



# SPRING QUARTERLY MEETING

April 28 – 29, 2021

Statewide Association of Community and Economic Development Organizations

# AGENDA

- Welcome
- Infrastructure Investment Program Brainstorming Session
- Break
- Exploring HUD's Section 108 Loan Guarantee Program
- Break
- Legislative Update
- HUD Entitlement / ODSA State Grantee Breakouts

# INFRASTRUCTURE INVESTMENT PROGRAM BRAINSTORMING SESSION

- Shana Garrett, Deputy Chief, ODSA / OCD
- Mary Oakley, Manager, Community Investments, ODSA / OCD



**Mary R. Oakley,  
Community  
Investments  
Manager,  
Ohio Development  
Services Agency**

# Ohio Development Services Agency: Community Infrastructure Program Proposal

April 29, 2021

# Investing in Ohio's Future



# Eligible Communities

## 2014-2018 American Community Survey

More than 300  
eligible  
communities

City/Village  
population  
between 1,000  
and 75,000

Median Household  
Income less than  
\$50,000

# Infrastructure Projects

Water/Sewer

Streets/Bridges

Gas/Electric

Demolition

Downtown  
Revitalization

Rail/Ports

Other  
Community  
Infrastructure  
Projects



Development  
Services Agency

# Available Funding

**Up to \$2 million per community**

Single Project

Multiple Projects



**Up to \$500,000 in additional funding**

Project incorporates Development-approved workforce training program



# Administration

## Cap

Lesser of  
\$50,000 or 10%  
of grant request

## Eligible Activity Costs

Related  
Engineering

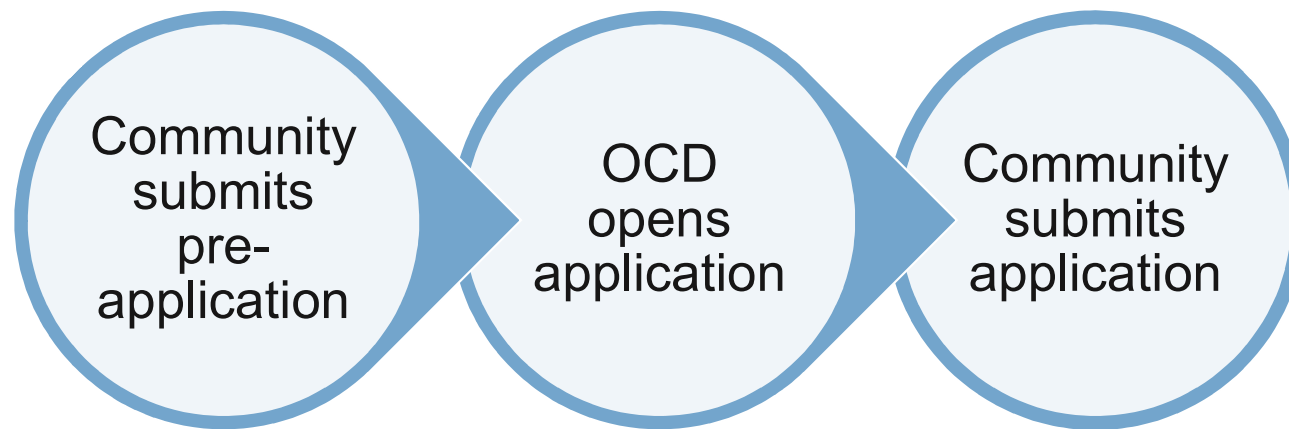
Architectural

Legal Service  
Costs

## Capacity

Community  
must  
demonstrate  
capacity to  
administer  
funds

# Application Process



# Rating System Principles

Project feasibility

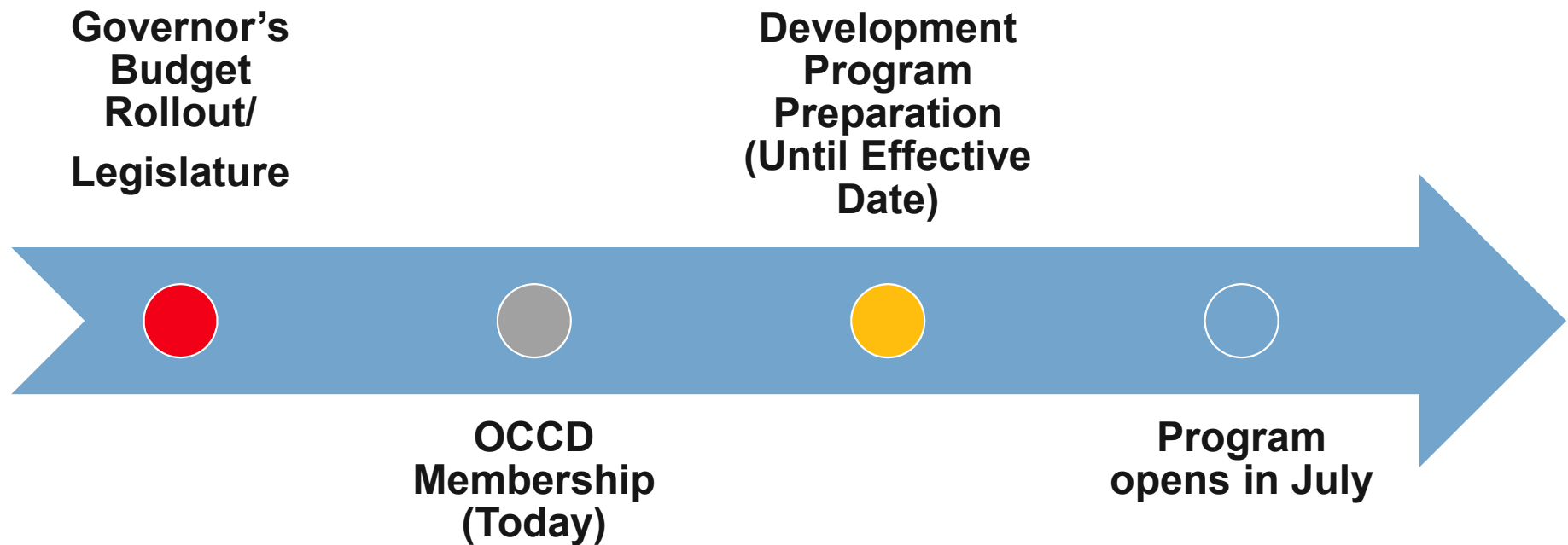
Coordination  
with other  
state/federal  
programs

Furtheres Ohio's  
investment  
objectives

Leverage  
committed

High impact

# Proposal Overview Timeline



## Slide 12

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**GD10** Mary, what is the proposal?

Gibbs, Deauna, 4/21/2021

**OM4** It's a Con Plan like document I put together for Development and/or the high level content I'm sharing during the presentation. Feel free to use a different word if you think it makes more sense.

Oakley, Mary, 4/21/2021

# Brainstorming Session

**What does your community need?**

Eligible  
activities

Administration  
funds/capacity

Rating system  
principles

Other  
suggestions

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## Contact

**Mary R. Oakley**

Community Investments Manager  
Ohio Development Services Agency  
[Mary.Oakley@development.ohio.gov](mailto:Mary.Oakley@development.ohio.gov)



**15-Minute Break**  
**Next Session begins at**  
**10:25 a.m.**

**April 29, 2021**

Statewide Association of Community and Economic Development Organizations



# EXPLORING HUD'S 108 LOAN GUARANTEE PROGRAM

- Seema Thomas, Deputy Director, Section 108 Loan Guarantee Program, HUD
- Carolyn Buhler, Community Planning & Development Specialist, HUD
- Jorge Morales, Community Planning & Development Specialist, HUD



# Ohio Conference of Community Development (OCCD)

## Section 108 Loan Guarantee Program



# Today's Topics



Section 108 Basics



Combining 108 with Other Financing



Project Examples



Resources





## Section 108 Basics



# HUD's Section 108 Loan Guarantee Program

- Provides loan guarantees, not grants
- Offers recipients a non-competitive means of accessing lower interest rates
  - Variable Rate Financing: 3-month Treasury Bill Auction Rate + 35 bps = 0.025% + 0.35% = **0.3750%** on 4/19/21
- Employs the programmatic framework of the CDBG Program
- Dedicated staff willing to provide 1-on-1 Technical Assistance





# CDBG National Objectives



**Benefit to Low- and Moderate-Income Persons**

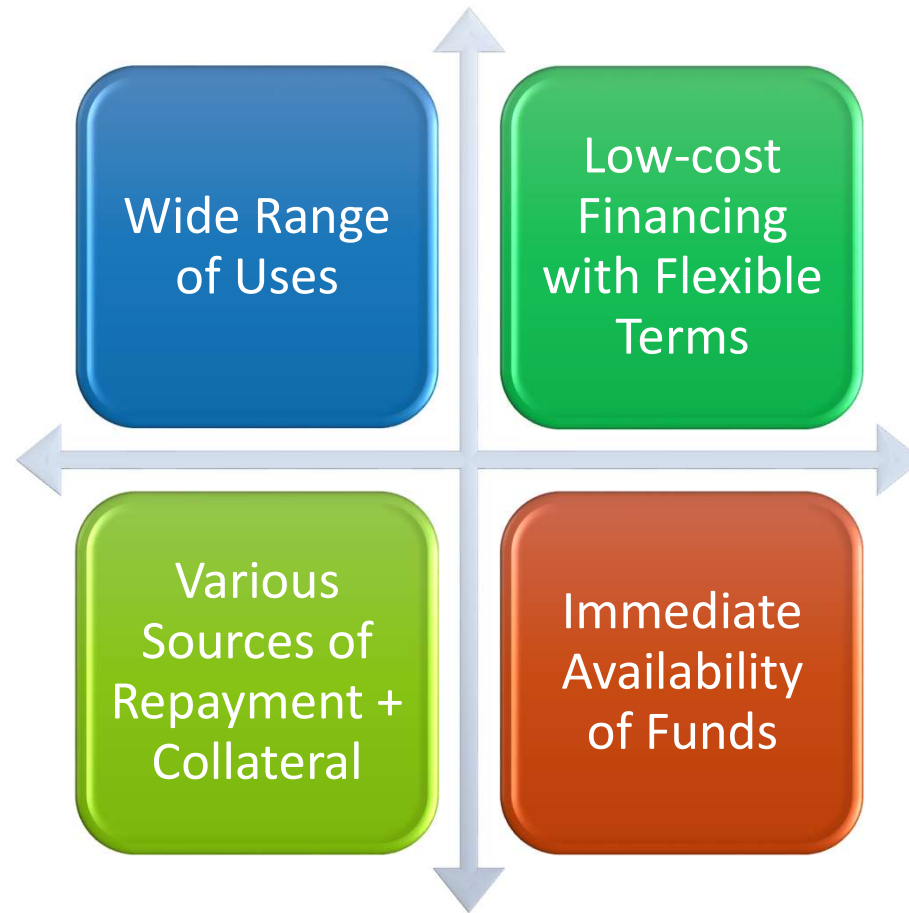


**Elimination of Slum & Blight**

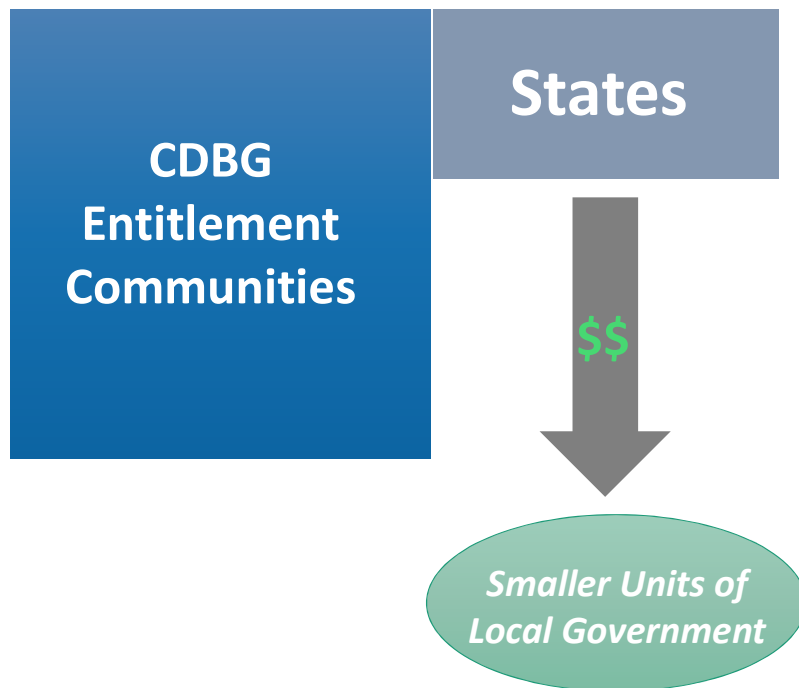


**Urgent Need**

# Why is Section 108 an attractive financing tool?



# Who has access to CDBG & Section 108 funds?



Subrecipient entities and other partners may receive Section 108 funds directly from lender if they are a **designated public agencies that can issue debt obligations.**

*Examples: economic development or public housing authorities, community development corporations, non-profits*

\* Non-entitlement communities in Hawaii and Insular Areas receive CDBG funds as well



## Section 108 Borrowing Capacity

Annual CDBG Allocation		\$3,000,000
Max available borrowing capacity	x 5	= \$15,000,000
Outstanding 108 commitments	-	\$800,000
Outstanding 108 loan balance	-	\$2,000,000
<b>Available borrowing capacity</b>		<b>= \$12,200,000</b>

*You can get a recipient's current borrowing authority on our website here:*

<https://www.hudexchange.info/resource/5197/current-availability-of-section-108-financing-cdbg-entitlement-and-state-grantees/>

## Section 108 Borrowing Capacity in Ohio (1 of 2)

**Total  
Borrowing  
Capacity for  
Entitlements**  
**\$ 406,578,135**

Grantee	CDBG 2021 Award	108 User	5 x CDBG 2021	Borrowing Capacity
Akron	\$6,112,442	Yes	\$30,562,210	\$25,757,210
Alliance	\$619,449	No	\$3,097,245	\$3,097,245
Barberton	\$660,648	Yes	\$3,303,240	\$3,303,240
Bowling Green	\$307,838	Yes	\$1,539,190	\$1,539,190
Butler County	\$1,293,576	No	\$6,467,880	\$6,467,880
Canton	\$2,641,759	Yes	\$13,208,795	\$13,208,795
Cincinnati	\$11,603,976	Yes	\$58,019,880	\$33,918,880
Clermont County	\$1,000,794	No	\$5,003,970	\$5,003,970
Cleveland	\$21,569,725	Yes	\$107,848,625	\$24,750,625
Cleveland Heights	\$1,582,470	Yes	\$7,912,350	\$7,912,350
Columbus	\$7,510,316	Yes	\$37,551,580	\$33,636,580
Cuyahoga County	\$4,163,149	Yes	\$20,815,745	\$13,097,745
Cuyahoga Falls	\$653,312	No	\$3,266,560	\$3,266,560
Dayton	\$5,859,378	Yes	\$29,296,890	\$28,436,890
East Cleveland	\$1,106,987	No	\$5,534,935	\$5,534,935
Elyria	\$755,617	Yes	\$3,778,085	\$3,778,085
Euclid	\$1,065,649	Yes	\$5,328,245	\$5,328,245
Fairborn	\$278,829	No	\$1,394,145	\$1,394,145
Franklin County	\$2,066,989	No	\$10,334,945	\$10,334,945
Hamilton City	\$1,419,359	No	\$7,096,795	\$7,096,795
Hamilton County	\$3,395,025	No	\$16,975,125	\$16,975,125
Kent	\$302,337	No	\$1,511,685	\$1,511,685
Kettering	\$567,827	Yes	\$2,839,135	\$2,839,135
Lake County	\$1,408,602	Yes	\$7,043,010	\$7,043,010

**Total Borrowing  
Capacity for the  
State of Ohio**  
**\$ 638,294,910**

These borrowing capacity calculations are based on the FY2021 CDBG grant awards as well as grantees' outstanding Section 108 guaranteed loans and commitments as of 2/28/21.

## Section 108 Borrowing Capacity in Ohio (2 of 2)

**Total  
Borrowing  
Capacity for  
Entitlements**

**\$ 406,578,135**

Grantee	CDBG 2021 Award	108 User	5 x CDBG 2021	Borrowing Capacity
Lakewood	\$1,969,843	Yes	\$9,849,215	\$9,849,215
Lancaster	\$504,178	Yes	\$2,520,890	\$2,520,890
Lima	\$1,086,823	No	\$5,434,115	\$5,434,115
Lorain	\$1,245,239	Yes	\$6,226,195	\$5,496,195
Mansfield	\$875,908	Yes	\$4,379,540	\$4,379,540
Marietta	\$405,616	No	\$2,028,080	\$2,028,080
Massillon	\$658,512	Yes	\$3,292,560	\$3,292,560
Mentor	\$154,035	No	\$770,175	\$770,175
Middletown	\$758,985	Yes	\$3,794,925	\$3,794,925
Montgomery County	\$1,997,888	No	\$9,989,440	\$9,989,440
Newark	\$739,355	Yes	\$3,696,775	\$3,196,775
Ohio Non-entitlement	\$46,344,355	Yes	\$231,721,775	\$231,716,775
Parma	\$967,426	No	\$4,837,130	\$4,837,130
Sandusky	\$750,212	No	\$3,751,060	\$3,751,060
Springfield	\$1,859,013	No	\$9,295,065	\$9,295,065
Stark County	\$1,438,732	No	\$7,193,660	\$7,193,660
Steubenville	\$616,364	No	\$3,081,820	\$3,081,820
Summit County	\$981,336	No	\$4,906,680	\$4,906,680
Toledo	\$7,483,240	Yes	\$37,416,200	\$37,416,200
Warren	\$1,192,655	Yes	\$5,963,275	\$2,623,275
Warren County	\$718,082	No	\$3,590,410	\$3,590,410
Youngstown	\$3,522,132	Yes	\$17,610,660	\$13,897,660

**Total Borrowing  
Capacity for the  
State of Ohio**

**\$ 638,299,910**

These borrowing capacity calculations are based on the FY2021 CDBG grant awards as well as grantees' outstanding Section 108 guaranteed loans and commitments as of 2/28/21

# Section 108 Utilization in Ohio

Project #	Borrower	State	Project Name	Commitment	Advances	Repayments	Unpaid Balance
B-11-MC-39-0001	AKRON	OH	Highland Square Grocery Store	\$3,800,000	\$3,800,000	\$1,330,000	\$2,470,000
B-17-MC-39-0001	AKRON	OH	Whitelaw Building Redevelopment	\$1,850,000	\$1,850,000	\$0	\$1,850,000
B-99-MC-39-0001	AKRON	OH	Middlebury Grocery & Retail Center	\$2,000,000	\$2,000,000	\$1,515,000	\$485,000
B-01-MC-39-0003	CINCINNATI	OH	Laurel Homes HOPE VI	\$4,000,000	\$4,000,000	\$3,200,000	\$800,000
B-12-MC-39-0003	CINCINNATI	OH	Economic Comm. Dev. Loan Pool	\$37,000,000	\$24,001,000	\$2,100,000	\$21,901,000
B-00-MC-39-0004	CLEVELAND	OH	Osborn Square Apartments	\$600,000	\$600,000	\$300,000	\$300,000
B-09-MC-39-0004	CLEVELAND	OH	Flats East Bank Redevelop.	\$30,000,000	\$30,000,000	\$10,428,000	\$19,572,000
B-09-MC-39-0004-A	CLEVELAND	OH	Cooperative Greenhouse Project	\$8,000,000	\$8,000,000	\$745,000	\$7,255,000
B-10-MC-39-0004	CLEVELAND	OH	NRSA-Loan Pool	\$18,124,000	\$12,200,000	\$1,329,000	\$10,871,000
B-10-MC-39-0004-A	CLEVELAND	OH	Health Tech fka-Warner Swasey Building	\$10,000,000	\$10,000,000	\$0	\$10,000,000
B-94-MC-39-0004-C	CLEVELAND	OH	Hoy Block II Project	\$87,000,000	\$80,600,000	\$59,500,000	\$21,100,000
B-04-UC-39-0001	CUYAHOGA COUNTY	OH	Tinker's Creek Commerce Park	\$4,000,000	\$4,000,000	\$2,405,000	\$1,595,000
B-06-UC-39-0001	CUYAHOGA COUNTY	OH	Flats East Bank	\$2,000,000	\$2,000,000	\$694,000	\$1,306,000
B-94-UC-39-0001	CUYAHOGA COUNTY	OH	ED Loan Pool	\$10,000,000	\$5,265,000	\$5,183,000	\$82,000
B-03-MC-39-0016	LORAIN	OH	Colorado Industrial Park	\$2,200,000	\$2,200,000	\$1,565,000	\$635,000
B-04-MC-39-0022	WARREN	OH	Diane Sauer Chevrolet, Inc.	\$1,700,000	\$1,700,000	\$1,360,000	\$340,000
B-16-MC-39-0023	YOUNGSTOWN	OH	Amphitheater and Riverfront Park	\$4,000,000	\$4,000,000	\$287,000	\$3,713,000
 <b>TOTAL =</b>				<b>\$226,274,000</b>	<b>\$196,216,000</b>	<b>\$91,941,000</b>	<b>\$104,275,000</b>

# Approaches to using Section 108

## Project Specific:

- Application is for a specific project or projects
- Requires a high level of project detail & specificity for financial underwriting by HUD Headquarters



## Loan Fund:

- Application describes type of loan fund projects to be funded along with the community's underwriting process
- Individual projects must have a Field Office determination letter to funds to be drawn



# What types of Section 108 projects?

## Economic Development

Central Business District Support

Retail/Office and Manufacturing

Small Business Financing

Business Retention

## Housing

Loan Funds for Third Party Developers

Adaptive Reuse

Supporting New Housing Construction

Rehab of private housing stock and public housing

## Public Facilities

Community Centers

Park Upgrades

Hospitals

Gov't Bldgs serving Residents

## Infrastructure

Water & Sanitation

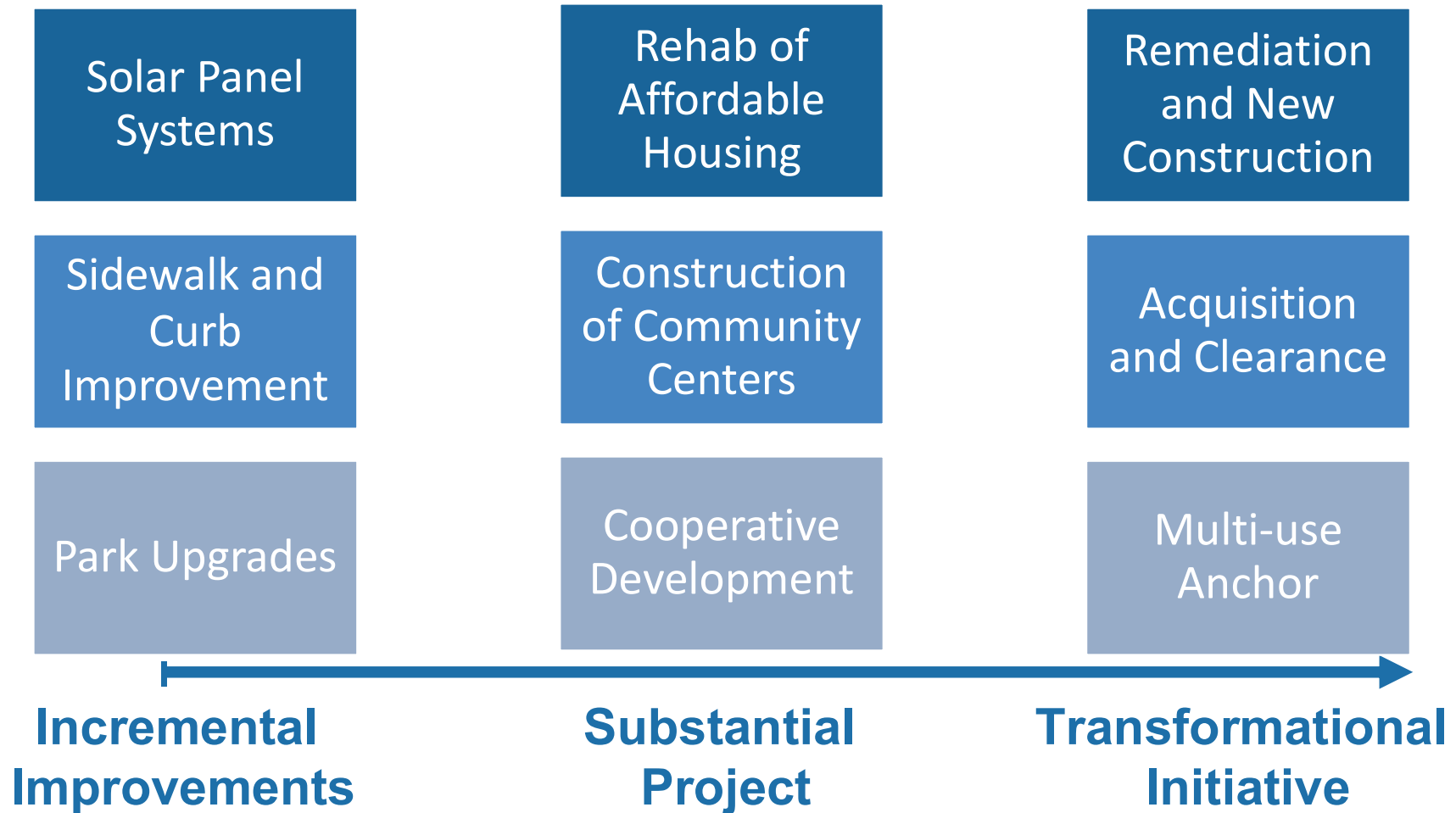
Streets, Curbs and Gutter Improvements

Broadband Line Extensions

Devastated Landscapes

Source: Code of Federal Regulations (CFR) §570.703 Eligible Activities<sup>29</sup>

# What is the scale of Section 108 projects?



# Stages for Section 108 Deployment

**Preparation/ Pre-development**

**Acquisition**

**Demolition**

**Site prep &  
remediation**

**Relocation  
costs**

**Implementation**

**Rehab Structure  
for Housing**

**Machinery &  
equipment**


**Working capital**

**Infrastructure +  
improvements**





**Program  
Requirements**



**Financial  
Requirements**



# PROGRAM

## Standard CDBG Requirements

Eligible Activities  
National Objective  
Public Benefit Standards  
Crosscutting Requirements

**Financial  
Requirements**

The diagram consists of two circles. On the left is a blue circle containing the text 'Program Requirements'. To its right is a larger green circle containing the title 'FINANCIAL' at the top. Below the title, the green circle is divided into two columns. The left column is headed 'Repayment' and contains a bulleted list of five items: Sources, General Funds, CDBG, Expiring funds, Project Revenues, and Flexible Terms. The right column is headed 'Collateral' and contains two sub-sections: 'Primary Source:' followed by 'Pledge of current and future CDBG', and 'Potential Sources of Additional Collateral:' followed by 'Property lien', 'Full faith and credit', and 'Reserve Accounts'.

## Program Requirements

# FINANCIAL

### Repayment

- Sources
- General Funds
- CDBG
- Expiring funds
- Project Revenues
- Flexible Terms

### Collateral

#### Primary Source:

Pledge of current and future CDBG

#### Potential Sources of Additional Collateral:

Property lien

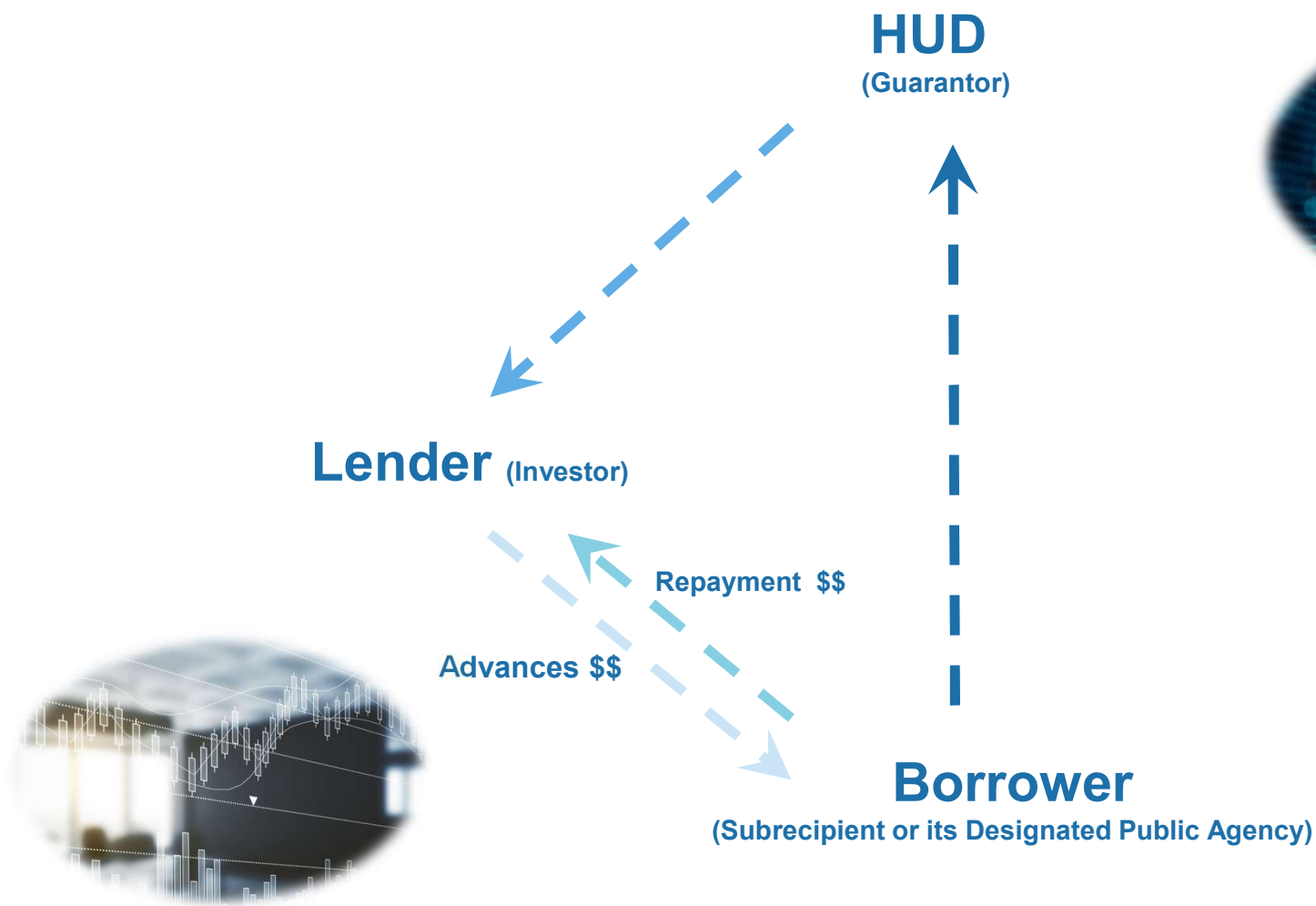
Full faith and credit

Reserve Accounts

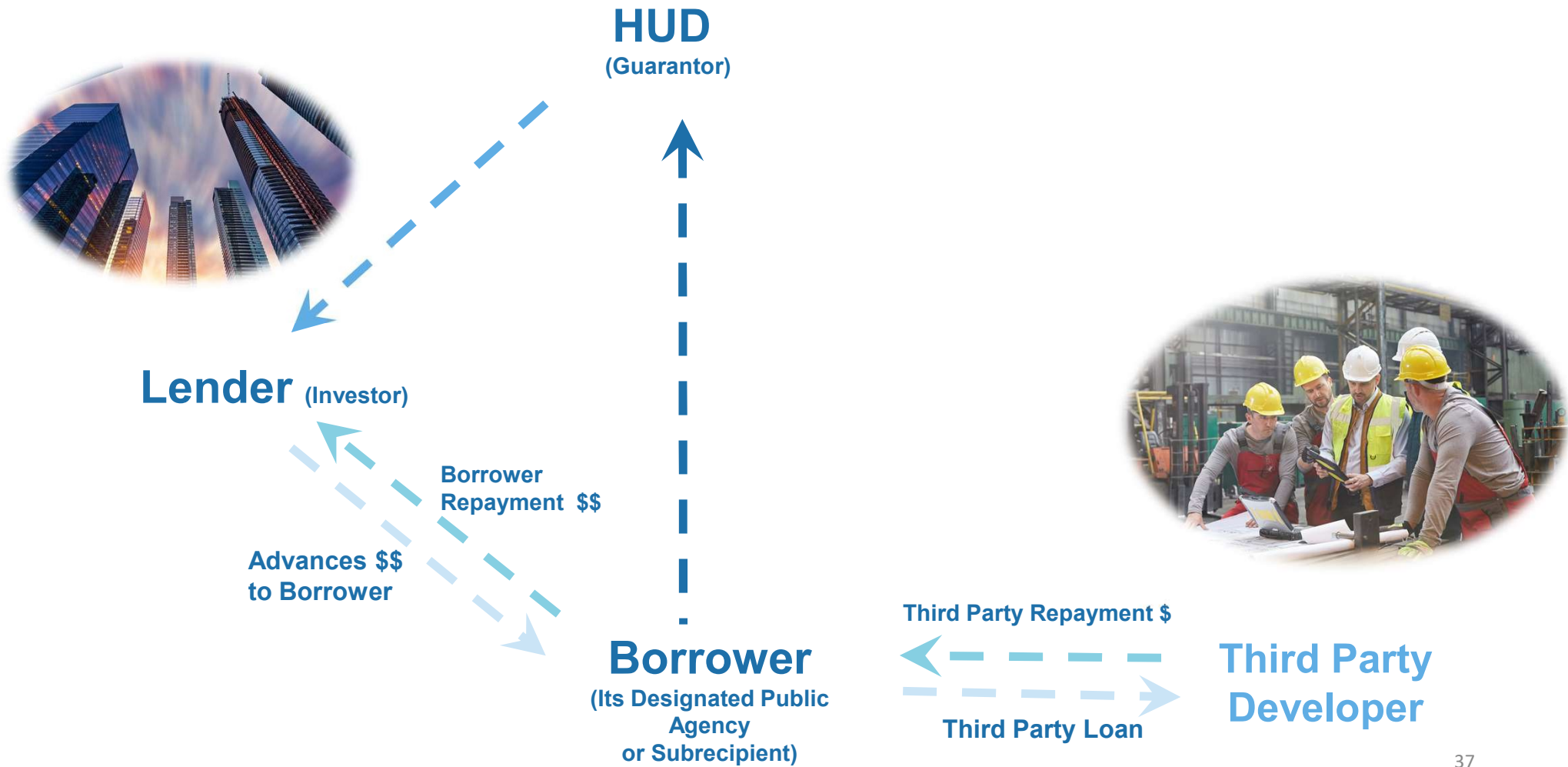
## Section 108 Application Process

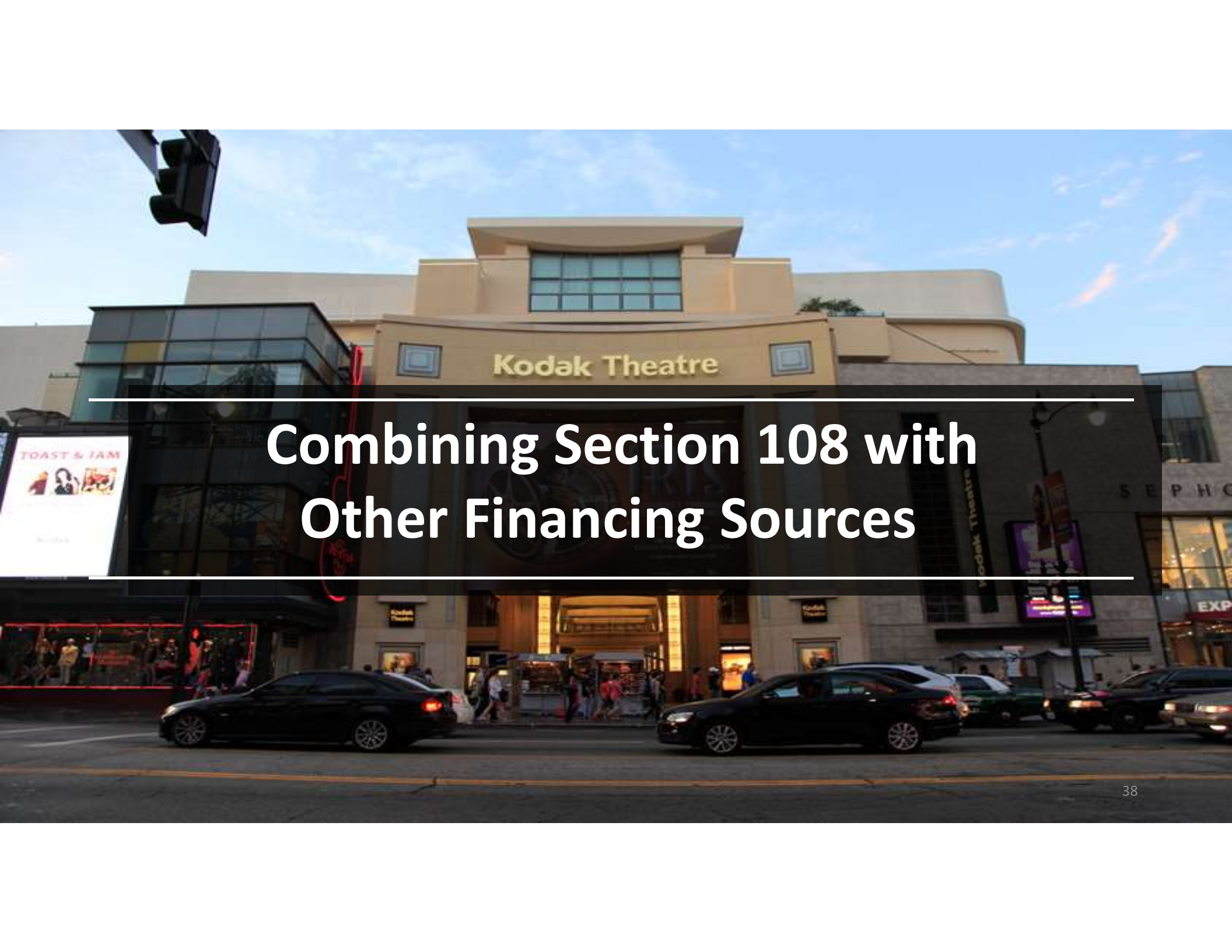


## Flow of Funds: Project by the Applicant



# Flow of Funds: Project with a Third Party Developer/Borrower



A photograph of the Kodak Theatre building at dusk. The building is a multi-story structure with a mix of beige stone and dark glass. The name "Kodak Theatre" is prominently displayed in gold lettering on the upper facade. A large, illuminated sign for "TOAST & I AM" is visible on the left side of the building. The entrance is brightly lit, and several cars are parked or driving on the street in front of the theatre. The sky is a deep blue with some light clouds.

# Combining Section 108 with Other Financing Sources

# How does **Section 108** fit into the financing for a project?



STANDALONE



COMBINED



GAP



# Combining Section 108 with Other Federal Financing



- New Market Tax Credits



- EDA Public Works & Economic Adjustment Assistance



- Historic Tax Credits



- 7(a) Loans
- 504 Loans



- BUILD Grants
- TIFIA



- Low-Income Housing Tax Credits
- Opportunity Zones



- Revolving Loan Funds
- Brownfields Remediation Financing
- WIFIA

# Combining Section 108 with Other Financing

- Section 108 (and CDBG) can be used to fund mixed-use development
  - Allocate funds to uses that meet program objectives (e.g., commercial component of the project)
- LIHTC and NMTC financing sources can work well with Section 108
  - Deferred principal options exist
- There are limitations on using Section 108 funds with federal tax-exempt financing; HUD can work with communities to avoid conflicts (OMB Circular A-129)



An architectural rendering of a modern, multi-story building with a prominent central tower. The building features a grid of windows, some of which are illuminated. In the foreground, a wide, paved plaza is populated with people, including a family walking and children playing near a small water feature. The scene is set during the day with a clear sky and some trees visible on the right.

# Project Examples

# Economic Development + Remediation Example

## Cleveland, Ohio

### TOTAL 108 FINANCING: \$3.97M

#### **Green City Growers Greenhouse Cooperative**

- The City remediated and redeveloped 10+ acres of an industrial/residential site into an employee-owned cooperative greenhouse that created 42 full-time jobs producing 2 million pounds of healthy greens and 200,000 pounds of fresh herbs annually.
- The City assembled the parcels and then sold the site to a developer to carry out the project consisting of two buildings, a greenhouse with multiple bays and a packing house where produce will be prepared for shipping.
- Green City Growers cooperative leases the facility from the Developer.
- The City lent the Section 108 guaranteed loan proceeds through the New Market Tax Credit (NMTC) structure to a special purpose private for-profit Investment Fund





# Public Facilities Example

## Youngstown, Ohio

### TOTAL 108 FINANCING: \$4M

#### **Amphitheater and Riverfront Park**

- The City used Section 108 loan funds to finance the redevelopment of a 20-acre riverfront site into a public park and amphitheater.
- The park will include a children's play area, pedestrian walking trails, lawn areas that will incorporate 'green infrastructure' for storm water retention, community event spaces, water features and basketball athletic areas. The amphitheater will feature a covered stage, open-air seating for 3,250 people, public restrooms, and a concession area.
- The project location is downtown, of which 61.4% of the residents are low- and moderate-income persons.



# Loan Fund Examples

## Clackamas County, OR

### Housing and Community Development Fund

- TOTAL 108 FINANCING: \$11M
- \$6M
  - Provides loan funds to third party borrowers for acquisition and to undertake demolition, clearance, and site preparation activities as necessary to prepare the properties for new construction
  - Rehabilitates existing affordable housing and potentially for mixed-use buildings
- \$4.1M
  - For public facilities that address community needs, such as health centers, service centers, and food banks.

## Washington, DC

### Third Party Loan Fund

- TOTAL 108 FINANCING: \$38.8M
- Provides third-party loans for the preservation of affordable housing
- Types of Multifamily Preservation Projects
- Acquisition and substantial rehabilitation of naturally occurring affordable housing or existing affordable rental properties that will be recapitalized utilizing LIHTCs
- Acquisition and rehabilitation of Limited Equity Cooperatives that typically have difficulty securing competitive financing terms from the private market

# Adaptive Reuse + Mixed-Use Example



Image Source: txktoday.com

## The Hotel Grim Lofts Project

- **Texarkana, TX** **\$1.429M**
- - Funds used to redevelop the historic Hotel Grim, an eight-story, 103,200 square-foot structure built in 1925.
- - The redevelopment is a mixed-use, mixed-income historic preservation project.
- - The redeveloped property includes 98 housing units and approximately 5,000 square feet of commercial space on the first level.



# Affordable Housing Rehab Example



## Southside Revitalization Project

Component: Piedmont Affordable Rentals

- **Durham, NC** **\$8.8M**
- - Funds used for acquisition, site preparation, and infrastructure improvements
- - Enhanced infrastructure focused on water, sewer, curb/gutter, street pavement, and grading of lots
- - Combined with LIHTCs, HOME, NSP, and other sources

Images Source: Wilmur Conyers, City of Durham Presentation on Section 108



# Supporting New Construction Example



## Southside Revitalization Project

Component: Lofts at Southside

- **Durham, NC** **\$8.8M**
- - Funds used for acquisition, site preparation, and infrastructure improvements
- - Enhanced infrastructure focused on water, sewer, curb/gutter, street pavement, and grading of lots
- - Combined with LIHTCs, HOME, NSP, and other sources

Image Source: Wilmur Conyers, City of Durham Presentation on Section 108

# Supporting New Construction Example



## Avondale Trace Affordable Housing Project

- **High Point, NC**      **\$650,000**
- In Phase 1, the Borrower requested Section 108 funds for site acquisition and/or improvements
- In Phase 2, after the eligible activities were complete, the Borrower conveyed the improved project site to the developer.

An architectural rendering of a modern, multi-story building with a prominent central tower. The building features a grid of windows, many of which are illuminated from within. In the foreground, a wide, paved plaza is populated with diverse people, including families and groups of friends, engaged in various activities like walking and playing. To the right, there is a small, landscaped area with trees and a fountain. The sky is a soft, hazy blue, suggesting late afternoon or early evening. A dark, semi-transparent horizontal bar is superimposed over the middle of the image, containing the word "Resources" in white text.

# Resources

## Section 108 General Resources

HUD has created resources on HUD Exchange to assist potential borrowers with developing applications:

- Borrowing capacity spreadsheet [*updated annually*] [Link](#)
- Application Tool [Link](#)
- Single certifications document [Link](#)
- Section 108 Application & Finance Process Infographic [Link](#)
- Project profiles for all applications approved in recent fiscal years [Link](#)
- Join our mailing list to get email updates! [Link](#)



**Many other resources are available on HUD.gov and HUDexchange.info**

**Note: FMD is willing to provide 1-on-1 Technical Assistance during any project cycle stage for interested applicants.**

# Section 108 offers in-depth, tailored Technical Assistance

## Conceptualization

- Walk-through eligibility requirements
- Offer suggestions and share examples of similar projects

## Application Preparation

- Provide Joint Technical Assistance with Field Offices
- Identify appropriate sequencing and deal structure

## Application Process

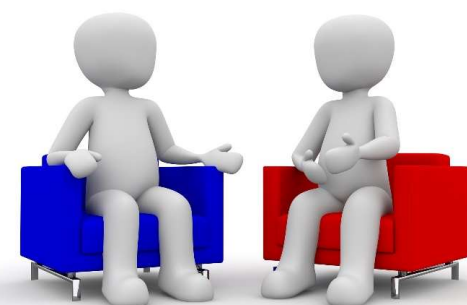
- Help to clarify outstanding issues related to underwriting
- Share guidance and best practices on documentation

## Financing Phase

- Identify additional collateral
- Advise on loan proceeds and disbursements

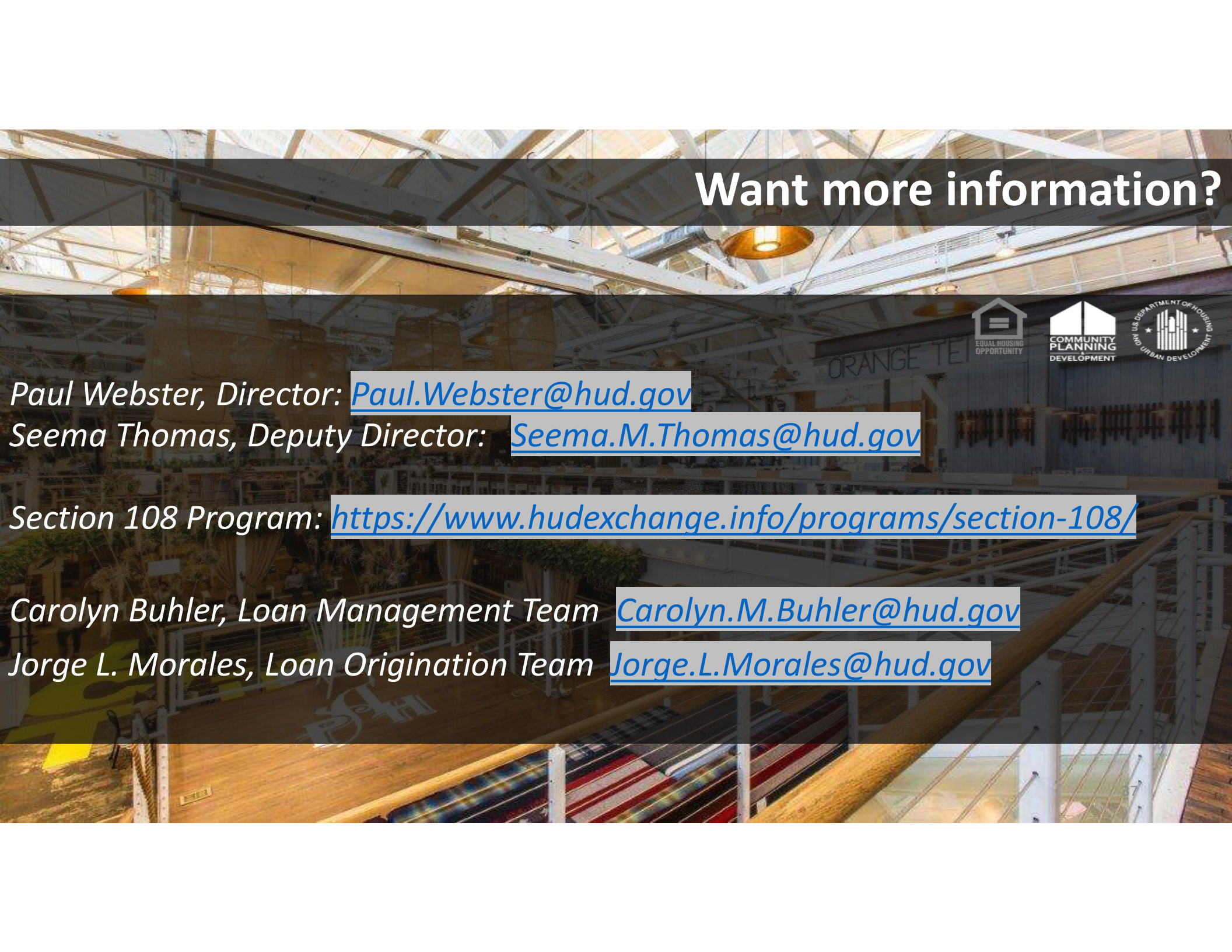
## Implementation

- Ongoing guidance on compliance and reporting
- Dynamic ability to amend project terms to meet borrower's needs



FMD provides 1-on-1 Technical Assistance during any project cycle stage for interested applicants.





# Want more information?



*Paul Webster, Director:* [Paul.Webster@hud.gov](mailto:Paul.Webster@hud.gov)

*Seema Thomas, Deputy Director:* [Seema.M.Thomas@hud.gov](mailto:Seema.M.Thomas@hud.gov)

*Section 108 Program:* <https://www.hudexchange.info/programs/section-108/>

*Carolyn Buhler, Loan Management Team* [Carolyn.M.Buhler@hud.gov](mailto:Carolyn.M.Buhler@hud.gov)

*Jorge L. Morales, Loan Origination Team* [Jorge.L.Morales@hud.gov](mailto:Jorge.L.Morales@hud.gov)



**15-Minute Break**  
**Next Session begins at**  
**11:40 a.m.**

**April 29, 2021**

Statewide Association of Community and Economic Development Organizations

# LEGISLATIVE UPDATE

- Anthony Core, Squire Patton Boggs
- Q&A







# HUD and ODSA Small Cities Breakouts

April 29, 2021

Statewide Association of Community and Economic Development Organizations

# BREAKOUT SESSIONS

Login to the Zoom Meeting Link found in today's meeting invitation email

- **Entitlement Breakout with HUD Representatives**

- Login into the [Zoom Breakout Room Meeting invitation for Entitlement Communities](#)

- **State Grantees Breakout with ODSA Representatives**

- Login into the [Zoom Breakout Room Meeting invitation for ODSA / Small Cities](#)



**Thank you for attending the  
OCCD Spring Virtual Meeting.**