Webinar

From Vision to Reality
Date: August 18, 2023

00:00:04 --> 00:00:05: Thank you all for joining us this afternoon.
00:00:05 -- 00:00:07: My name is Jane Hutton and I work with the ULI Twilliger Center for Housing.
00:00:10 --> 00:00:12: Before we get into what I know will be an insightful presentation from the HUD Section 108 loan guarantee program,
00:00:16 --> 00:00:17: I have a few housekeeping notes.
00:00:18 --> 00:00:20: This webinar is being recorded and will be posted on you and utilize Knowledge Finder to watch On Demand.
00:00:24 --> 00:00:27: If you’re not familiar with us, the Twilliger Center for Housing integrates utilize wide-ranging housing activities into a program of work with three objectives to catalyze the production of housing,
00:00:31 --> 00:00:34: provide thought leadership on the housing industry and inspire a broader commitment to housing.
00:00:37 --> 00:00:39: Our program of work includes an annual conference on all things housing and awards program, local technical assistance, research and more.
00:00:48 --> 00:00:51: The Housing Opportunity Conference is one of the nation’s premier meetings of the Residential Development, lending, investing and Policy community.
00:00:55 --> 00:00:59: brings together diverse mix of professionals with one common goal to expand housing opportunities in their communities.
00:01:02 --> 00:01:07: The 2024 conference will take place February 20th to 21st in Austin, TX.
00:01:08 --> 00:01:10: Early bird registration will open this fall.
00:01:11 --> 00:01:14: To get notified, you can sign up for our newsletter at this link that I’ll put in the chat.
The Twilliger Center also runs an annual awards program to honor innovative, innovative, and replicable developments and local policies that create or preserve affordable housing.

The 2024 applications will open in the fall, and we encourage you to submit your projects or policies that you know about to be recognized by you alive.

You can find examples of previous winners and finalists on our website here, along with eligibility criteria and application instructions.

Lastly, our Attainable Housing for All campaign partners with utilize district Councils, bringing funding and staff capacity to support the production of more attainable housing locally.

Please visit our website here to learn more about the campaign and how your community can receive funding.

The link in the chat.

All right.

Without further ado, I'd like to to introduce our panel who will be showing you how you can leverage the Section 108 program in your work.

And we're honored to have the Deputy Assistant Secretary for Grant Programs with us to provide some introductory remarks as Dos for grant programs.

Claudia Monterosa Overseas affordable housing and community development programs, including the Community Development Block Grant Program, the Home Investment Partnerships Program, the Housing Trust Fund, the CDPG Disaster Recovery Funds.

In addition to departmentwide energy and environmental policy, Das Monterosa brings decades of nonprofit and public sector experience incorporating social justice, grassroots organizing, and equity to her work.

At HUD.

To present an overview of the program and answer questions from the audience, we have Paul Webster, the Director of the Financial Management Division and Hud's Office of Community Planning.

and Development, Korge Morales, the loan origination team
Lead and loan financial financing specialist at the HUD Section 108 Loan Guarantee Assistance Program and Eric Pechaconis, a community planning and development specialist who works with HUD Section 108 loan guarantee program.

Das Ponderosa, I'll turn it over to you.

Thank you so much for being with us today.

Good afternoon.

Thank you so much for that introduction and hello again.

My name is Claudia Monterosa and I'm really so excited to be here with you today to welcome you to this overview of Hut Section 108 loan guarantee program.

I'd first like to thank and start by expressing my gratitude to our host today for using their platform to share how important this hot tool can be used to support a local wide range of local affordable housing and community development goals.

It is exciting to see the work of the Center in advancing the discussion of how communities can utilize HOT and other resources in advancing best practices.

In residential development in public policy across the United States,

as we know, thoughtfully laid out communities with ample safe and affordable housing can bring us really closer to an equitable to equitable outcomes for all community members.

And HUD is really a proud partner to be with you as you lead these efforts to develop viable and thriving communities.

These actually these goals are central to the Biden Harris administration's housing supply priorities, including from reducing barriers to housing like restrictive and costly land use and zoning rules expanding financing for affordable, energy efficient and resilient housing in promoting commercial to residential conversion opportunities, particularly for affordable and 0 emissions housing.

Before joining HUD, I served as the Chief Housing Officer
for the City of Los Angeles, where I oversaw the implementation of Measure HHH $1.2 billion for development. Of permanent supportive housing and I also successfully oversaw and secure over $1.6 billion for emergency rental assistance for COVID impacted tenants. So I know first hand the complexities and challenges faced by communities and making housing options materialize for your residence. And I also successfully oversaw and secure over $1.6 billion for emergency rental assistance for COVID impacted tenants. So I know first hand the complexities and challenges faced by communities and making housing options materialize for your residence. While I now oversee many grant programs to support housing and community development, today I really want to highlight our community development for long. Guarantee program better known as section 108. However, I have to be honest, we do have to find a better, more catchy name for this program and so we often like to refer to it as our CDBG maximizer or multiplier. So if you have any suggestions please send those along. And this is something that both Paul and and our team have have been in discussions over the last few months. I also want to share that earlier this year, the Section 108 program, which is a component of CDBG, the CDBG program, reached an amazing milestone. We hit $10 billion in funding approvals for community and economic development projects across the United States and its territories. And since its inception in 1978, this program has contributed to the creation of more than 125,000 jobs, building over 240 affordable housing developments in the construction of more than 250 public facilities and public works projects. According to a study from HA, not only do our communities using this to leverage their city BG dollars by a factor of 5 to 1, but many also achieve A leverage of an additional nearly $5 in funding for every $1.00 of Section 108 financing secure. This leveraging really enables communities to undertake larger scale projects.
that can transform entire neighborhoods.

Section 108, as you know you will find out today, is a versatile tool used for a wide, wide variety of projects that meet your most pressing needs.

Communities have successfully leveraged Section 108 funds to improve resilience and address the impacts of climate change through innovative projects from flood control measures, installation of solar panels for residential instructions and neighborhood facilities.

HUD has a really long history providing much needed financing to benefit low and moderate income communities.

And HUD continues to play and will want to continue to play a pivotal role in facilitating low cost and flexible financing from private capital markets to the main streets of over 600 communities when private.

When private sector investors on Wall Street are unwilling to bear the risk of providing financing for longterm community and economic development projects, HUD really steps in.

What is Loan Guarantee Program?

HUD provides the full faith and credit of the United States government to support critical economic and community development projects across America.

Our team has also been working closely with communities to support their efforts to layer multiple funding streams and resources, such as the Low Income Housing Tax Credit with Section 108 loans.

And this type of support is the cornerstone of achieving Hut's mission to strong, sustainable, inclusive and quality affordable homes for all in achieving those goals.

And so today's webinar is an opportunity to explain. To further dig into the mechanics of the Section 108 program and learn how your community can tap into this really amazing critical source that's available to over 1200 jurisdictions across the nation.

So today you will hear from our fantastic team at
HOT and how to expect and how to effectively use this community development tool and our teams are always ready and available to meet with you. Our community. For any questions on how to access this rich resource, even if you want to have a brainstorming session, please feel free to reach out to us. This is part of his commitment to you, our communities, and our our our our partners across the nation. So as you embark. On your residential development projects, I encourage you to engage residents and your local governments to recognize POD as your partner from vision to implementation for the communities that you all serve. I really look forward to collaborating on any new future opportunities to support your innovative projects in the near future. And I really thank you for having us today and I'll pass it on to our excellent Section 1 of 18 starting with Paul so. Thank you and have a great webinar. Thank you Claudia. My name is Paul Webster and I have been with HUD for a very long time, working mostly on the CDBG program and section 108 since I've been with HUD, so we're going to provide. A presentation today and then we will be happy to answer any questions that you might have. If you also will provide links for you if you want to send questions back to us if you didn't think of today or you wanna think about it a little bit more. So today, we're going to be exploring the Section 108 loan guarantee program. This program is, as Claudia mentioned, a part of the CDBG or Community Development Block Grant family of programs. It has been active since 1978. Since that time, we've had over 202,000 approvals.
As Claudia mentioned, we've reached our $10 billion milestone in commitments.
We've actually assisted 630 communities since we initiated the program.

Hazleton, PA: Factoid was our first approval.
Springfield, MA: was our two thousandth approval.
We actually have more than 225,000 jobs.

We need to change our infographic here and we've and we've assisted many public works projects, infrastructure projects, housing projects over over the years.

Finally, a study that was done by the Urban Institute indicated that on average, our.
The projects that we assist generate an additional for $4.62 for every one dollar Section 108 funding.

Next slide.
So in addition to me, we have Jorge Morales, who is our lead loan financing specialist for Section 108, Eric Pechaconis, who is one of our senior loan officers.

Next slide.
So today's topics include the Section 108 program.
As we've been mentioning, we'll talk about the programmatic and financial requirements that apply to this program, talk about the processes that are involved from application to the actual funding of guaranteed loans.
And we'll also be talking about approaches that can be used to Section 108 financing and the projects that we undertake.
And we'll be providing some Section 108 project examples that you might get an idea or an inspiration from

Keep in mind that this is a loan guarantee program. We don't provide grants, so however, it is administered in tandem with the CDBG program and we employ the programmatic framework of CDBG that includes the basic eligibility requirements for the program and we.
Offer a non non competitive means of accessing relatively
interest rates at very flexible terms.
I would say that the hallmark of the program is its flexibility, both in terms of what can be done with the guaranteed loans or what can be financed and also the flexibility associated with the terms that we offer borrowers.

We also as a final matter have a dedicated staff who are willing to provide one-on-one technical assistance, the CDBG grantees and anyone actually who might be interested in utilizing the Section 108 program.

So with that, I'm going to turn the presentation over to Eric Pechaonis.
Thanks, Paul.

So just with section 108 we have some. Different times when it can actually be deployed. So it's often used for the pre development phase and development phases for a project should know that we can't fund services, but we do fund capital projects, yeah. So acquisition, demolition, you know, machinery, equipment, working capital, you know those are all eligible uses under Section 108.

So there's different types of projects that you know for Section 108 that we often see it's divided in economic development, housing, public facilities and infrastructure. But within those there's lots of different things that you can do. So like with housing, you know, we often see adaptive reuse or supporting of new construction of housing or you know in the case of infrastructure, we and housing, we often see infrastructure to support the new construction of housing. Or, you know, public facility for, you know, a new neighborhood or park upgrades. So with that you know it's as Paul said it is.
It provides loan guarantees and not grants, but it uses the framework of the CDBG program. So if you're familiar with the CDBG program, it's section 108 isn't that much different than that.
So when we also provide you know one-on-one technical assistance and then there's flexible terms and rates. So the terms we can do up to 20 years and the rates are going to be the three month treasury auction rate plus 35 basis points. So as was mentioned previously, Section 108 is part of the Community Development Block Grant program, which is you know, an annual formula grant to states, cities and counties around the country. You know, and it's.

Develop viable communities. We are providing decent housing, suitable living environment, expanding economic opportunities. So the key for our program is it's going to be principally benefiting low and moderate income individuals.

So with the CDBG we have three national objectives which are benefiting low and moderate income. Persons which can be done on an area basis or through housing. So like 51% of the units have to assist them or you know, and then there's also elimination of slim and blight urgent need. But those last two, we don't see that frequently.

So who is eligible for section 108? So CDBG entitlement communities, which are typically cities of over 50,000 and urban counties of over 2000 people, are the ones we most frequently sees. States and small cities are also eligible. In this case the state would be serving as a passthrough entity to smaller communities that can't access CDBG funds directly from HUD and then also sub recipients can use a section 108 but that would be from you know an entitlement community or a state or small city. And then there's also designated public agencies, which can also be a borrower for Section 108 funds and those are typically like public housing authorities.
With section 108, the borrowing capacity for each borrower is determined by their annual CDBGE allocation and then we multiply that out by 5. Then we subtract any outstanding 108 commitments and. Loan balances and that gives the borrowing capacity of your community. And we have a link on our website that gives the current borrowing capacity of all, you know 1200 plus communities in states. So it's section 108. There's going to be the program requirements which are the similar to the CDBG. Then there's going to be the financial requirements, which are something that is going to be more unique to Section 1 away. So the programmatic requirements, there's going to be a list of eligible activities which are slightly different than CDBG ones, but pretty much they're going to be the same, except we cannot fund services. And in national objectives, it's going to be the ones I mentioned previously. Then there's a something called the public benefit standard, which is for economic development projects, which basically just means for economic development projects for each $50,000 of CDBG funds used or 108 funds you have to create one job. Then there's going to be several standard crosscutter requirements such as like the environmental review, Davis Bacon and Fair Housing and then Baba, which is our new one. So the financial requirements then we need to have a source of repayment identified and that's often going to be you know, CDBG funds or it can be thirdparty loan proceeds. You know, we can also be more creative and like we can accept parking revenue or tax increment financing revenue. If you have an idea or a source of revenue
for a project, just let me you know, let us know and we'll discuss it.
But we're pretty open ideas.
And then you know, similarly there's going to be collateral.
The primary source of collateral is going to be the community's present and future CDBG funds.
But in addition to that, you know, in the event that the CDBG program no longer exists, you know, we also need to have another source of collateral identified that it's often going to be a case of like a pledge or debt service reserves.
And again, you know, if you have another idea what could serve as collateral, just let us know.
We're pretty flexible on that.
So our process for getting, you know, the to get this financing is basically we have it divided into 4 stages.
There's the application stage where we work with you in the field office, you know and try to get you have application and once the application is approved we HUD offers an offer of commitment.
So there's no obligation on the community.
It's just saying you know if you go through the financing stage, you know HUD will guarantee funds to your community.
Then the financing stage is where we work through you know the loan documents and security documents and then once those are you know signed we can finance the project and you know that's where the construction of the project and we'll begin Then you know we also have the management and servicing components.
So we will be with you the entire length of the loan, you know which is said earlier go up to 20 years.
And then with that, I want to pass it over to Jorge Morales and you can talk financing strategies.
Thank you so much, Eric.
In terms of the financing strategy, as you can see, Section 108 can be used as a standalone strategy.
As a combined with other sources of financing and but
we are mainly, not mainly but we are an excellent
tool as a gap filler we will we could be
one of those final straws that really is needed to
complete a project so.
And once again like Paul mentioned at the beginning, the
whole mark of our program is indeed the flexibility that
allow us to be excellent gut feelers.
Next slide.
And this is an example of the different type of
sources that we go well with we have.
We go very well with the new market tax credit
from the CD, iPhone and treasury with historic tax credits,
excellent.
We love those all the tax credit including the low
income housing tax credit since they bring so much equity
to a project and the risk is lower due to
the compliance issue of each of this.
Programs also we go well with the Small Business
Administration
and all other federal credit agencies.
Next slide.
And this is an example of the financing process as
you can see and you'll see in this example you
see the borrower, the eligible borrower who.
Submit, issue a note & a contract with HUD.
HUD then issue a guarantee and then is submit that
guarantee to a fiscal agent.
In this case the fiscal agent is the Bank of
New York Mellon who works as fiscal agent and trust
agent for the lender and HUD.
HUD is not a lender.
What we provide is a guarantee.
And and this is one of the reasons we mentioned
that we the section 108 assets application on enrolling basis
because the funds of the 108 comes straight from the
capital markets, There's not appropriated funds involved at
all.
So and and it is all money is always available.
That is the bottom line.
And then you can see there's another how the fiscal
agent sends the money directly to the borrower.
So once again, the money comes from the private sector
to the public sector.

And then in case in this example that the borrower
has chosen to relend the money to a third party,
let's say a developer that is doing a light tech
project or a mixed-use project.

So the money flows down to the third party.
Then the same way as you can see, the arrows
going back as the third party replace the loan to
the borrower and the borrowers replace the loan to the
fiscal election notice.
That a HUD never sees the money, we only manage
the process.

Next slide please.

There's different approaches to the section 108.
The first one is the project specific.
When you submit an application with the with the applicant,
the potential applicants submit an application.
It can do it.
In these two ways, the first one is the project
specific which requires application contains specific, very
detailed information about
the project in terms of the program requirements, in terms
of the financial aspect of.
The, the deal it requires that very high level once
again a project, the tenant specificity because we here HUD
we we do the underwriting.
So we do the underwriting in two terms in terms
of program requirements and in terms of the financial
requirements.
So once again, a project specific approach it will take
1-2 or three projects, doesn't necessarily has to be 1.
It has, it could have multiple projects but are limited
to those projects versus the next one slide.
This is the second approach which which is the loan
fund and in this approach the community or the applicants
submit the application which describe the type of projects to
be funded, not necessarily the the project that will
be funded at that particular time and then.
But mainly it will send the information and this is
what we review and that is the communities on the
writing process.
That is what we will be reviewing very closely to
ensure that the riskiness of the note of of the deal is acceptable to hard for a guarantee.
So we we, we go and we compare what they have submitted.
We have we we provide a guidance in on our website and you'll see later on on on underwriting guidelines that really aligns those two Huds and the the locality or or borrower underwriting guidelines to make it a constant or conformance.
Underwriting and risk is riskiness and then so individual projects later on will have to go through the field office and that's where the field office in this case will that will review their eligibility determination.
That includes if the activity is eligible under our regulation, if they're meeting the national objective or if it's an economic development project.
If it meets the Poly benefit standards, next slide.
So now let's take a look at some of the examples.
By the way, we have on our website. We have project examples from way, way back.
So you can take a look go to that site and then take a look at all We have a more more information of the description of of multiple examples because there's no sense to reinvent the wheel, right.
So the first one that might be applicable and of interest to you is the Affordable Housing Rehab Loan Fund example.
From Washington DC and once again when you talked about loan fund, remember you have the capacity to actually direct your resources in certain way and in certain places.
And one of the examples that we have for loan funds that I failed to mention before as as to the specificity that you can achieve with with this loan fund which is one of the approaches to to 108.
The city of Brockton submitted an application for a loan phone, but this loan phone was directed toward their downtown area and toward their restaurant infrastructure.
So you can see how detail you can get and how directed you can get with your loan funds.
In this case, Washington DC directed it approach. They're 108 toward the affordable housing and rehab. They wanted to conserve the district's affordable housing and they implemented this loan fund. They got a commitment of 38 point $1,000,000 they were using. They're using $15.4 million and once again they go was to provide thirdparty loans for for the preservation of of the affordable housing. And they proposed the type of multiple multifamily preservation project through acquisition, substantial rehabilitation and then they also included acquisition or rehabilitation of limited equity cooperatives. The funny thing on this project they thought to have this available for different loans. But instead it turns into A1 single loan, they originated one and they took the whole amount but they are preserving 394 housing unit, affordable housing unit. So as you can see once again to highlight the flexibility of the 108 and that was a that's a great project. They closed. They closed on it. Not too long ago. I'm talking about maybe three or four weeks ago. Next slide or this is this is once again this is what they their the financial structure submitted for us. Next slide, this is another interesting project. This is from Boulder, Co and that this involve a community based development organization. This is the counterpart of. The section the shadow in the home program, right. It almost has the same characteristic. Actually, if the unit the entity is a shadow under the home is easily qualifiable as a community based development.
organization, the CBDO in this case this CBDO proposed through
the boulder.
The City of Boulder proposed it.
The City of Boulder proposed it. They use the section 108 for a modular housing
manufacturing facility and with the goal to increase the cities
and regions production capacity of affordable homes.
So the the CBDO it is a flat irons habitat
which is part of the Habitat for Humanity.
They they are constructing A modular house in
manufacturing facility in addition to the house the affordable housing.
They are providing workforce training and for the students in
the Boulder Valley School District.
So it is a very interesting project.
I know they're having some issues in terms of some
environmental but everything is is good.
It just of course, an EMV type of thing.
For this project let us see the the structure the
the financial structure.
As you can see the 108 was for $4 million.
They use CDBG funds in addition to city funds and
you can you see the type of uses, the site
works, construction and customization of buildings, this
professional, fees of
cost, and once again the section 108 fee.
So the title project in this case was 4.1 almost
$4.2 million.
This one is going to be interesting for you guys
and this is as you will know.
Let me make a quick introduction.
There's a there's a prohibition on using section 108 and
CDBG on new construction of housing.
However, there's no restriction on supporting new
construction.
The issue is money funds CDBG or section 108 cannot
go directly into the construction of new housing, but in
this case, and this is a good example from Hartley
Rich.
Project in High Point NC.
These guys have mastered this approach.
They leverage this section 108 so much.
They have done this four times already.

This is the I believe this is one of the last ones.

But they have replicated this approach four times, and what entails is they divided in two phases.

The first place the borrower requested section one on a funds for site acquisition and improvement, right.

That is the activity that is the eligible activity.

Once they complete the acquisition and the improvement then they will they convey this improved land to the developer for a light tech project.

So it is interesting because there's a coordination that is has to take place.

For example, when in during phase one, the acquire land has to be, it is used as security.

So there's a lien on that property, but then after they completed that property and before is is conveyed to.

The developer and the in exchange for an amount for a note which equals the amount of of the section 108 obtained by the city.

So you see now now we HUD releases the lien.

Now the developer put a lien on the property in favor of the city, who in terms assign that to HUD, making the section 108.

Secure I mean this is that they this is they.

They have mastered what what I'm meaning is master because he has these peculiarities but once done it is beautiful.

They have done once again for projects light tech projects with this approach.

Next slide please.

So this is the, this is the sample and This is why we love the light tech projects.

If you can see there's a section of the sources, the section 108 guarantee for phase one for acquisition and site improvements.

And then on during phase two, you see the sources private loan, there's a private loan, there's a North Carolina rental production program loan, then you see.

The note issued by the borrower for for not the note issue by the developer to the borrower for the
site and then the federal light take take a look
at that at that at all that equity $6.7 million
and that is the that is absolutely outstanding and see
at the see see the uses now doing phase two
there's no more.
Section 108, right, You don't see it anywhere because it's
always done during phase one.
All right.
Next slide, this is another excellent project that was a
loan officer for this mixed-use development.
Project we are section 108 is excellent doing mixed-use
development
projects.
This mixed-use could be could be commercial, have a
component with rehabilitation on top of it for example, or
new construction on top of it, always keeping in mind
that no money can touch the new construction, however the
phones can.
Can be used for rehabilitation on a mixed-use project, so
it could go into the into the commercial component and
to the housing component.
Also can can be bring together the public public buildings
or public facilities on top of commercial and on top
of housing.
So there's many ways to do it.
In this case they they use.
The for the Northside Commons in Spartanburg, SC, they
requested
$3,000,000 for new construction and it was a collaboration
between
the public, private, civic and educational, educational and
including philanthropic
institutions.
And there was a component in this project that was
new market tax that used new market tax credit.
They they use the $3,000,000 what is to finance the
portion of the medical clinic and and office space.
And you see here's the the financial financial structure, you
see the new market tax credit at $3.7 million, you
see the private bank private loan, you see the section
108 there with $3,000,000.
Then this is the the college that we're supporting this
$800,000 and there's another loan there. You see the cost for acquisition see the construction, the some of the soft costs including the Section 108 fee beautiful beautiful project. Next this is another interesting and and show the versatility of the Section 108 project. In this case the the city was Merced in California. They have an approval they under submitted the application and they it got approved for the this apartment and public facility. So the the section 108 funds was going to to be used to construct to build Community Center which is the component activity of the new affordable housing project. Once again that the money went to the community or or was going to go to the Community Center and not to the foldable housing development even though he was supporting that but but he was for the Community Center that included solar, solar panels. So the issue with they requested next slide and as you can see they were for for this specific part, they were using $2,000,000 for the Community Center that included the the public space we call it and that will be for the solar panel $1.9 million + 43,000 dollars for the loan fee. However they did not go through, they obtained approval and the commitment from HUD. However they found other sources of funds and and I believe that was grant and grant money right. So there's nothing better than the 0 cost money, right. But the next best thing is cheap money and that's where we we we are there with the cheap capital. And then the this is an example of how Section 108 can be used in in demolition or remediation of flood controls specifically nowadays with the climate change effect that that we're having and we're trying to build a more resilient, more resilient communities and and infrastructure. So in this case Meriden CT requested $1.5 million for demolition and flow control. The demolition was involved abandoned structures and then the city
created the flow control infrastructure to prevent future flooding.

So the addition the, the collateral that they provided was full paid and credit of the city.

So awesome job.

Next slide and you can see this is their financial structure where they show the $1.5 million of the loan guarantee together with a Department of Environmental Protection grant,

I believe it was $1 million.

The CD is 80,000 and EPA federal funds of $2.3 million.

And once again this is a good example of how Section 108 fits very well with different objective and different sources and the uses of course they use for the the public facility and improvement that includes an environmental assessment and cleanup.

All right.

So what I mentioned to you about these sources that we have available for you the QRC is there just this will be available to you in you In the hot.gov and hot exchange we provide the borrowing capacity or authority for our eligible applicants.

So if you are thinking about developing a project, our suggestion is go here, see the the closest community entitlement or not and then reach out to that community and and query about the section 108. There's an application tool that we provide in order to put together an application is not a form, it is a tool. It's more of a completion checklist. It will ask you the questions that you need to ensure that are contained in your application.

There's also, as I explained before the application, there are two components that needs to be that have to take place and that is the citizen participation that has to happen before the the application is submitted to HUD inclusive including City Council resolution to to that authorizes the application to HUD.
Also there's a single certification document that it is there for our borrowers. Certifications are all over the place in our regulation and we have taken the time and the work to kind of concentrate or distill all the certifications that are required. And when you use this format, give us assurances that you are actually doing all the certifications that are required. Then there's a that you will see an infographic with application process. You will have idealize process for the application and the finance.

Because one of the question is how long does it take for an application to be approved? Well, it just all depends right? Just depend on on if you start from from the time from brainstorming or from the time that you submit the application. But if you submit the application to us and it's a complete application. I would say it wouldn't take us more than 30 days to get you an approval.

Because if you provide the the the program requirements, if you provide the financial requirements and and information that allow us to assess the risk or or the underwriting of this wouldn't take wouldn't take long. But it the issue becomes when units units of communities submit their application and those applications are faulty or they don't have enough information. And by the way, we encourage the the communities to engage with heart with us even from the brainstorming stage. We will help help help the communities put together the application. We review draft application, finding any issues with the application so they can correct it.

So by the time that they submit an official application that that application wouldn't take no time at all to get a commitment. And like I mentioned before, there's also project profiles for all applications improved in recent recent fiscal years.

So this is a great, great slide because he has
all the information there.

Next slide, once again we are available at any time.

We pride ourselves to provide the, we don't like to
to call it technical assistance because technical assistant in
our
business means that may you have to pay, may may
you may have to pay.

So we call it targeted support or directed support, direct
assistance to allow from visioning to completion the
successful implementation
of the Section 108 program.

And with this, you see our emails and I'll give
it back to Paul if he's here.

Paul, back to you.

Thank you, Jorge.

So you can see that that Section 108 is a

multifaceted program.

We can finance a wide range of projects.

We can provide and do have in place a financing
mechanism so that you don't have to go out and
search for your own lender.

Because of the full faith and credit guarantee of high
the the loans are at a rate that is similar
to the the rate charged on Treasury obligations.

But there is a spread, as with any government guaranteed
obligation to reflect the somewhat reduced liquidity of the of
the loans.

So.

The the process again is application process is a rolling
process you can apply at any time.

The It's important to understand that the eligible applicants are
the communities that receive funding under the CDBG
program.

So the community that applies, or the applicant is going
to be A community can carry out a project itself.

Or most productively, it can partner with other entities that
bring to the table special skills, special talent, and it
includes developers for profit developers.

It includes nonprofit organizations that sponsor housing
projects.

Or economic development projects.

So it is a, it is a very flexible program.
We've got several questions about the whether this is primarily a construction loan mechanism or a construction financing mechanism or a permanent financing mechanism and the answer is. Yes, it's either or both.

We have the ability for our borrowers to use Section 108 and provide the kind of construction financing that is needed oftentimes for project hard to get for some of the assisted projects, but it also can be converted to a longer term loan up to. Under our regulations, the maximum term is 20 years in the Section 1 away.

So again, we have the contact information so that if you want to engage with us, a rainstorm and often times the people who come to us are not the applicant, it's the cities or the counties they are. Potential stakeholders and projects, they want to know more.

They want to know whether it's a feasible financing source for the kind of project that they want to undertake. to the table the kind of development.

Prowess that is needed for a lot of the projects or for most of the projects that communities want to entertain.

With that, I don't know if we can answer questions live or not, but we certainly will be willing to do that and answering questions.

Thank you all for submitting your questions to the Q&A. I do encourage you to reach out to these very knowledgeable officials.

If your question did not get answered today, we will be reaching out via e-mail with the presentation slides as well as a recording to the webinar for you to watch on demand.

If you're interested in learning more about other HUD programs, our colleagues over at the Lewis Center for Sustainability have...
published an article on Hud's new program, Green and Resilient

Retrofits, which which provides funds for multifamily buildings to boost resilience to climate risks like floods, fires, and extreme heat, while also reducing carbon emissions.

Owners of HUD assisted multifamily buildings can receive up to $20 million per project.

The application process has been simplified and has options for projects in various stages of development.

I'll put a link to the article in the chat so you can learn more.

Again, a huge thank you to the HUD team for such an informative presentation.

I do encourage you to take advantage of these these experts and thank you all for joining us this afternoon.