



Legislation Text

File #: O-619-21, **Version:** 1

CDBG - Section 108 Loan Pool Application
Department of Housing and Community Development
Director Rosalyn Clemens (x3647)

Authorizing submission to U.S. Department of Housing and Urban Development (HUD) a Substantial Amendment to the City of Toledo 2020-2024 Consolidated Plan and the 2021-2022 Annual Action Plan for use of the Section 108 Loan Guaranty Program; submittal of a generic application to HUD to establish a Section 108 Loan Pool; and declaring an emergency.

SUMMARY & BACKGROUND:

This legislation provides authority to the Mayor and Department of Housing and Community Development for submission of a Substantial Amendment to the 2020-2024 Consolidated Plan and the 2021-2022 Annual Action Plan for use of the Section 108 Loan Guaranty Program; and for submittal of a generic application to HUD for establishing a Section 108 Loan Pool.

The Section 108 Loan Guarantee Program allows CDBG entitlement communities to leverage up to five times the annual CDBG allocation to fund economic development projects, public facilities, acquisition of real property and housing rehabilitation. The City of Toledo will submit an application to establish a Section 108 Loan Pool of an estimated \$37 million, approximately five times the City's annual CDBG allocation. The Section 108 Loan Pool will be available to prospective borrowers citywide and will provide a ready source of long-term fixed-rate and reasonably priced financing that is not available conventionally.

The establishment of a Section 108 Loan Pool is a specific Year 1 Implementation Action of Toledo Together, A Guiding Vision & 10-Year Action Plan for Housing (Comprehensive Housing Strategy) unanimously adopted by the Toledo City Council. The establishment of a Section 108 Loan Pool supports the Comprehensive Housing Strategy goal of diversifying local funding sources to finance housing and community development needs of Toledo.

The financial impact of this Ordinance is the provision of capital to bridge financial gaps for various projects that create and retain jobs; increase affordable housing, create and enhance public facilities; advance equity and equitable development projects and expand the tax base.

NOW, THEREFORE, Be it ordained by the Council of the City of Toledo:

SECTION 1. That the Mayor is authorized to submit to HUD a Substantial Amendment to the City of Toledo 2020-2024 Consolidated Plan and the 2021-2022 Annual Action Plan for use of the Section 108 Loan Guaranty Program; and is authorized to submit a generic application to HUD to establish a Section 108 Loan Pool.

SECTION 2. That the generic application to establish a Section 108 Loan pool includes the Section 108 Loan Pool delivery system and underwriting guidelines for operating businesses, income-producing

projects and public facilities.

SECTION 3. That the City will prioritize investments in projects using Section 108 Financing that are in targeted neighborhood revitalization areas including Junction, Englewood, Old South End, and East Toledo; and promote equity and equitable development.

SECTION 4. That the City may elect to support non-income, producing projects including community facilities, parks and infrastructure and use a portion of the annual CDBG as a source for repayment.

SECTION 5. That the Section 108 Loan Pool will accept applications for eligible projects on a rolling basis, review and underwrite projects pursuant to HUD Section 108 Program guidelines, with all individual loans subject to approval by the Toledo City Council and HUD.

SECTION 6. That this Ordinance is declared an emergency measure and shall take effect and be in force from and after its passage. The reason for the emergency lies in the fact that the same is necessary for the immediate preservation of the public peace, health, safety and property and for the further reason that this Ordinance must be immediately effective in order to timely begin the process to establish a HUD Section 108 Loan Pool.

Vote on emergency clause: yeas _____, nays _____.

Passed: _____, as an emergency measure: yeas _____, nays _____.

Attest: _____
Clerk of Council

President of Council

Approved: _____

Mayor

I hereby certify that the above is a true and correct copy of an Ordinance passed by Council

_____.

Attest: _____
Clerk of Council