

Section 108 Loan Guarantee Program Project Summaries - Fiscal Year 2021

In the fiscal year 2021, the U.S. Department of Housing and Urban Development (HUD) approved **\$80,663,000** 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 \$153,000 for a public facilities project in Anacortes, WA, to \$39 million for a city-wide loan pool project in Washington, DC.

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

The Section 108 Loan Guarantee assisted projects approved in FY 2021 are described in the summaries provided below. These assisted projects are grouped into (4) four categories: *Economic Development, Public Facilities and Improvements, Housing Development Projects, and Mixed-use Development.*

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Economic Development Projects

Valdosta Area Business Incubator and Retail Project– Valdosta, GA Section 108 Loan Guarantee – \$1,530,000

The City of Valdosta will use \$1,530,000 in guaranteed loan funds to provide financing to develop the Valdosta Area Business Incubator (VABI). The Valdosta Chamber of Commerce (the “Subrecipient”) will use the guaranteed loan funds to acquire and rehabilitate a 2.5-story building in historic downtown Valdosta into a mixed-use building that includes full-service business incubator space with capacity for 18 incubator tenants, one to three retail tenants, and a rooftop garden. VABI will target its resources to supporting minority and low-income entrepreneurs and creating jobs for low-income workers.

VABI is a culmination of more than ten years of investment from Valdosta and Lowndes County to economically transform the region. In 2005 the Subrecipient established the SEEDS Business Resource Center (SEEDS), an entrepreneur business development center that provides resources and support to local entrepreneurs. Since its inception, SEEDS has served 7,118 people and assisted in the creation of 221 startup businesses and 90 full-time jobs. A majority of SEEDS’s clients are low income; in 2019, SEEDS provided services to 508 clients, 426 of whom were low and moderate income. Over its 14 years of operation, SEEDS has assisted between 350 and 650 clients each year; at least 100 of the assisted businesses each year were start-ups.

Based on the success of the SEEDS, dubbed a virtual incubator, the Borrower is seeking to expand SEEDS into VABI to create a full-service business incubator that will supply its clients with a host of services, including: in-house legal assistance, accounting/bookkeeping assistance, notary public services, market research, competitor intelligence, industry reports, import/export assistance, university workshops, and more. Additionally, Valdosta State University will move its business development center into the building to offer services to VABI tenants. Space in the incubator will be rented at \$23/square foot with some larger spaces being priced higher. The Director of SEEDS, who will assume the same role at VABI, estimates that 12 to 20 of her clients have potential to occupy VABI space.

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

Guaranteed Loan Features:

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

Repayment Source: The Borrower intends to pay the Section 108 debt service using its annual allocation of CDBG, as well as revenue from the incubator when it will be available.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the completed VABI building.

For More Information: https://www.valdostadailytimes.com/news/local_news/nurturing-business-business-incubator-comments-welcome/article_e9f7d8d8-841e-5a1f-b2d7-4925797fd77f.html

Housing Development Projects

Modular Housing Production Facility Project – Bolder, CO Section 108 Loan Guarantee - \$4,000,000

The City of Bolder will use \$4,000,000 in guaranteed loan funds to finance the construction of Modular Housing Production Facility (the “Project”) at the Educational Resource campus of the Boulder Valley School District. The creation of the Project is proposed through a partnership of the Boulder Valley School District (BVSD), the City of Boulder, and Flatirons Habitat for Humanity (FHFH). The purpose of the facility is to produce much needed affordable housing for area residents and workers while providing workforce training for BVSD students.

The Project will be an unconditioned metal building with 31,250 square feet (250 long by 125 feet wide by 45 feet tall). The inside of the building will consist of an assembly line with five stations: 1) roof and wall build, 2) electrical/plumbing/HVAC, 3) mud-tape/texture/paint/sheathing, 4) base trim/door hang/roofing/siding, and 5) appliances/finish/clean. All construction materials will be stored along the periphery of the building and rolling scaffolding will be placed strategically to provide ease of worker access. The necessary equipment will be similar to a traditional build (e.g., forklift, air 3 compressors, etc.) with the addition of special casters to move the units between stations, tables to construct roof and walls horizontally, overhead chain hoists to assemble walls and roof, and specialized trailer frames to transport the modular units to the site for final assembly.

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

Guaranteed Loan Features:

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

Repayment Source: The Borrower intends to pay the Section 108 debt service using its annual allocation of CDBG funds.

Additional Security: As additional security for the repayment of the Section 108 loan, 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: https://www.hud.gov/states/colorado/news/HUD_No_2021_11_18

LULAC Oak Hill Apartments Project – College Station, TX

Section 108 Loan Guarantee - \$2,808,000

The City of College Station will use \$2,808,000 in guaranteed loan funds to renovate the League of United Latin American Citizens (LULAC) Oak Hill Apartments (the “Project”) is a 49-unit property constructed approximately 40 years ago to provide housing to low-income elderly residents and persons with disabilities. Original financing for the development included funds from the HUD Section 202 Supportive Housing for the Elderly program. The Project has never undergone a substantial rehabilitation and many of its components are well beyond their useful life and in poor condition. The estimated cost of renovations which would be cost-prohibitive to fund through conventional loans, LIHTC, or tax-exempt bonds due to the high cost and complexity of the financing. The Project is owned by the same non-profit that developed the Project originally and it still receives Section 8 Project-Based Rental Assistance.

The scope of work for 49-units will include complete interior and exterior renovations that will increase safety for the tenants and include energy efficient upgrades. Renovations will include the Club Building, parking areas, and fencing. As the Project maintains 100% occupancy of all 49-units, temporary relocation will take place while each unit is being renovated. Relocation expenses will include housing, storage, and moving expenses for each tenant.

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

Guaranteed Loan Features:

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

Repayment Source: The Borrower intends to pay the Section 108 debt service using rents from the property.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the LULAC Oak Hill Apartment building.

For Additional Information:

https://theeagle.com/news/local/college-station-council-supports-lulac-oak-hill-apartments-renovation/article_0fb5f560-6db2-11eb-8561-cbb8b218d2c9.html

Multi – Family Housing Rehabilitation Loan Fund Project – Washington, DC

Section 108 Loan Guarantee - \$38,800,000

Washington, DC will use the \$38,800,000 in guaranteed loan funds to establish an affordable housing rehabilitation loan fund that will provide third-party loans for the preservation of housing for households earning up to 80 percent of the area median family income (MFI). The loan fund will be established to expand the Borrower’s gap financing capacity, thereby enabling preservation of additional affordable housing in the District. The loan fund will be managed by the Borrower’s Department of Housing and Community Development (DHCD) office.

The loan fund will target two types of multifamily preservation projects: 1) acquisition and substantial rehabilitation of naturally occurring affordable housing or existing affordable rental properties that will be recapitalized utilizing LIHTCs; and 2) acquisition and rehabilitation of Limited Equity Cooperatives that typically have difficulty securing competitive financing terms from the private market. Loans for both types of projects will be made to qualified for-profit and nonprofit developers with eligible affordable housing projects.

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

Guaranteed Loan Features:

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

Repayment Source: The Borrower intends to pay the Section 108 debt service using a portion of net cash flow for each individual project.

Additional Security: As additional security for the repayment of the Section 108 loan, the Borrower will pledge its current and future CDBG allocation as collateral for the Section 108 loan. As additional loan security, the Borrower will assign 5 interest in its third-party loan secured by a second position interest in the project property.

For Additional Information:

<https://dhcd.dc.gov/sites/default/files/dc/sites/dhcd/publication/attachments/11.2.20%20-%20Section%20108%20Loan%20Fund%20Application%20for%20Public%20Comment.pdf>

Public Facility and Improvement Projects

Williamsburg Street Redevelopment Project – Aiken, SC

Section 108 Loan Guarantee – \$999,000

The City of Aiken will use the \$999,000 in guaranteed loan funds to finance the installation of new infrastructure and streetscape improvements along the 100 block of Williamsburg Street, SE, the Williamsburg Street Redevelopment (the Project). This is a low-to-moderate income area north side of downtown Aiken within an Opportunity Zone. This section of Williamsburg Street has become distressed over the years with vacant, dilapidated commercial buildings and housing.

The Williamsburg Street Redevelopment infrastructure and streetscape improvements will include the development of new stormwater facilities/upgrading old systems, parking, sidewalks, street lighting, curbs, and gutters. These improvements will also include a new median with pedestrian amenities such as a playground, benches/tables, green space, and landscape.

National Objective: The Community Development Block Grant (CDBG) program national objective to be met by this project is benefit to low-and moderate-area Income area benefit activity (LMA).

Guaranteed Loan Features:

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

Repayment Source: The Borrower will use its CDBG entitlement funds as a primary source of 108 loan repayment.

Additional Security: As additional security for the repayment of the Section 108 loan, the City proposes to pledge its full faith and credit.

For Additional Information: https://www.postandcourier.com/aikenstandard/news/local-government/aiken-city-council-approves-williamsburg-street-project-funding/article_c0f12ea0-7494-11ec-9fce-871a73e2c91e.html

The Landing Project – Anacortes, WA

Section 108 Loan Guarantee – \$153,000

The City of Anacortes will use the \$153,000 in guaranteed loan funds to finance the construction of a public facility (the “American Family Center”). The public facility is a component activity of a low-income mixed-use public facility and housing complex known as the Landing (the “Project”). The

Project will be a new 21-unit four-story affordable housing building with an Early Learning Center on the first floor.

The Project is a part of the Anacortes Family Center (AFC), an organization that provides affordable housing and childcare, particularly for homeless children and families. The Project property is located at 1019 26th Street, a low-income neighborhood south of downtown Anacortes. This land for the Project is located directly across from Island Hospital's Emergency Room, and shares the southern border with AFC's newest 20-unit affordable apartment housing project that opened in December of 2019. Other successful AFC projects include a 9-apartment emergency shelter and a 9-apartment Transitional Housing Project, all in close proximity to the Project. AFC currently owns this property and plans to work with the Boys and Girls Club of Skagit County to lease the first floor Early Learning Center. The Boys and Girls Club anticipates serving up to 50 children ages 3-years-old up to second grade

National Objective: The Community Development Block Grant (CDBG) program national objective to be met by the eligible activity is benefit to low- and moderate- income clientele (LMC).

Guaranteed Loan Features:

Term: The Borrower is requesting a 3-year repayment term.

Repayment Source: The Borrower will use its CDBG entitlement funds as a primary source of 108 loan repayment.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the Landing building.

For Additional Information: https://www.goskagit.com/anacortes/construction-could-begin-by-spring-on-affordable-apartments-townhouses/article_5d0616b6-1929-11eb-ba29-9b7e13967.html

Jubilee Center Building Acquisition Project – Hoboken, NJ

Section 108 Loan Guarantee - \$3,065,000

The City of Hoboken will use the \$3,065,000 in guaranteed loan funds to assist in the financing of the acquisition of the Jubilee Center building. The Borrower intends to purchase the 9,000 square-foot Jubilee Center at 601 Jackson Street, Hoboken, New Jersey to convert this nonprofit-owned community center into a city-owned Public Facility. Approximately 6,000 sq. ft. of the building will be dedicated to a new use – the consolidation of Hoboken Public Schools' Head Start program. The remaining 3,000 sq. ft. of the building will be leased to nonprofits serving low- and moderate-income (LMI) households and/or “special populations” as defined by Community Development Block Grant (CDBG) regulations. The project is well-supported by the Borrower's 2020-24 Five Year Consolidated Plan. Specifically, Goal #2 “Improvement of Public Spaces & Facilities” of the Plan strives to “identify projects that improve public spaces and facilities that meet a CDBG National Objective. Projects may include further investment into the Hoboken Housing Authority as well as improvements to facilities owned by

nonprofits that primarily serve LMI residents.” Throughout its history, the Jubilee Center has been the hub of valuable programs and services to the Borrower’s LMI residents. Additionally, the Jubilee Center is directly adjacent to the Hoboken Housing Authority (See Attachment B – Project Location). The future of the building has been jeopardized, in part, due to the COVID-19 pandemic. Purchasing the building will ensure it continues to remain in service and financially stable.

The Borrower has approximately 56,000 residents occupying 1.25 square miles and is the third most densely populated municipality in the United States. The city has undergone tremendous population growth since 1990 with a 30% growth in population. Approximately 27% of the population are LMI. Although large part of the population growth has resulted in gentrification, there are 1,353 units of public housing in the city. The subject property is one of the few properties zoned commercial in an increasing residential area. Due to increased rents or need for expansion to meet COVID needs, many nonprofit entities are being forced out of their spaces and the Borrower wants to meet the physical space needs of the nonprofit community. While the “highest and best use” of the subject property with respect to its valuation is to tear it down and build luxury residential housing, the Borrower wishes to purchase it and make it available primarily to Hoboken Public Schools’ Head Start program and secondly to nonprofits and if necessary, for cash flow, to some for profit tenants. The Borrower already has received more requests than floor area availability. Jubilee Center, the current owner, occupies a small part of the building (less than 500 sq. ft.) and will be given the option of remaining and paying the market rent. The Borrower’s Department of Community Development (DCD) will have the overall management responsibilities of the building. The DCD will supervise three City Departments that provide services for the operation of the building

National Objective: This project will meet the Community Development Block Grant (CDBG) program national objective of benefit low-and moderate-Income clientele (LMC).

Guaranteed Loan Features:

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

Repayment Source: The Borrower will use its CDBG entitlement funds as a primary source of 108 loan repayment.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the Jubilee Center building.

For Additional Information: <https://www.tapinto.net/towns/hoboken/sections/community-announcements/articles/city-of-hoboken-looks-to-purchase-jubilee-center-for-3m-will-host-community-programs>

Community Senior Center Project – Sheboygan, WI

Section 108 Loan Guarantee - \$3,200,000

The City of Sheboygan will use the \$3,200,000 in guaranteed loan funds to finance the acquisition and rehabilitation of a former commercial site into a community senior center facility, the Community Senior Center (the “Project”). The City has identified a need to enhance services it provides to senior citizens. The City’s current senior center is 14,000 square feet and is located in an old school building. Through feedback received from focus groups, surveys and interviews, City determined the current center is no longer sufficiently meeting future programming requirements for seniors in the City. Approximately 30,000 square feet of programming space would be necessary to address this need.

The new Project will occupy 31,250 square feet and will be located in a building that was once occupied by a Save-A-Lot grocery store. The renovation includes replacing the roofing system and updating the HVAC and electrical systems. The City will also construct a multipurpose/gym area, programming rooms, café and hospitality area, and staff offices. There will be sufficient space for senior services, parking, and opportunities to partner with organizations like the Boys and Girls Club and Lakeshore Child Advocacy Center, which may utilize the space when seniors are not using it.

The Project’s site is located just outside of the downtown in a blighted commercial district. The site is already served by public transportation. The City believes the Project will assist in meeting the neighborhood revitalization goals outlined in its current Consolidated Plan.

National Objective: This project will meet the Community Development Block Grant (CDBG) program national objective of benefit low-and moderate-income area clientele (LMC).

Guaranteed Loan Features:

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

Repayment Source: The Borrower will use its CDBG entitlement funds as a primary source of 108 loan repayment.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the Community Senior Center building.

For Additional Information: <https://www.sheboyganwi.gov/wp-content/uploads/2020/11/Section-108-Application-Proposal.pdf>

Main Street/Convention District Overlay Zone Fund Project – Springfield, MA Section 108 Loan Guarantee - \$5,000,000

The City of Springfield will use the \$5,000,000 in guaranteed loan funds to assist in the purchase of vacant, abandoned, and foreclosed property located downtown Springfield, Massachusetts ("the Borrower"). Once the property is acquired by the Borrower, a developer will be selected to purchase,

redevelop, and revitalize downtown Springfield. The area identified for this project is the Main Street/Convention District Overlay Zone and is part of the Borrower's Downtown Master Development Plan to increase future development.

The Main Street/Convention District Overlay Zone ("The Overlay Zone") is a low-income area of Springfield's Downtown-South End that encompasses the MGM Casino and MassMutual Center. The Overlay Zone will use zoning regulations to help regulate, guide, and assist in the development. The Borrower will also encourage certain uses for the properties that will be sold to developers. The developers are acquiring these properties from the Borrower in accordance with a downtown redevelopment plan and they will eventually be able to renovate and sell them as prime real estate. Developers will get expedited review and approval if they plan to develop an approved encourage use. These uses range from residential, retail, restaurant, and entertainment venues. The Borrower has done an extensive and in-depth analysis of properties deemed critical to the redevelopment of the area. The properties that will be acquired by the Borrower will be approved purchases through a Request for Qualifications and Statement of Interest (RQSI) Review Committee. The proceeds from the sale of the acquired property will be designated for Section 108 Loan Guarantee repayment.

National Objective: This project will meet the Community Development Block Grant (CDBG) program national objective of aiding in the prevention or elimination of slum and blight on an area basis (SBA).

Guaranteed Loan Features:

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

Repayment Source: The Borrower will use funds from the sale of the property to pay back the loan.

Additional Security: As additional security for the repayment of the Section 108 loan, a lien on real property will be assigned on the property acquired by the City.

For Additional Information: <https://www.masslive.com/news/2021/12/springfield-seeks-to-set-the-table-for-improving-downtown-convention-center-district-with-5m-federal-loan.html>

Commons Community Center Project – Vancouver, WA

Section 108 Loan Guarantee - \$4,199,000

The City of Vancouver will use the \$4,199,000 in guaranteed loan fund to finance the acquisition and construction of the Commons Community Center (the "Project") in the Fourth Plains Commons building located in the Fourth Plain Corridor (the "Corridor") of the City. The Project is the 9,758 square foot ground floor and the community center component of the Fourth Plains Commons mixed-use building. The planned components of the Project are a community event space, an outdoor plaza space, a commercial kitchen incubator, and a shared office space. This office space will be used by community-based organizations, service providers, and black, indigenous, and people of color (BIPOC) serving

organizations to co-locate services that are currently only provided outside the community. The services will include workforce development programs for individuals and small business technical assistance.

The Vancouver Housing Authority (VHA) is building the Fourth Plains Common building. The upper five floors of the building will be known as “2200 Norris,” which is a 106-unit Low Income Housing Tax Credit (LIHTC) project. The Borrower will purchase the shell of the ground floor, plaza, and related parking spaces once the building is completed. From there, the Borrower will buildout the purchased space.

The Project will be developed in the area of the city known as the Fourth Plain Corridor. This is home to the City’s most diverse and lowest income communities. The area is considered the City’s “International District,” where communities of color comprise 30% of the neighborhood’s population. The neighborhoods that comprise the Corridor were developed during World War II as housing for shipbuilders and became a landing place for immigrants and communities of color migrating to jobs in wartime industries. Throughout this period, the development in the area often occurred without the same level of planning and infrastructure investment granted to other, less diverse neighborhoods of the City. Not much investment occurred in this area until recently. Given its proximity to the downtown area and the recent investments in high-capacity transit (the Vine Bus Rapid Transit line), the Corridor has become a more desirable place to live. The rising demand is pushing out lower income families, immigrants, and communities of color that have historically located there and contributed to the area’s diversity. Fourth Plains Common is meant to address this displacement of the current residents.

National Objective: This project will meet the Community Development Block Grant (CDBG) program national objective of benefit low-and moderate-income area benefit activity (LMA).

Guaranteed Loan Features:

Term: The Borrower is requesting an 18-year repayment term.

Repayment Source: The Borrower will use its CDBG entitlement funds as a primary source of 108 loan repayment.

Additional Security: As additional security for the repayment of the Section 108 loan, the City proposes to pledge its full faith and credit.

For Additional Information: <https://www.beheardvancouver.org/fourth-plain-commons>