

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

00:00:07 --> 00:00:09: ULI Twilliger Center for Housing.

00:00:10 --> 00:00:12: Before we get into what I know will be an

00:00:12 --> 00:00:16: 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

00:00:20 --> 00:00:23: 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

00:00:27 --> 00:00:31: Housing integrates utilize wide-ranging housing activities into a program of

00:00:31 --> 00:00:34: work with three objectives to catalyze the production of housing,

00:00:34 --> 00:00:37: provide thought leadership on the housing industry and inspire A

00:00:37 --> 00:00:39: broader commitment to housing.

00:00:39 --> 00:00:42: Our program of work includes an annual conference on all

00:00:42 --> 00:00:46: things housing and awards program, local technical assistance, research and

00:00:46 --> 00:00:46: more.

00:00:48 --> 00:00:51: The Housing Opportunity Conference is one of the nation's premier

00:00:51 --> 00:00:55: 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

00:00:59 --> 00:01:02: to expand housing opportunities in their communities.

00:01:02 --> 00:01:07: The 2024 conference will take place February 20th to 21st

00:01:07 --> 00:01:08: 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
00:01:14 --> 00:01:17: at this link that I'll put in the chat.
00:01:19 --> 00:01:23: The Twilliger Center also runs an annual awards program to
00:01:23 --> 00:01:29: honor innovative, innovative, and replicable developments
and local policies that
00:01:30 --> 00:01:32: create or preserve affordable housing.
00:01:33 --> 00:01:35: The 2024 applications will open in the fall, and we
00:01:35 --> 00:01:38: encourage you to submit your projects or policies that you
00:01:38 --> 00:01:40: know about to be recognized by you alive.
00:01:40 --> 00:01:44: You can find examples of previous winners and finalists on
00:01:44 --> 00:01:48: our website here, along with eligibility criteria and application
instructions.
00:01:50 --> 00:01:54: Lastly, our Attainable Housing for All campaign partners with
utilize
00:01:54 --> 00:01:57: district Councils, bringing funding and staff capacity to
support the
00:01:57 --> 00:02:00: production of more attainable housing locally.
00:02:00 --> 00:02:03: Please visit our website here to learn more about the
00:02:03 --> 00:02:06: campaign and how your community can receive funding.
00:02:06 --> 00:02:10: The link in the chat.
00:02:11 --> 00:02:12: All right.
00:02:12 --> 00:02:14: Without further ado, I'd like to to introduce our panel
00:02:14 --> 00:02:17: who will be showing you how you can leverage the
00:02:17 --> 00:02:18: Section 108 program in your work.
00:02:19 --> 00:02:22: And we're honored to have the Deputy Assistant Secretary
for
00:02:22 --> 00:02:25: Grant Programs with us to provide some introductory
remarks as
00:02:25 --> 00:02:26: Dos for grant programs.
00:02:26 --> 00:02:32: Claudia Monterosa Overseas affordable housing and
community development programs, including
00:02:32 --> 00:02:36: the Community Development Block Grant Program, the
Home Investment Partnerships
00:02:36 --> 00:02:40: Program, the Housing Trust Fund, the CDPG Disaster
Recovery Funds.
00:02:40 --> 00:02:44: In addition to departmentwide energy and environmental
policy, Das Monterosa
00:02:44 --> 00:02:48: brings decades of nonprofit and public sector experience
incorporating social
00:02:48 --> 00:02:51: justice, grassroots organizing, and equity to her work.
00:02:51 --> 00:02:52: At HUD.
00:02:53 --> 00:02:56: To present an overview of the program and answer questions
00:02:56 --> 00:02:59: from the audience, we have Paul Webster, the Director of
00:02:59 --> 00:03:03: 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 a local a 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

00:05:04 --> 00:05:05: emissions housing.

00:05:06 --> 00:05:10: Before joining HUD, I served as the Chief Housing Officer

00:05:10 --> 00:05:13: for the City of Los Angeles, where I oversaw I

00:05:13 --> 00:05:17: had the privilege and honor to oversee the implementation of

00:05:17 --> 00:05:20: Measure HHH \$1.2 billion for development.

00:05:20 --> 00:05:25: Of permanent supportive housing and I also successfully

oversaw and

00:05:25 --> 00:05:30: secure over \$1.6 billion for emergency rental assistance for

COVID

00:05:30 --> 00:05:31: impacted tenants.

00:05:31 --> 00:05:35: So I know first hand the complexities and challenges faced

00:05:36 --> 00:05:40: by communities and making housing options materialize for

your residence

00:05:41 --> 00:05:41: and need.

00:05:42 --> 00:05:45: While I now oversee many grant programs to support

housing

00:05:45 --> 00:05:48: and community development, today I really want to highlight

our

00:05:48 --> 00:05:49: community development for long.

00:05:50 --> 00:05:54: Guarantee program better known as section 108.

00:05:55 --> 00:05:58: However, I have to be honest, we do have to

00:05:58 --> 00:06:02: find a better, more catchy name for this program and

00:06:02 --> 00:06:05: so we often like to refer to it as our

00:06:05 --> 00:06:07: CDBG maximizer or multiplier.

00:06:07 --> 00:06:10: So if you have any suggestions please send those along.

00:06:10 --> 00:06:13: And this is something that both Paul and and our

00:06:13 --> 00:06:17: team have have been in discussions over the last few

00:06:17 --> 00:06:17: few months.

00:06:19 --> 00:06:22: I also want to share that earlier this year, the

00:06:22 --> 00:06:26: Section 108 program, which is a component of CDBG, the

00:06:26 --> 00:06:29: CDBG program, reached an amazing milestone.

00:06:29 --> 00:06:33: We hit \$10 billion in funding approvals for community and

00:06:33 --> 00:06:38: economic development projects across the United States and

its territories.

00:06:39 --> 00:06:44: And since its inception in 1978, this program has contributed

00:06:44 --> 00:06:48: to the creation of more than 125,000 jobs, building over

00:06:48 --> 00:06:54: 240 affordable housing developments in the construction of

of more

00:06:54 --> 00:06:58: than 250 public facilities and public works projects.

00:06:59 --> 00:07:03: According to a study from HA, not only do our

00:07:03 --> 00:07:08: communities using this to leverage their city BG dollars by

00:07:08 --> 00:07:11: a factor of 5 to 1, but many also achieve

00:07:12 --> 00:07:16: A leverage of an additional nearly \$5 in funding for

00:07:16 --> 00:07:20: every \$1.00 of Section 108 financing secure.
00:07:20 --> 00:07:25: This leveraging really enables communities to undertake larger scale projects
00:07:25 --> 00:07:27: that can transform entire neighborhoods.
00:07:28 --> 00:07:32: Section 108, as you know you will find out today,
00:07:32 --> 00:07:35: is a versatile tool used for a wide, wide variety
00:07:35 --> 00:07:38: of projects that meet your most pressing needs.
00:07:38 --> 00:07:43: Communities have successfully leveraged Section 108 funds to improve resilience
00:07:43 --> 00:07:47: and address the impacts of climate change through innovative projects
00:07:47 --> 00:07:51: from flood control measures, installation of solar panels for residential
00:07:51 --> 00:07:54: instructions and neighborhood facilities.
00:07:54 --> 00:07:58: HUD has a really long history providing much needed financing
00:07:58 --> 00:08:00: to benefit low and moderate income communities.
00:08:01 --> 00:08:04: And HUD continues to play and will want to continue
00:08:04 --> 00:08:08: to play a pivotal role in facilitating low cost and
00:08:08 --> 00:08:12: flexible financing from private capital markets to the main streets
00:08:12 --> 00:08:15: of over 600 communities when private.
00:08:16 --> 00:08:19: When private sector investors on Wall Street are unwilling to
00:08:20 --> 00:08:24: bear the risk of providing financing for longterm community and
00:08:24 --> 00:08:27: economic development projects, HUD really steps in.
00:08:27 --> 00:08:30: What is Loan Guarantee Program?
00:08:30 --> 00:08:33: HUD provides the full faith and credit of the United
00:08:33 --> 00:08:38: States government to support critical economic and community development projects
00:08:38 --> 00:08:39: across America.
00:08:40 --> 00:08:43: Our team has also been working closely with communities to
00:08:43 --> 00:08:48: support their efforts to layer multiple funding streams and resources,
00:08:48 --> 00:08:51: such as the Low Income Housing Tax Credit with Section
00:08:51 --> 00:08:51: 108 loans.
00:08:52 --> 00:08:56: And this type of support is the cornerstone of achieving
00:08:56 --> 00:09:01: Hut's mission to strong, sustainable, inclusive and quality affordable homes
00:09:01 --> 00:09:04: for all in achieving those goals.
00:09:04 --> 00:09:08: And so today's webinar is an opportunity to explain.
00:09:09 --> 00:09:12: To to further dig into the mechanics of the Section
00:09:12 --> 00:09:16: 108 program and learn how your community can tap into
00:09:16 --> 00:09:20: this really amazing critical source that's available to over

00:09:20 --> 00:09:22: jurisdictions across the nation.

00:09:22 --> 00:09:25: So today you will hear from our fantastic team at

00:09:26 --> 00:09:29: HOT and how to expect and how to effectively use

00:09:29 --> 00:09:33: this community development tool and our teams are always ready

00:09:33 --> 00:09:35: and available to meet with you.

00:09:36 --> 00:09:36: Our community.

00:09:37 --> 00:09:40: For any questions on how to access this rich resource,

00:09:40 --> 00:09:43: even if you want to have a brainstorming session, please

00:09:43 --> 00:09:45: feel free to reach out to us.

00:09:45 --> 00:09:48: This is part of his commitment to you, our communities,

00:09:48 --> 00:09:51: and our our our our partners across the nation.

00:09:51 --> 00:09:53: So as you embark.

00:09:53 --> 00:09:57: On your residential development projects, I encourage you to engage

00:09:57 --> 00:10:01: residents and your local governments to recognize POD as your

00:10:01 --> 00:10:05: partner from vision to implementation for the communities that you

00:10:05 --> 00:10:06: all serve.

00:10:06 --> 00:10:09: I really look forward to collaborating on any new future

00:10:09 --> 00:10:13: opportunities to support your innovative projects in the near future.

00:10:14 --> 00:10:17: And I really thank you for having us today and

00:10:17 --> 00:10:21: I'll pass it on to our excellent Section 1 of

00:10:21 --> 00:10:23: 18 starting with Paul so.

00:10:23 --> 00:10:25: Thank you and have a great webinar.

00:10:26 --> 00:10:27: Thank you Claudia.

00:10:29 --> 00:10:34: My name is Paul Webster and I have been with

00:10:34 --> 00:10:40: HUD for a very long time, working mostly on the

00:10:40 --> 00:10:47: CDBG program and section 108 since I've been with with

00:10:47 --> 00:10:51: HUD, so we're going to provide.

00:10:53 --> 00:10:59: A presentation today and then we will be happy to

00:10:59 --> 00:11:04: answer any questions that you might have.

00:11:05 --> 00:11:09: If you also will provide links for you if you

00:11:09 --> 00:11:13: want to send questions back to us if you didn't

00:11:13 --> 00:11:17: think of today or you wanna think about it a

00:11:17 --> 00:11:18: little bit more.

00:11:19 --> 00:11:22: So today, we're going to be exploring the Section 108

00:11:22 --> 00:11:24: loan guarantee program.

00:11:26 --> 00:11:30: This program is, as Claudia mentioned, a part of the

00:11:30 --> 00:11:36: CDBG or Community Development Block Grant family of

programs.

00:11:37 --> 00:11:41: It has been active since 1978.

00:11:41 --> 00:11:45: Since that time, we've had over 202,000 approvals.

00:11:46 --> 00:11:51: As Claudia mentioned, we've reached our \$10 billion milestone in

00:11:51 --> 00:11:52: commitments.

00:11:53 --> 00:12:02: We've actually assisted 630 communities since we initiated the program.

00:12:04 --> 00:12:09: Hazleton, PA Factoid was our first approval.

00:12:10 --> 00:12:13: Springfield, MA was our two thousandth approval.

00:12:15 --> 00:12:18: We actually have more than 225,000 jobs.

00:12:19 --> 00:12:24: We need to change our infographic here and we've and

00:12:24 --> 00:12:32: we've assisted many public works projects, infrastructure projects, housing projects

00:12:32 --> 00:12:33: over over the years.

00:12:35 --> 00:12:40: Finally, a study that was done by the Urban Institute

00:12:40 --> 00:12:43: indicated that on average, our.

00:12:44 --> 00:12:50: The projects that we assist generate an additional for \$4.62

00:12:50 --> 00:12:53: for every one dollar Section 108 funding.

00:12:55 --> 00:12:55: Next slide.

00:12:57 --> 00:13:02: So in addition to me, we have Jorge Morales, who

00:13:02 --> 00:13:08: is our lead loan financing specialist for Section 108, Eric

00:13:08 --> 00:13:14: Pechaconis, who is one of our senior loan officers.

00:13:17 --> 00:13:17: Next slide.

00:13:18 --> 00:13:23: So today's topics include the Section 108 program.

00:13:23 --> 00:13:29: As we've been mentioning, we'll talk about the programmatic and

00:13:29 --> 00:13:35: financial requirements that apply to this program, talk about the

00:13:35 --> 00:13:41: processes that are involved from application to the actual funding

00:13:41 --> 00:13:43: of guaranteed loans.

00:13:44 --> 00:13:48: And we'll also be talking about approaches that can be

00:13:48 --> 00:13:53: used to Section 108 financing and the projects that we

00:13:53 --> 00:13:54: that we undertake.

00:13:55 --> 00:14:01: And we'll be providing some Section 108 project examples that

00:14:01 --> 00:14:07: you might get an idea or an inspiration from Next

00:14:07 --> 00:14:07: slide.

00:14:12 --> 00:14:15: Keep in mind that this is a loan guarantee program.

00:14:16 --> 00:14:22: We don't provide grants, so however, it is administered in

00:14:23 --> 00:14:29: tandem with the CDBG program and we employ the programmatic

00:14:30 --> 00:14:38: framework of CDBG that includes the basic eligibility

requirements for
00:14:38 --> 00:14:40: the program and we.
00:14:41 --> 00:14:48: Offer a non non competitive means of accessing relatively
low
00:14:48 --> 00:14:53: interest rates at very flexible terms.
00:14:53 --> 00:14:56: I would say that the hallmark of the program is
00:14:56 --> 00:15:00: its flexibility, both in terms of what can be done
00:15:00 --> 00:15:04: with the guaranteed loans or what can be financed and
00:15:04 --> 00:15:09: also the flexibility associated with the terms that we offer
00:15:09 --> 00:15:10: borrowers.
00:15:11 --> 00:15:15: We also as a final matter have a dedicated staff
00:15:15 --> 00:15:21: who are willing to provide one-on-one technical assistance,
the CDBG
00:15:21 --> 00:15:26: grantees and anyone actually who might be interested in
utilizing
00:15:26 --> 00:15:28: the Section 108 program.
00:15:29 --> 00:15:31: So with that, I'm going to turn the presentation over
00:15:31 --> 00:15:32: to Eric Pechaconis.
00:15:33 --> 00:15:34: Thank you, Eric.
00:15:35 --> 00:15:35: Thanks, Paul.
00:15:36 --> 00:15:38: So just with section 108 we have some.
00:15:39 --> 00:15:41: Different times when it can actually be deployed.
00:15:41 --> 00:15:45: So it's often used for the pre development phase and
00:15:45 --> 00:15:48: development phases for a project should know that we can't
00:15:48 --> 00:15:52: fund services, but we do fund capital projects, yeah.
00:15:52 --> 00:15:57: So acquisition, demolition, you know, machinery, equipment,
working capital, you
00:15:57 --> 00:16:00: know those are all eligible uses under Section 108.
00:16:01 --> 00:16:04: So there's different types of projects that you know for
00:16:04 --> 00:16:07: Section 108 that we often see it's divided in economic
00:16:07 --> 00:16:10: development, housing, public facilities and infrastructure.
00:16:10 --> 00:16:13: But within those there's lots of different things that you
00:16:13 --> 00:16:13: can do.
00:16:13 --> 00:16:16: So like with housing, you know, we often see adaptive
00:16:16 --> 00:16:19: reuse or supporting of new construction of housing or you
00:16:20 --> 00:16:23: know in the case of infrastructure, we and housing, we
00:16:23 --> 00:16:26: often see infrastructure to support the new construction of
housing.
00:16:27 --> 00:16:30: Or, you know, public facility for, you know, a new
00:16:30 --> 00:16:32: neighborhood or park upgrades.
00:16:34 --> 00:16:38: So with that you know it's as Paul said it
00:16:38 --> 00:16:38: is.
00:16:39 --> 00:16:42: It provides loan guarantees and not grants, but it uses

00:16:42 --> 00:16:44: the framework of the CDBG program.

00:16:44 --> 00:16:47: So if you're familiar with the CDBG program, it's section

00:16:48 --> 00:16:50: 108 isn't that much different than that.

00:16:51 --> 00:16:54: So when we also provide you know one-on-one technical assistance

00:16:54 --> 00:16:56: and then there's flexible terms and rates.

00:16:56 --> 00:16:59: So the terms we can do up to 20 years

00:16:59 --> 00:17:01: and the rates are going to be the three month

00:17:01 --> 00:17:04: treasury auction rate plus 35 basis points.

00:17:05 --> 00:17:08: So as was mentioned previously, Section 108 is part of

00:17:08 --> 00:17:12: the Community Development Block Grant program, which is you know,

00:17:12 --> 00:17:16: an annual formula grant to states, cities and counties around

00:17:16 --> 00:17:16: the country.

00:17:17 --> 00:17:17: You know, and it's.

00:17:18 --> 00:17:20: Develop viable communities.

00:17:20 --> 00:17:25: We are providing decent housing, suitable living environment, expanding economic

00:17:25 --> 00:17:26: opportunities.

00:17:26 --> 00:17:29: So the key for our program is it's going to

00:17:29 --> 00:17:33: be principally benefiting low and moderate income individuals.

00:17:34 --> 00:17:39: So with the CDBG we have three national objectives which

00:17:39 --> 00:17:42: are benefiting low and moderate income.

00:17:42 --> 00:17:45: Persons which can be done on an area basis or

00:17:45 --> 00:17:45: through housing.

00:17:45 --> 00:17:48: So like 51% of the units have to assist them

00:17:48 --> 00:17:51: or you know, and then there's also elimination of slum

00:17:52 --> 00:17:53: and blight urgent need.

00:17:53 --> 00:17:56: But those last two, we don't see that frequently.

00:17:58 --> 00:18:00: So who is eligible for section 108?

00:18:00 --> 00:18:05: So CDBG entitlement communities, which are typically cities of over

00:18:05 --> 00:18:09: 50,000 and urban counties of over 2000 people, are the

00:18:09 --> 00:18:11: ones we most frequently sees.

00:18:12 --> 00:18:14: States and small cities are also eligible.

00:18:14 --> 00:18:17: In this case the state would be serving as a

00:18:18 --> 00:18:23: passthrough entity to smaller communities that can't access CDBG funds

00:18:23 --> 00:18:27: directly from HUD and then also sub recipients can use

00:18:27 --> 00:18:30: a section 108 but that would be from you know

00:18:30 --> 00:18:34: an entitlement community or a state or small city.

00:18:35 --> 00:18:39: And then there's also designated public agencies, which can

also

00:18:39 --> 00:18:42: be a borrower for Section 108 funds and those are
00:18:42 --> 00:18:44: typically like public housing authorities.
00:18:46 --> 00:18:50: So with section 108, the borrowing capacity for each
borrower
00:18:50 --> 00:18:55: is determined by their annual CDBG allocation and then we
00:18:55 --> 00:18:56: multiply that out by 5.
00:18:56 --> 00:19:00: Then we subtract any outstanding 108 commitments and.
00:19:00 --> 00:19:03: Loan balances and that gives the borrowing capacity of your
00:19:03 --> 00:19:04: community.
00:19:04 --> 00:19:07: And we have a link on our website that gives
00:19:07 --> 00:19:10: the current borrowing capacity of all, you know 1200 plus
00:19:10 --> 00:19:11: communities in states.
00:19:13 --> 00:19:15: So it's section 108.
00:19:15 --> 00:19:18: There's going to be the program requirements which are the
00:19:18 --> 00:19:19: similar to the CDBG.
00:19:19 --> 00:19:23: Then there's going to be the financial requirements, which
are
00:19:23 --> 00:19:26: something that is going to be more unique to Section
00:19:26 --> 00:19:26: 1 away.
00:19:27 --> 00:19:30: So the programmatic requirements, there's going to be a list
00:19:30 --> 00:19:34: of eligible activities which are slightly different than CDBG
ones,
00:19:34 --> 00:19:37: but pretty much they're going to be the same, except
00:19:38 --> 00:19:39: we cannot fund services.
00:19:40 --> 00:19:42: And in national objectives, it's going to be the ones
00:19:42 --> 00:19:44: I mentioned previously.
00:19:44 --> 00:19:48: Then there's a something called the public benefit standard,
which
00:19:48 --> 00:19:52: is for economic development projects, which basically just
means for
00:19:52 --> 00:19:56: economic development projects for each \$50,000 of CDBG
funds used
00:19:56 --> 00:19:58: or 108 funds you have to create one job.
00:19:59 --> 00:20:03: Then there's going to be several standard crosscutter
requirements such
00:20:03 --> 00:20:07: as like the environmental review, Davis Bacon and Fair
Housing
00:20:07 --> 00:20:09: and then Baba, which is our new one.
00:20:11 --> 00:20:14: So the financial requirements then we need to have a
00:20:14 --> 00:20:17: source of repayment identified and that's often going to be
00:20:17 --> 00:20:20: you know, CDBG funds or it can be thirdparty loan
00:20:20 --> 00:20:21: proceeds.
00:20:21 --> 00:20:23: You know, we can also be more creative and like

00:20:23 --> 00:20:27: we can accept parking revenue or tax increment financing revenue.

00:20:27 --> 00:20:29: If you have an idea or a source of revenue

00:20:29 --> 00:20:31: for a project, just let me you know, let us

00:20:31 --> 00:20:33: know and we'll discuss it.

00:20:33 --> 00:20:34: But we're pretty open ideas.

00:20:35 --> 00:20:38: And then you know, similarly there's going to be collateral.

00:20:38 --> 00:20:42: The primary source of collateral is going to be the

00:20:42 --> 00:20:45: community's present and future CDBG funds.

00:20:45 --> 00:20:48: But in addition to that, you know, in the event

00:20:48 --> 00:20:51: that the CDBG program no longer exists, you know, we

00:20:51 --> 00:20:55: also need to have another source of collateral identified that

00:20:55 --> 00:20:57: it's often going to be a case of like a

00:20:57 --> 00:21:00: a lien on real property or full faith and credit

00:21:00 --> 00:21:02: pledge or debt service reserves.

00:21:02 --> 00:21:05: And again, you know, if you have another idea what

00:21:05 --> 00:21:07: could serve as collateral, just let us know.

00:21:07 --> 00:21:08: We're pretty flexible on that.

00:21:09 --> 00:21:13: So our process for getting, you know, the to get

00:21:13 --> 00:21:18: this financing is basically we have it divided into 4

00:21:18 --> 00:21:19: stages.

00:21:19 --> 00:21:22: There's the application stage where we work with you in

00:21:22 --> 00:21:25: the field office, you know and try to get you

00:21:25 --> 00:21:29: have application and once the application is approved we

00:21:29 --> 00:21:31: HUD

00:21:31 --> 00:21:33: offers an offer of commitment.

00:21:33 --> 00:21:35: So there's no obligation on the community.

00:21:36 --> 00:21:39: It's just saying you know if you go through the

00:21:39 --> 00:21:39: financing stage, you know HUD will guarantee funds to your

00:21:40 --> 00:21:43: community.

00:21:43 --> 00:21:46: Then the financing stage is where we work through you

00:21:46 --> 00:21:49: know the loan documents and security documents and then

00:21:49 --> 00:21:52: once

00:21:52 --> 00:21:55: those are you know signed we can finance the project

00:21:55 --> 00:21:57: and you know that's where the construction of the project

00:21:57 --> 00:21:59: and we'll begin Then you know we also have the

00:22:02 --> 00:22:03: management and servicing components.

00:22:03 --> 00:22:06: So we will be with you the entire length of

00:22:06 --> 00:22:09: the loan, you know which is said earlier go up

00:22:09 --> 00:22:11: to 20 years.

00:22:11 --> 00:22:12: And then with that, I want to pass it over

00:22:12 --> 00:22:15: to Jorge Morales and you can talk financing strategies.

00:22:15 --> 00:22:18: Thank you so much, Eric.

00:22:13 --> 00:22:17: In terms of the financing strategy, as you can see,

00:22:17 --> 00:22:21: Section 108 can be used as a standalone strategy.

00:22:21 --> 00:22:27: As a combined with other sources of financing and but

00:22:27 --> 00:22:32: we are mainly, not mainly but we are an excellent

00:22:32 --> 00:22:36: tool as a gap filler we will we could be

00:22:36 --> 00:22:41: one of those final straws that really is needed to

00:22:41 --> 00:22:44: complete a project so.

00:22:44 --> 00:22:49: And once again like Paul mentioned at the beginning, the

00:22:49 --> 00:22:53: whole mark of our program is indeed the flexibility that

00:22:53 --> 00:22:56: allow us to be excellent gut feelers.

00:22:56 --> 00:22:57: Next slide.

00:22:58 --> 00:23:03: And this is an example of the different type of

00:23:03 --> 00:23:07: sources that we go well with we have.

00:23:08 --> 00:23:12: We go very well with the new market tax credit

00:23:12 --> 00:23:18: from the CD, iPhone and treasury with historic tax credits,

00:23:18 --> 00:23:19: excellent.

00:23:19 --> 00:23:23: We love those all the tax credit including the low

00:23:23 --> 00:23:28: income housing tax credit since they bring so much equity

00:23:28 --> 00:23:31: to a project and the risk is lower due to

00:23:31 --> 00:23:34: the compliance issue of each of this.

00:23:35 --> 00:23:41: Programs also we go well with the Small Business

00:23:41 --> 00:23:45: Administration

00:23:45 --> 00:23:46: and all other federal credit agencies.

00:23:46 --> 00:23:47: Next slide.

00:23:47 --> 00:23:52: And this is an example of the financing process as

00:23:52 --> 00:23:56: you can see and you'll see in this example you

00:23:56 --> 00:24:00: see the borrower, the eligible borrower who.

00:24:01 --> 00:24:05: Submit, issue a note & a contract with HUD.

00:24:05 --> 00:24:12: HUD then issue a guarantee and then is submit that

00:24:12 --> 00:24:15: guarantee to a fiscal agent.

00:24:15 --> 00:24:19: In this case the fiscal agent is the Bank of

00:24:19 --> 00:24:23: New York Mellon who works as fiscal agent and trust

00:24:23 --> 00:24:26: agent for the lender and HUD.

00:24:26 --> 00:24:27: HUD is not a lender.

00:24:27 --> 00:24:30: What we provide is a guarantee.

00:24:30 --> 00:24:34: And and this is one of the reasons we mentioned

00:24:34 --> 00:24:40: that we the section 108 assets application on enrolling basis

00:24:40 --> 00:24:44: because the funds of the 108 comes straight from the

00:24:44 --> 00:24:50: capital markets, There's not appropriated funds involved at

00:24:51 --> 00:24:56: all.

00:24:51 --> 00:24:56: So and and it is all money is always available.

00:24:56 --> 00:24:58: That is the bottom line.

00:24:59 --> 00:25:03: And then you can see there's another how the fiscal

00:25:03 --> 00:25:07: agent sends the money directly to the borrower.
00:25:08 --> 00:25:12: So once again, the money comes from the private sector
00:25:12 --> 00:25:13: to the public sector.
00:25:14 --> 00:25:18: And then in case in this example that the borrower
00:25:18 --> 00:25:21: has chosen to relend the money to a third party,
00:25:21 --> 00:25:25: let's say a developer that is doing a light tech
00:25:25 --> 00:25:27: project or a mixed-use project.
00:25:27 --> 00:25:31: So the money flows down to the third party.
00:25:31 --> 00:25:34: Then the same way as you can see, the arrows
00:25:34 --> 00:25:38: going back as the third party replace the loan to
00:25:38 --> 00:25:42: the borrower and the borrowers replace the loan to the
00:25:42 --> 00:25:43: fiscal election notice.
00:25:44 --> 00:25:47: That a HUD never sees the money, we only manage
00:25:47 --> 00:25:48: the process.
00:25:51 --> 00:25:52: Next slide please.
00:25:53 --> 00:25:57: There's different approaches to the section 108.
00:25:58 --> 00:26:00: The first one is the project specific.
00:26:01 --> 00:26:05: When you submit an application with the with the applicant,
00:26:05 --> 00:26:08: the potential applicants submit an application.
00:26:09 --> 00:26:09: It can do it.
00:26:10 --> 00:26:15: In these two ways, the first one is the project
00:26:15 --> 00:26:23: specific which requires application contains specific, very
00:26:23 --> 00:26:29: detailed information about
00:26:29 --> 00:26:31: the project in terms of the program requirements, in terms
00:26:33 --> 00:26:37: of the financial aspect of.
00:26:37 --> 00:26:42: The, the deal it requires that very high level once
00:26:43 --> 00:26:45: again a project, the tenant specificity because we here HUD
00:26:45 --> 00:26:48: we we do the underwriting.
00:26:48 --> 00:26:54: So we do the underwriting in two terms in terms
00:26:54 --> 00:26:58: of program requirements and in terms of the financial
00:26:58 --> 00:27:02: requirements.
00:27:02 --> 00:27:06: So once again, a project specific approach it will take
00:27:06 --> 00:27:10: 1-2 or three projects, doesn't necessarily has to be 1.
00:27:11 --> 00:27:14: It has, it could have multiple projects but are limited
00:27:14 --> 00:27:18: to to those projects versus the next one slide.
00:27:18 --> 00:27:23: This is the second approach which which is the loan
00:27:23 --> 00:27:27: fund and in this approach the community or the applicants
00:27:27 --> 00:27:30: submit the application which describe the type of projects to
00:27:31 --> 00:27:35: be funded, not necessarily the the the project that will
00:27:35 --> 00:27:38: 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

00:27:38 --> 00:27:39: writing process.

00:27:40 --> 00:27:43: That is what we will be reviewing very closely to

00:27:43 --> 00:27:47: ensure that the riskiness of the note of of the

00:27:47 --> 00:27:50: deal is acceptable to hard for a guarantee.

00:27:51 --> 00:27:54: So we we, we go and we compare what they

00:27:54 --> 00:27:55: have submitted.

00:27:56 --> 00:28:00: We have we we provide a guidance in on our

00:28:00 --> 00:28:06: website and you'll see later on on on underwriting guidelines

00:28:06 --> 00:28:11: that really aligns those two Huds and the the locality

00:28:12 --> 00:28:17: or or borrower underwriting guidelines to make it a constant

00:28:17 --> 00:28:19: or conformance.

00:28:20 --> 00:28:25: Underwriting and risk is riskiness and then so individual

00:28:25 --> 00:28:28: projects

00:28:28 --> 00:28:32: later on will have to go through the field office

00:28:32 --> 00:28:35: and that's where the field office in this case will

00:28:35 --> 00:28:41: that will review their eligibility determination.

00:28:41 --> 00:28:46: That includes if the activity is eligible under our regulation,

00:28:46 --> 00:28:49: if they're meeting the national objective or if it's an

00:28:49 --> 00:28:53: economic development project.

00:28:57 --> 00:29:00: If it meets the Poly benefit standards, next slide.

00:29:00 --> 00:29:01: So now let's take a look at some of the

00:29:01 --> 00:29:05: examples.

00:29:05 --> 00:29:09: By the way, we have on our website.

00:29:10 --> 00:29:13: We have project examples from way, way back.

00:29:13 --> 00:29:16: So you can take a look go to that site

00:29:16 --> 00:29:21: and then take a look at all We have a

00:29:22 --> 00:29:26: more more information of the description of of multiple

00:29:26 --> 00:29:30: examples

00:29:30 --> 00:29:33: because there's no sense to reinvent the wheel, right.

00:29:33 --> 00:29:34: So the first one that might be applicable and of

00:29:35 --> 00:29:39: of interest to you is the Affordable Housing Rehab Loan

00:29:39 --> 00:29:43: Fund example.

00:29:43 --> 00:29:47: From Washington DC and once again when you talked about

00:29:48 --> 00:29:51: loan fund, remember you have the capacity to actually direct

00:29:51 --> 00:29:55: your resources in certain way and in certain places.

00:29:55 --> 00:29:59: And one of the examples that we have for loan

00:30:03 --> 00:30:08: funds that I failed to mention before as as to

00:30:08 --> 00:30:13: the specificity that you can achieve with with this loan

00:30:13 --> 00:30:17: fund which is one of the approaches to to 108.

00:30:17 --> 00:30:21: The city of Brockton submitted an application for a loan

00:30:21 --> 00:30:25: phone, but this loan phone was directed toward their

00:30:25 --> 00:30:29: downtown

00:30:29 --> 00:30:33: area and toward their restaurant infrastructure.

00:30:18 --> 00:30:21: So you can see how detail you can get and
00:30:21 --> 00:30:24: how directed you can get with your loan funds.
00:30:24 --> 00:30:29: In this case, Washington DC directed it approach.
00:30:30 --> 00:30:34: They're 108 toward the affordable housing and rehab.
00:30:34 --> 00:30:39: They wanted to conserve the district's affordable housing and
they
00:30:39 --> 00:30:41: implemented this loan fund.
00:30:41 --> 00:30:46: They they got a commitment of 38 point \$1,000,000 they
00:30:46 --> 00:30:47: were using.
00:30:48 --> 00:30:52: They're using \$15.4 million and once again they go was
00:30:52 --> 00:30:56: to provide thirdparty loans for for the preservation of of
00:30:57 --> 00:30:58: the affordable housing.
00:30:59 --> 00:31:05: And they proposed the type of multiple multifamily
preservation project
00:31:05 --> 00:31:12: through acquisition, substantial rehabilitation and then they
also included acquisition
00:31:12 --> 00:31:17: or rehabilitation of limited equity cooperatives.
00:31:18 --> 00:31:23: The funny thing on this project they thought to have
00:31:23 --> 00:31:26: this available for different loans.
00:31:27 --> 00:31:33: But instead it turns into A1 single loan, they originated
00:31:33 --> 00:31:37: one and they took the whole amount but they are
00:31:37 --> 00:31:43: preserving 394 housing unit, affordable housing unit.
00:31:44 --> 00:31:47: So as you can see once again to highlight the
00:31:47 --> 00:31:51: flexibility of the 108 and that was a that's a
00:31:51 --> 00:31:52: great project.
00:31:52 --> 00:31:53: They closed.
00:31:53 --> 00:31:54: They closed on it.
00:31:55 --> 00:31:56: Not too long ago.
00:31:56 --> 00:31:58: I'm talking about maybe three or four weeks ago.
00:32:00 --> 00:32:05: Next slide or this is this is once again this
00:32:05 --> 00:32:11: is what they their the financial structure submitted for us.
00:32:11 --> 00:32:16: They use only section 108, the 38.8 and the main
00:32:16 --> 00:32:21: use was affordable housing and they use the loan proceed.
00:32:22 --> 00:32:25: As a Section 108 financing fee.
00:32:25 --> 00:32:28: So that's what you see, that's how it is a
00:32:28 --> 00:32:29: detail.
00:32:30 --> 00:32:36: Next slide, this is another interesting project.
00:32:36 --> 00:32:41: This is from Boulder, Co and that this involve a
00:32:41 --> 00:32:45: community based development organization.
00:32:47 --> 00:32:49: This is the counterpart of.
00:32:50 --> 00:32:55: The section the shadow in the home program, right.
00:32:56 --> 00:32:59: It almost has the same characteristic.
00:32:59 --> 00:33:04: Actually, if the unit the entity is a shadow under

00:33:04 --> 00:33:11: the home is easily qualifiable as a community based development

00:33:11 --> 00:33:17: organization, the CBDO in this case this CBDO proposed through

00:33:18 --> 00:33:19: the boulder.

00:33:20 --> 00:33:21: The City of Boulder proposed it.

00:33:21 --> 00:33:26: They use the section 108 for a modular housing manufacturing

00:33:26 --> 00:33:30: facility and and with the goal to increase the cities

00:33:30 --> 00:33:34: and regions production capacity of affordable homes.

00:33:34 --> 00:33:39: So the the CBDO it is a flat irons habitat

00:33:39 --> 00:33:44: which is part of the Habitat for Humanity.

00:33:46 --> 00:33:51: They they are constructing A modular house in manufacturing facility

00:33:51 --> 00:33:55: in addition to the house the affordable housing.

00:33:55 --> 00:33:59: They are providing workforce training and for the students in

00:34:00 --> 00:34:02: the Boulder Valley School District.

00:34:02 --> 00:34:05: So it is a very interesting project.

00:34:05 --> 00:34:09: I know they're having some issues in terms of some

00:34:09 --> 00:34:12: environmental but everything is is good.

00:34:12 --> 00:34:15: It just of course, an EMV type of thing.

00:34:16 --> 00:34:19: For this project let us see the the structure the

00:34:19 --> 00:34:21: the financial structure.

00:34:22 --> 00:34:26: As you can see the 108 was for \$4 million.

00:34:26 --> 00:34:30: They use CDBG funds in addition to city funds and

00:34:30 --> 00:34:33: you can you see the type of uses, the site

00:34:33 --> 00:34:40: works, construction and customization of buildings, this professional, fees of

00:34:40 --> 00:34:43: cost, and once again the section 108 fee.

00:34:44 --> 00:34:50: So the title project in this case was 4.1 almost

00:34:50 --> 00:34:51: \$4.2 million.

00:34:53 --> 00:34:56: This one is going to be interesting for you guys

00:34:56 --> 00:34:58: and this is as you will know.

00:34:58 --> 00:35:00: Let me make a quick introduction.

00:35:01 --> 00:35:08: There's a there's a prohibition on using section 108 and

00:35:08 --> 00:35:13: CDBG on new construction of housing.

00:35:14 --> 00:35:20: However, there's no restriction on supporting new construction.

00:35:20 --> 00:35:26: The issue is money funds CDBG or section 108 cannot

00:35:26 --> 00:35:32: go directly into the construction of new housing, but in

00:35:32 --> 00:35:38: this case, and this is a good example from Hartley

00:35:38 --> 00:35:38: Rich.

00:35:40 --> 00:35:43: Project in High Point NC.

00:35:43 --> 00:35:47: These guys have mastered this approach.
00:35:48 --> 00:35:52: They leverages this section 108 so much.
00:35:53 --> 00:35:56: They have done this four times already.
00:35:56 --> 00:35:58: This is the I believe this is one of the
00:35:58 --> 00:35:59: last ones.
00:35:59 --> 00:36:03: But they have replicated this approach four times, and what
00:36:03 --> 00:36:05: entails is they divided in two phases.
00:36:06 --> 00:36:10: The first place the borrower requested section one on a
00:36:11 --> 00:36:15: funds for site acquisition and improvement, right.
00:36:15 --> 00:36:18: That is the activity that is the eligible activity.
00:36:19 --> 00:36:26: Once they complete the acquisition and the improvement
then they
00:36:26 --> 00:36:32: will they they convey this improved land to the developer
00:36:32 --> 00:36:35: for for a light tech project.
00:36:37 --> 00:36:41: So it is interesting because there's a coordination that is
00:36:41 --> 00:36:43: that is has to take place.
00:36:43 --> 00:36:48: For example, when in during phase one, the acquire land
00:36:48 --> 00:36:52: has to be, it is used as security.
00:36:52 --> 00:36:56: So there's a lien on that property, but then after
00:36:56 --> 00:37:00: they completed that property and before is is conveyed to.
00:37:01 --> 00:37:06: The developer and the in exchange for an amount for
00:37:06 --> 00:37:10: a note which equals the amount of of the section
00:37:10 --> 00:37:13: 108 obtained by the city.
00:37:13 --> 00:37:17: So you see now now we HUD releases the lien.
00:37:17 --> 00:37:22: Now the developer put a lien on the property in
00:37:22 --> 00:37:26: favor of the city, who in terms assign that to
00:37:26 --> 00:37:29: HUD, making the section 108.
00:37:30 --> 00:37:34: Secure I mean this is that they this is they.
00:37:34 --> 00:37:39: They have mastered what what what I'm meaning is master
00:37:39 --> 00:37:43: because he has these peculiarities but once done it is
00:37:43 --> 00:37:44: beautiful.
00:37:44 --> 00:37:50: They have done once again for projects light tech projects
00:37:50 --> 00:37:53: with with this approach.
00:37:56 --> 00:37:56: Next slide please.
00:37:58 --> 00:38:00: So this is the, this is the sample and This
00:38:00 --> 00:38:03: is why we love the light tech projects.
00:38:03 --> 00:38:06: If you can see there's a section of the sources,
00:38:06 --> 00:38:10: the section 108 guarantee for phase one for acquisition and
00:38:10 --> 00:38:11: site improvements.
00:38:12 --> 00:38:16: And then on during phase two, you see the sources
00:38:16 --> 00:38:22: private loan, there's a private loan, there's a North Carolina
00:38:22 --> 00:38:26: rental production program loan, then you see.

00:38:27 --> 00:38:31: The note issued by the borrower for for not the
00:38:31 --> 00:38:36: note issue by the developer to the borrower for the
00:38:36 --> 00:38:41: site and then the federal light take take a look
00:38:41 --> 00:38:45: at that at that at all that equity \$6.7 million
00:38:45 --> 00:38:50: and that is the that is absolutely outstanding and see
00:38:50 --> 00:38:54: at the see see the uses now doing phase two
00:38:55 --> 00:38:56: there's no more.
00:38:57 --> 00:39:02: Section 108, right, You don't see it anywhere because it's
00:39:02 --> 00:39:05: always done during phase one.
00:39:08 --> 00:39:08: All right.
00:39:08 --> 00:39:14: Next slide, this is another excellent project that was a
00:39:14 --> 00:39:18: loan officer for this mixed-use development.
00:39:19 --> 00:39:25: Project we are section 108 is excellent doing mixed-use
00:39:25 --> 00:39:25: development
00:39:25 --> 00:39:25: projects.
00:39:26 --> 00:39:31: This mixed-use could be could be commercial, have a
00:39:31 --> 00:39:36: commercial
00:39:36 --> 00:39:40: component with rehabilitation on top of it for example, or
00:39:40 --> 00:39:45: new construction on top of it, always keeping in mind
00:39:45 --> 00:39:46: that no money can touch the new construction, however the
00:39:46 --> 00:39:50: phones can.
00:39:50 --> 00:39:54: Can be used for rehabilitation on a mixed-use project, so
00:39:54 --> 00:39:56: it could go into the into the commercial component and
00:39:56 --> 00:40:03: to the housing component.
00:40:03 --> 00:40:09: Also can can be bring together the public public buildings
00:40:09 --> 00:40:11: or public facilities on top of commercial and on top
00:40:11 --> 00:40:12: of housing.
00:40:12 --> 00:40:15: So there's many ways to do it.
00:40:15 --> 00:40:22: In this case they they use.
00:40:22 --> 00:40:27: The for the Northside Commons in Spartanburg, SC, they
00:40:27 --> 00:40:34: requested
00:40:34 --> 00:40:35: \$3,000,000 for new construction and it was a collaboration
00:40:35 --> 00:40:40: between
00:40:40 --> 00:40:44: the public, private, civic and educational, educational and
00:40:44 --> 00:40:50: including philanthropic
00:40:50 --> 00:40:55: institutions.
00:40:55 --> 00:41:01: And there was a component in this project that was
00:41:01 --> 00:41:05: new market tax that used new market tax credit.
00:41:05 --> 00:41:10: They they use the \$3,000,000 what is to finance the
00:41:10 --> 00:41:15: portion of the medical clinic and and office space.
00:41:15 --> 00:41:20: And you see here's the the financial financial structure, you
00:41:20 --> 00:41:25: see the new market tax credit at \$3.7 million, you
00:41:25 --> 00:41:30: see the private bank private loan, you see the section

00:41:10 --> 00:41:13: 108 there with \$3,000,000.
00:41:13 --> 00:41:18: Then this is the the college that we're supporting this
00:41:18 --> 00:41:22: \$800,000 and there's another loan there.
00:41:22 --> 00:41:27: You see the cost for acquisition see the construction, the
00:41:27 --> 00:41:32: some of the soft costs including the Section 108 fee
00:41:32 --> 00:41:34: beautiful beautiful project.
00:41:36 --> 00:41:43: Next this is another interesting and and show the versatility
00:41:43 --> 00:41:46: of the Section 108 project.
00:41:47 --> 00:41:51: In this case the the city was Merced in California.
00:41:52 --> 00:41:56: They they have an approval they under submitted the
application
00:41:56 --> 00:42:00: and they they it got approved for the this apartment
00:42:00 --> 00:42:01: and public facility.
00:42:01 --> 00:42:05: So the the section 108 funds was going to to
00:42:05 --> 00:42:10: be used to construct to build Community Center which is
00:42:10 --> 00:42:15: the component activity of the new affordable housing project.
00:42:15 --> 00:42:20: Once again that the money went to the community or
00:42:20 --> 00:42:25: or was going to go to the Community Center and
00:42:25 --> 00:42:31: not to the foldable housing development even though he was
00:42:31 --> 00:42:36: supporting that but but he was for the Community Center
00:42:36 --> 00:42:39: that included solar, solar panels.
00:42:40 --> 00:42:44: So the issue with they requested next slide and as
00:42:45 --> 00:42:49: you can see they were for for this specific part,
00:42:49 --> 00:42:55: they were using \$2,000,000 for the Community Center that
included
00:42:56 --> 00:43:00: the the public space we call it and that will
00:43:00 --> 00:43:05: be for the solar panel \$1.9 million + 43,000 dollars
00:43:05 --> 00:43:07: for the loan fee.
00:43:07 --> 00:43:12: However they did not go through, they obtained approval and
00:43:12 --> 00:43:14: the commitment from HUD.
00:43:15 --> 00:43:22: However they found found other sources of funds and and
00:43:23 --> 00:43:29: I believe that was grant and grant money right.
00:43:29 --> 00:43:34: So there's nothing better than the 0 cost money, right.
00:43:35 --> 00:43:38: But the next best thing is cheap money and that's
00:43:38 --> 00:43:41: where we we we are there with the cheap capital.
00:43:42 --> 00:43:46: And then the this is an example of how Section
00:43:46 --> 00:43:51: 108 can be used in in demolition or remediation of
00:43:51 --> 00:43:57: flood controls specifically nowadays with the climate change
effect that
00:43:57 --> 00:44:02: that we're having and we're trying to build a more
00:44:02 --> 00:44:08: resilient, more resilient communities and and infrastructure.
00:44:08 --> 00:44:13: So in this case Meriden CT requested \$1.5 million for
00:44:13 --> 00:44:15: demolition and flow control.

00:44:15 --> 00:44:21: The demolition was involved abandoned structures and then the city

00:44:21 --> 00:44:28: created the flow control infrastructure to prevent future flooding.

00:44:28 --> 00:44:34: So the addition the, the collateral that they provided was

00:44:35 --> 00:44:38: full paid and credit of the city.

00:44:39 --> 00:44:42: So awesome job.

00:44:43 --> 00:44:48: Next slide and you can see this is their financial

00:44:48 --> 00:44:53: structure where they they show the \$1.5 million of the

00:44:53 --> 00:45:00: loan guarantee together with a Department of Environmental Protection grant,

00:45:01 --> 00:45:03: I believe it was \$1 million.

00:45:04 --> 00:45:10: The CD is 80,000 and EPA federal funds of \$2.3

00:45:10 --> 00:45:11: million.

00:45:11 --> 00:45:15: And once again this is a good example of how

00:45:15 --> 00:45:20: Section 108 fits very well with different objective and different

00:45:20 --> 00:45:24: sources and the uses of course they use for the

00:45:24 --> 00:45:30: the public facility and improvement that includes an environmental assessment

00:45:30 --> 00:45:31: and cleanup.

00:45:34 --> 00:45:34: All right.

00:45:34 --> 00:45:40: So what I mentioned to you about these sources that

00:45:40 --> 00:45:45: we have available for for you the QRC is there

00:45:45 --> 00:45:50: just this will be available to you in you In

00:45:50 --> 00:45:57: the hot.gov and hot exchange we provide the borrowing capacity

00:45:57 --> 00:46:01: or authority for our eligible applicants.

00:46:03 --> 00:46:08: So if you are thinking about developing a project, our

00:46:08 --> 00:46:15: suggestion is go here, see the the closest community entitlement

00:46:15 --> 00:46:19: or not and then reach out to that community and

00:46:19 --> 00:46:22: and query about the section 108.

00:46:23 --> 00:46:27: There's an application tool that we provide in order to

00:46:27 --> 00:46:30: put together an application is not a form, it is

00:46:30 --> 00:46:30: a tool.

00:46:30 --> 00:46:34: It's more of a completion checklist.

00:46:34 --> 00:46:37: It will ask you the questions that you need to

00:46:37 --> 00:46:41: to ensure that are contained in your application.

00:46:41 --> 00:46:46: There's also, as I explained before the application, there are

00:46:47 --> 00:46:51: two components that needs to be that have to take

00:46:51 --> 00:46:55: place and that is the citizen participation that has to

00:46:56 --> 00:47:01: happen before the the application is submitted to HUD inclusive

00:47:01 --> 00:47:07: including City Council resolution to to that authorizes the application

00:47:07 --> 00:47:08: to HUD.

00:47:08 --> 00:47:13: Also there's a single certification document that it is there

00:47:13 --> 00:47:14: for our borrowers.

00:47:15 --> 00:47:20: Certifications are all over the place in our regulation and

00:47:20 --> 00:47:23: we have taken the time and the work to kind

00:47:23 --> 00:47:29: of concentrate or distill all the certifications that are required.

00:47:29 --> 00:47:34: And when you use this format, give us assurances that

00:47:34 --> 00:47:40: you are actually doing all the certifications that are required.

00:47:41 --> 00:47:45: Then there's a that you will see an infographic with

00:47:45 --> 00:47:47: application process.

00:47:47 --> 00:47:55: You will have idealize process for the application and the

00:47:55 --> 00:47:56: finance.

00:47:57 --> 00:48:00: Because one of the question is how long does it

00:48:00 --> 00:48:03: take for for an application to be approved?

00:48:04 --> 00:48:06: Well, it just all depends right?

00:48:06 --> 00:48:09: Just depend on on if you start from from the

00:48:09 --> 00:48:12: time from brainstorming or from the time that you submit

00:48:13 --> 00:48:13: the application.

00:48:13 --> 00:48:16: But if you submit the application to us and and

00:48:16 --> 00:48:18: it's a complete application.

00:48:18 --> 00:48:22: I would say it wouldn't take us more than 30

00:48:22 --> 00:48:24: days to get you an approval.

00:48:24 --> 00:48:28: Because if you provide the the the program requirements, if

00:48:28 --> 00:48:33: you provide the financial requirements and and information that allow

00:48:33 --> 00:48:37: us to assess the risk or or the underwriting of

00:48:37 --> 00:48:39: this wouldn't take wouldn't take long.

00:48:40 --> 00:48:45: But it the issue becomes when units units of communities

00:48:45 --> 00:48:51: submit their application and those applications are faulty or they

00:48:51 --> 00:48:54: don't have enough information.

00:48:54 --> 00:48:57: And by the way, we encourage the the communities to

00:48:58 --> 00:49:02: engage with heart with us even from the brainstorming stage.

00:49:02 --> 00:49:06: We will help help help the communities put together the

00:49:06 --> 00:49:07: application.

00:49:07 --> 00:49:12: We review draft application, finding any issues with the

00:49:12 --> 00:49:14: application

00:49:12 --> 00:49:14: so they can correct it.

00:49:14 --> 00:49:18: So by the time that they submit an official application

00:49:18 --> 00:49:21: that that application wouldn't take no time at all to

00:49:21 --> 00:49:23: get a commitment.

00:49:23 --> 00:49:28: And like I mentioned before, there's also project profiles for
00:49:28 --> 00:49:33: all applications improved in recent recent fiscal years.
00:49:33 --> 00:49:37: So this is a great, great slide because he has
00:49:37 --> 00:49:39: all the information there.
00:49:40 --> 00:49:49: Next slide, once again we are available at any time.
00:49:49 --> 00:49:53: We pride ourselves to provide the, we don't like to
00:49:54 --> 00:49:59: to call it technical assistance because technical assistant in
our
00:49:59 --> 00:50:04: business means that may you have to pay, may may
00:50:04 --> 00:50:06: you may have to pay.
00:50:06 --> 00:50:11: So we call it targeted support or directed support, direct
00:50:11 --> 00:50:18: assistance to allow from visioning to completion the
successful implementation
00:50:18 --> 00:50:21: of the Section 108 program.
00:50:23 --> 00:50:28: And with this, you see our emails and I'll give
00:50:28 --> 00:50:31: it back to Paul if he's here.
00:50:31 --> 00:50:32: Paul, back to you.
00:50:37 --> 00:50:38: Thank you, Jorge.
00:50:39 --> 00:50:44: So you can see that that Section 108 is a
00:50:44 --> 00:50:47: multifaceted program.
00:50:49 --> 00:50:54: We can finance a wide range of projects.
00:50:56 --> 00:51:00: We can provide and do have in place a financing
00:51:00 --> 00:51:05: mechanism so that you don't have to go out and
00:51:05 --> 00:51:07: search for your own lender.
00:51:09 --> 00:51:16: Because of the full faith and credit guarantee of high
00:51:16 --> 00:51:21: the the loans are at a rate that is similar
00:51:21 --> 00:51:27: to the the rate charged on Treasury obligations.
00:51:27 --> 00:51:32: But there is a spread, as with any government guaranteed
00:51:32 --> 00:51:37: obligation to reflect the somewhat reduced liquidity of the of
00:51:37 --> 00:51:38: the loans.
00:51:38 --> 00:51:39: So.
00:51:40 --> 00:51:47: The the process again is application process is a rolling
00:51:47 --> 00:51:51: process you can apply at any time.
00:51:52 --> 00:51:58: The It's important to understand that the eligible applicants
are
00:51:58 --> 00:52:04: the communities that receive funding under the CDBG
program.
00:52:04 --> 00:52:07: So the community that applies, or the applicant is going
00:52:08 --> 00:52:10: to be A community can carry out a project itself.
00:52:11 --> 00:52:18: Or most productively, it can partner with other entities that
00:52:18 --> 00:52:24: bring to the table special skills, special talent, and it
00:52:24 --> 00:52:29: includes developers for profit developers.
00:52:29 --> 00:52:33: It includes nonprofit organizations that sponsor housing

projects.

00:52:34 --> 00:52:37: Or economic development projects.

00:52:38 --> 00:52:43: So it is a, it is a very flexible program.

00:52:45 --> 00:52:51: We've got several questions about the, whether this is primarily

00:52:51 --> 00:52:58: a construction loan mechanism or a construction financing mechanism or

00:52:58 --> 00:53:02: a permanent financing mechanism and the answer is.

00:53:03 --> 00:53:05: Yes, it's either or both.

00:53:06 --> 00:53:12: We have the ability for our borrowers to use Section

00:53:12 --> 00:53:18: 108 and provide the kind of construction financing that is

00:53:18 --> 00:53:24: needed oftentimes for project hard to get for some of

00:53:24 --> 00:53:30: the assisted projects, but it also can be converted to

00:53:30 --> 00:53:33: a longer term loan up to.

00:53:33 --> 00:53:36: Under our regulations, the maximum term is 20 years in

00:53:36 --> 00:53:37: the Section 1 away.

00:53:38 --> 00:53:43: So again, we have the contact information so that if

00:53:43 --> 00:53:48: you want to engage with us, a rainstorm and often

00:53:48 --> 00:53:52: times the people who come to us are not the

00:53:52 --> 00:53:57: applicant, it's the cities or the counties they are.

00:53:58 --> 00:54:00: Potential stakeholders and projects, they want to know more.

00:54:00 --> 00:54:03: They want to know whether it's a feasible financing source

00:54:03 --> 00:54:05: for the kind of project that they want to want

00:54:05 --> 00:54:06: to undertake.

00:54:07 --> 00:54:11: And once they learn, get an answer to that question.

00:54:12 --> 00:54:16: Then often times they will go to their city or

00:54:16 --> 00:54:22: county government and proposed to section 108 and we'll bring

00:54:22 --> 00:54:25: to the table the kind of development.

00:54:27 --> 00:54:30: Prowess that is needed for a lot of the projects

00:54:30 --> 00:54:34: or for most of the projects that communities want to

00:54:34 --> 00:54:35: entertain.

00:54:36 --> 00:54:40: With that, I don't know if we can answer questions

00:54:40 --> 00:54:43: live or not, but we certainly will be willing to

00:54:43 --> 00:54:46: do that and answering questions.

00:54:49 --> 00:54:52: Thank you all for submitting your questions to the Q&A.

00:54:52 --> 00:54:55: I do encourage you to reach out to these very

00:54:55 --> 00:54:57: knowledgeable officials.

00:54:57 --> 00:55:01: If your question did not get answered today, we will

00:55:01 --> 00:55:06: be reaching out via e-mail with the presentation slides as

00:55:06 --> 00:55:09: well as a recording to the webinar for you to

00:55:09 --> 00:55:10: watch on demand.

00:55:12 --> 00:55:15: If you're interested in learning more about other HUD

programs,
00:55:15 --> 00:55:19: our colleagues over at the Lewis Center for Sustainability have
00:55:19 --> 00:55:22: published an article on Hud's new program, Green and Resilient
00:55:22 --> 00:55:26: Retrofits, which which provides funds for multifamily buildings to boost
00:55:26 --> 00:55:30: resilience to climate risks like floods, fires, and extreme heat,
00:55:30 --> 00:55:32: while also reducing carbon emissions.
00:55:32 --> 00:55:35: Owners of HUD assisted multifamily buildings can receive up to
00:55:36 --> 00:55:37: \$20 million per project.
00:55:37 --> 00:55:40: The application process has been simplified and has options for
00:55:41 --> 00:55:43: projects in various stages of development.
00:55:43 --> 00:55:45: I'll put a link to the article in the chat
00:55:46 --> 00:55:47: so you can learn more.
00:55:48 --> 00:55:51: Again, a huge thank you to the HUD team for
00:55:52 --> 00:55:54: such an informative presentation.
00:55:55 --> 00:56:00: I do encourage you to take advantage of these these
00:56:00 --> 00:56:06: experts and thank you all for joining us this afternoon.

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