor, secured by the Investment Obligor's partnership or membership interest in the CDE. The CDE will have a first deed of trust security interest in the completed Project, including all improvements, leases, and rents. At the end of the NMTC compliance period, the CDE will assign its note to the City, secured by a first Deed of Trust on real property. The City will assign HUD its interest in the QALICB/Developer's Note, secured by a first lien position on real property.

For Additional Information:

<https://www.theeastsiderla.com/2015/11/what-is-going-to-be-built-at-the-corner-of-broadway-and-thomas-in-lincoln-heights/>

Harold and Belle(H&B) Restaurant – Los Angeles, CA

Section 108 Loan Guarantee – \$2,629,000

The City of Los Angeles will relend the Section 108 guaranteed loan proceeds to the developing entity to assist with acquisition and rehabilitation costs associated with the rehabilitation and modernization of the Harold and Belle (H&B) restaurant.

Use of Guaranteed Loan Funds: The proposed restaurant renovation would consist of rehabilitation to the interior and exterior of the 14,419 square foot restaurant building. The interior of H&B is aged and requires updating in order for the restaurant to meet increased demand. The interior work will include modernizing the kitchen equipment, increasing guest seating capacity, and updates such as the installation of new fixtures and updated wiring. The plan is to close restaurant for ten days while the kitchen equipment is being replaced. The restaurant plans to be open for the duration of the other improvements by strategically relocating guest seating to minimize contact with the ongoing renovations. The exterior work includes painting, roof repair, and installation of a new awning.

National Objective: The CDBG national objective met by the eligible activity is benefit to low-and moderate income persons through job retention and creation, where at least 51% of new jobs created and retained will be held by or made available to low- to moderate-income persons. 45 jobs will be retained due to the investment in this project.

Guaranteed Loan Features:

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

Repayment Source: The source of repayment will be net operating income from the Project.

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

For Additional Information:

https://www.tripadvisor.com/ShowUserReviews-g32655-d358090-r346761489-Harold_and_Belle_s-Los_Angeles_California.html

Housing Projects

Southside/Rolling Hills Neighborhood Redevelopment – Durham, NC Section 108 Loan Guarantee – \$8,800,000

City of Durham will use Section 108 proceeds for land acquisition and site work for the Southside/Rolling Hills Neighborhood Redevelopment Project. The project will consist of three phases of rental development, resulting in multifamily structures containing approximately 310 units, and three phases of homeownership development, resulting in approximately 128 single-family home structures. The Project is in the economically depressed Southside area of Durham, North Carolina and is located within an approved Neighborhood Revitalization Strategy Area (NRSA).

National Objective: The eligible Community Development Block Grant (CDBG) activities of real property acquisition and site preparation will be carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households. Specifically, for the two phases of multifamily rental development, at least 51% of the units will be occupied by low and moderate income households. At least 30 of the initial 45-unit single-family homeownership structures will be occupied by households with incomes at or below 80% AMI; the remaining 15 single-family structures will have no income restrictions.

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 project generated revenues to repay the Section 108 debt obligation.

Additional Security: The City has pledged to annually appropriate its general funds for Section 108 Loan Guarantee payments coming due. Specifically, the City has pledged to cause the City Manager to include the Section 108 loan payments coming due in each Fiscal Year in the corresponding annual budget request to the City Council.

For Additional Information:

http://www.heraldsun.com/archive/first-buildings-at-durham-s-rolling-hills-almost-ready/article_939835cf-8067-5da5-8e2f-dadd09cf087d.html

The Vermont Project – Los Angeles, CA Section 108 Loan Guarantee – \$12,500,000

The Vermont Project is a mixed-use residential, retail and parking development in the Koreatown neighborhood of Los Angeles. The Project is within the 1,207-acre Wilshire Center/Koreatown Recovery Redevelopment Project Area, a delineated area in the City's boundaries that meet California's definition of a blighted and deteriorated area.

The Developer will construct two high-rise towers at the southeast corner of Wilshire Boulevard and Vermont Avenue (3150 Wilshire Blvd.) that will provide 34,790 square feet of retail space,

464 market-rate apartment units and 910 indoor parking stalls to a designated blighted area. The development will create 250 full-time equivalent jobs.

National Objective: The CDBG national objectives to be met would be benefit to low- and moderate-income persons through job creation as well as activities which aid in the prevention or elimination of slums or blight on an area basis.

Guaranteed Loan Features:

Term: The City is requesting a 20-year loan repayment term, interest-only payments for the first four years.

Repayment Source: The City will make the loan payments from the Project's Site Specific Tax Increments.

Additional Security: The City pledges a Second Deed of Trust with assignments of leases and rents from the Project units. Additionally, the City will pledge 100% of net Site Specific Tax Increments.

Taunton HOPE VI Redevelopment – Taunton, MA

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

The proposed HOPE VI Public Housing redevelopment project involves demolishing the existing 150 units, Fairfax Gardens (Fairfax) public housing complex and replacing it with 160 new, mixed income housing units.

The new development on this site will be the construction of 88 "green" mixed-income rental units. These replacement units will range from one to five bedrooms and will include 59 public housing/low income tax credit (LIHTC) units, 19 project based Section 8/Low Income Housing Tax Credit (LIHTC) units, and 10 market rate units. In addition, an existing community center for the new residential development will be renovated and expanded.

Phase II is located one mile from the Fairfax site on a 6.44 acre, vacant parcel (Parcel 6A) in downtown Taunton, adjacent to the Greater Attleboro/Taunton Regional Transit Authority (GATRA) bus terminal. Parcel 6A is a brownfield site, which has soil contamination from previous use as a railroad service and maintenance station. It will be remediated and prepared for the construction of 72 "green" replacement rental units as part of this HOPE VI housing redevelopment project. This component of the development includes construction of a 54-unit three-story building with community space on the ground floor and construction of 18 townhouses. This residential complex will include 44 public housing LIHTC units, 10 LIHTC only units, and 18 project based Section 8 townhouse units.

National Objective: The Community Development Block Grant (CDBG) national objective for the housing activities will be met by benefiting low- and moderate-income households.

Guaranteed Loan Features:

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

Loan Repayment Source: The City will use its CDBG funds to repay the Section 108 debt obligation.

Additional Security: The Taunton Housing Authority will assign to the City its \$4 million HOPE VI loan to the Fairfax Developer secured by a 2nd leasehold mortgage on real property (Fairfax Gardens) during construction and secured by a first leasehold mortgage on real property upon construction completion. The City will collaterally assign to HUD the THA \$4,000,000 HOPE VI construction/permanent loan.

For Additional Information:

Taunton's HOPE VI Project Gets Positive Reviews

<http://www.tauntongazette.com/article/20140416/NEWS/140416856>

Public Facility and Improvement Projects

Bushrod Taylor Hotel – Winchester, VA

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

The former Bushrod Taylor Hotel was originally opened in 1848 in downtown Winchester and is now in the designated Old Town Winchester Historic District, which is listed on the National Registry of Historic Places. During the 20th century, the hotel structure was used as a theater, department store, and a telecom center. However, since 2004, it has been vacant. In 2007, the center portion of the roof collapsed.

In April 2010, the City Council of Winchester condemned the vacant, dilapidated hotel as blighted and unsafe. Also, the City Council approved a resolution to renovate the former historic hotel and construct an onsite public pocket park.

In order to facilitate the renovation of this historic site and blighted property, the City will use a combination of municipal funds combined with Section 108 Loan Guarantee financing to acquire the property, stabilize the structures for safety, carry out rehabilitation for health and safety, and develop an onsite public pocket park.

National Objective: The CDBG national objectives to be met by the eligible activities are 1) benefit to low- and moderate-income persons where an activity benefits all the residents in a designated area, which is primarily residential area and where at least 51% of residents are low and moderate income persons and 2) prevention or elimination of slums; or blight on a spot basis.

Guaranteed Loan Features:

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

Repayment Source: The City will make guaranteed loan payments from its annual CDBG funds each year during the loan term.

Additional Security: The City will pledge its full faith and credit as additional security for the repayment of the guaranteed loan.

For Additional Information:

You're Invited: Taylor Hotel Ribbon Cutting

<http://oldtownwinchesterva.com/2014/08/youre-invited-taylor-hotel-ribbon-cutting/>

Community Center – Delano, CA

Section 108 Loan Guarantee – \$2,800,000

The City of Delano is proposing to finance the construction of a 13,000 square foot Community Center. The Center will include gym space, basketball courts, a kitchen, a stage, storage area and 92 parking spaces for visitors. The Center will be located in the Delano Redevelopment Area on a nine-acre site which is owned by the City.

National Objective: The CDBG national objective met by this eligible activity is benefit to low- and moderate-income persons through area benefit where an activity benefits all the residents in a designated area that is primarily residential and where at least 51% of residents are low and moderate income persons.

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 the City's annual CDBG allocation.

Additional Security: The City has pledged its full faith and credit as additional security for the Section 108 loan.

Comb and Carriage Neighborhood Infrastructure – Leominster, MA

Section 108 Loan Guarantee – \$200,000

The City of Leominster used the Section 108 proceeds to replace inadequate and deteriorating public infrastructure in the Comb and Carriage/French Hill Neighborhood. Specifically, the project involves constructing approximately 8,000 linear feet of concrete sidewalks, curbs, and handicapped curb cuts as well as installing 80 street trees in this historic factory neighborhood.

National Objective: The CDBG national objective met by this project 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 primary source of repayment will be the City's annual CDBG allocation.

Additional Security: The City has pledged its full faith and credit as additional security for the Section 108 loan.

Geiger Memorial Park Redevelopment – Babylon, NY

Section 108 Loan Guarantee – \$4,100,000

Currently, Geiger Memorial Park is underutilized and features dilapidated facilities. The City's plan to redevelop the Park contemplates the construction of amenities such as a conservatory, a variety of themed gardens, pathways and roadways, parking areas, a carousel, playground, basketball courts, concessions stands, and comfort stations.

National Objective: The eligible activity will meet the Community Development Block Grant national objective of benefitting 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 CDBG funds to repay its Section 108 loan.

Additional Security: The City has pledged a first mortgage on the Geiger Park Property as additional security for the Section 108 loan.

For Additional Information:

Geiger Lake Memorial Park Project

<http://www.turfdesignbuild.com/the-latest/geiger-lake-memorial-park-project/>

Second Street Redevelopment – Berks County, PA

Section 108 Loan Guarantee – \$1,319,000

The Berks County Redevelopment Authority (BCRA) will carry out acquisition and public improvements in the Second Street Redevelopment Area of the Borough of Hamburg. The project area is located in the Grant Street Tax Increment Financing (TIF) district. Specifically, BCRA will acquire real property and construct a pedestrian promenade on the acquired site. The promenade will include walking and bike trails, sitting areas and open space for entertainment. In addition, the project involves street and road improvements through the redevelopment area and construction of public parking.

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

Guaranteed Loan Features:

Term: The County is requesting a 20-year repayment term with interest only payments for three years.

Repayment Source: The debt obligation on the Section 108 loan will be repaid with TIF revenues. In the event TIF revenues are insufficient to pay the Section 108 debt obligation, the County will use Community Development Block Grant funds.

Additional Security: Revenues from the Grant Street TIF district will be pledged as additional security for the Section 108 loan.

For Additional Information:

County of Berks

<http://berks.pacounties.org/Dept/BerksRA/Pages/SecondSt.aspx>

Village of Nyack Downtown Revitalization – Rockland County, NY

Section 108 Loan Guarantee – \$750,000

The Village of Nyack Downtown Revitalization will involve the construction of planned streetscape improvements in the business district. The Village will construct approximately 7,600 linear feet of sidewalks with ADA-compliant pedestrian ramps and curbing. It will also repave 3,800 linear feet of road surface, install 26 new historic style lighting fixtures and street furniture, and plant approximately 35 street trees. The streetscape improvements will upgrade the central business district and increase the potential for economic development in the village's business district. These improvements are designed to ensure the Village's economic viability as well as safety of residents and visitors.

Use of Guaranteed Loan Proceeds: The County will make a loan, through a sub-recipient agreement, to the Village of Nyack, which will then use the Section 108 guaranteed loan proceeds to carry out the installation of public facility improvements.

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

Guaranteed Loan Features:

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

Repayment Source: The County will use its future CDBG allocations and loan repayments from the Village to service the Section 108 loan.

Additional Security: The County will pledge its interest in its loan to the subrecipient, which will be secured by parking revenues by the Village of Nyack Parking Authority.